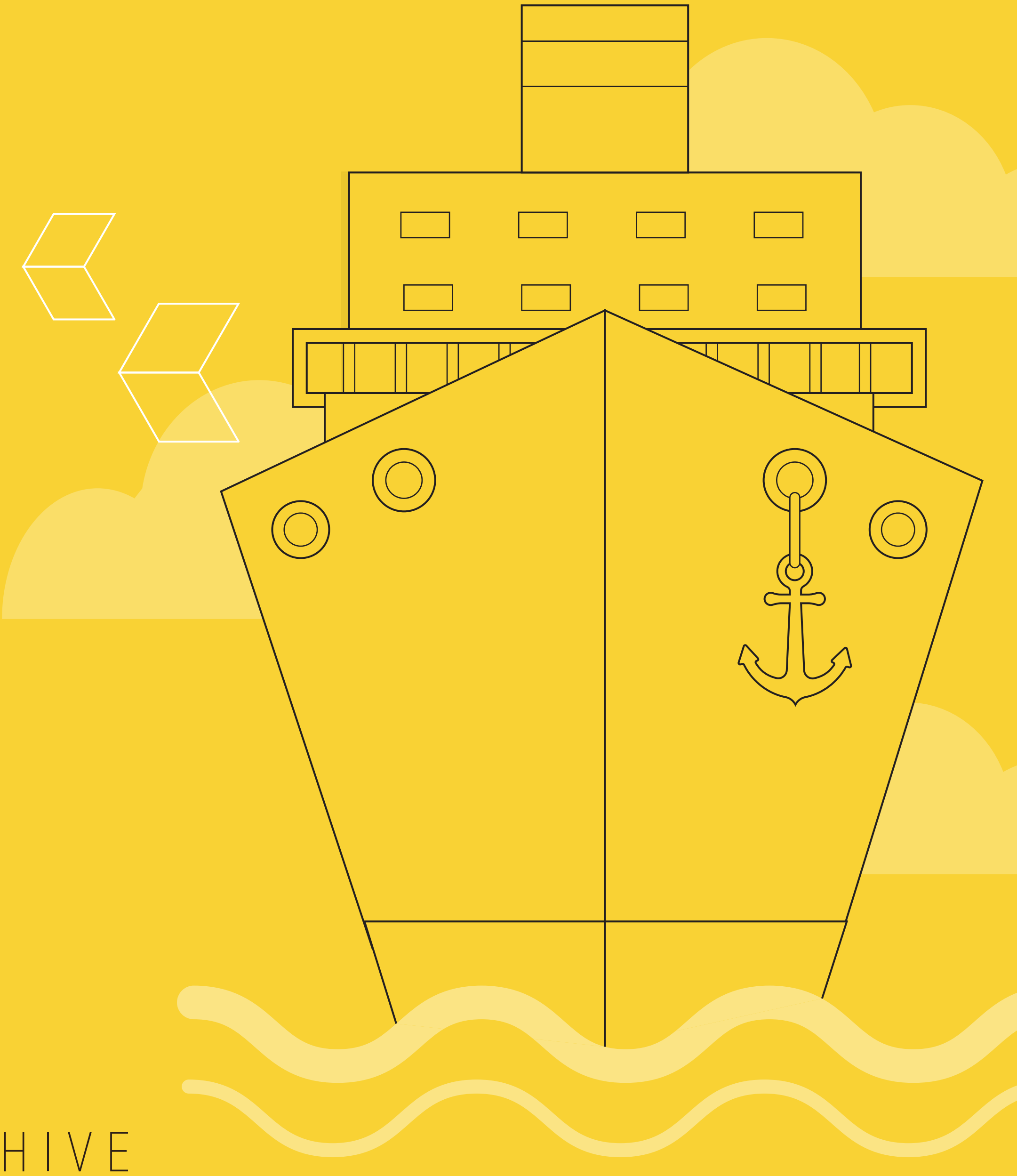
CRUISE
INDUSTRY
REPORT

Understanding Future Demand and Needs for Cruising in Australia

23 March 2018



THE B HIVE

Contents

Executive Summary and Highlights

This report summarises the findings of research undertaken in 2017. It is based on n = 1,200 Australian residents drawn from the SSI panel and is nationally representative in terms of age, gender and (broadly) place of residence.

Key findings are:

- **The cruise market is set to continue growing** in Australia with the estimate for the next 12 months to be in the range of 14-18%. It is expected that by July 2018, 1.63 m Australians will have cruised. A third of Australians have some likelihood to cruise in the next 12 months, rising to two thirds among those who have cruised before. Growing cruise frequency and share of wallet from cruisers is likely to grow more important as the market matures – but currently there is still space for acquisition of new customers.

- **Ocean cruising still comprises most popular form of cruising for Australians**: 97% of those who have cruised in the past 2 years have taken an ocean cruise, compared to 27% who have taken a river cruise.

  There are many more 'ocean cruise only' travellers currently than those who only take river cruises: 75% of ocean cruisers have only taken ocean cruises, only 11% of river cruisers only take a river cruise. However, comparing the rates of cruising there is evidence that **river cruising is growing**.

- Although **ocean cruising is currently still strongest among couples**, especially Empty Nesters, there is evidence that its appeal is broad. Families and those under 35 show interest in cruising. It is likely that acquisition will grow among these groups, whilst share of wallet is the key objective among couples/Empty Nesters.

The **needs of different groups from cruising and the types of cruises they prefer are quite distinct**.

- For older travellers, cruise is about 'freedom from' care and the ability to relax. Accordingly, they tend to prefer standard cruising and are less worried about time in port. Those under 35 see cruising as more adventurous. This is reflected in their interest in expedition, luxury and small ship cruising.
- Families see cruising as meeting multiple needs. It provides opportunities to combine time as a family with having space to do your own thing. It is also seen as an affordable form of luxury for families. Family-friendly activities are highly motivating for this group but polarising or of low interest to other groups. Segmenting ships or cruises for this group could be attractive to all audiences. Millennial parents are the most likely to emphasise the importance of family friendly activities. The ability to 'merge and diverge' noted also explains the strength of multi-generational travel: 10% of those cruisers took a multi-generational trip.
- Metro and Regional travellers are about equally likely to have taken a cruise before, but likelihood to cruise in the future is stronger among Metro travellers. Their choice of cruising is driven by convenient locations, the ability to find their way at ports if they travel independently (quality of signage and absence of tender ports). For Regional travellers, cruise is a great way to access destinations they might not otherwise reach. Where possible (e.g. in digital marketing) emphasising, these different elements should be considered.

• **Cruises of around 7 nights, 8 days seem to be the most attractive** (having the lowest price elasticity) especially if they include travel to the Pacific. However, overall cruises to Australia are as popular overall (around a third want to do a Pacific cruise of 7-8 nights, but a similar number prefer an Australian cruise of some kind).

• **Cruising is seen as an excellent way to trial a new destination** – especially by travellers under 35 and those who travel frequently. **The evidence is that cruisers return.**

- Two thirds of those who had cruised in the past two years said that they had subsequently returned to a destination visited on a cruise.
- Half said they would extend their stay in their port of embarkation/disembarkation.

- The desire to experience destinations aside from port visits is reflected by the **popularity of packages for stays at either end of a cruise**. This is the most popular of all additional services considered. The option to extend particularly appealed to women, the over 55s and couples.
- **Free parking at cruise ship ports** was the second most appealing new product. This option appealed widely, only those on lower incomes did not find it appealing.
- **Shopping vouchers for local ports and the option of a private tour** were appealing to just over a third of Australians. Women found the vouchers particularly appealing, whilst those who had **cruised before were particularly likely to value the private tour** (a valuable upsell or loyalty opportunity.
- Most people **prefer to embark and disembark in the port closest to their home**. However, a few are prepared to consider returning to another port in the same state. Those in NSW are most flexible in their choice of port.
- The most appealing Australian ports to visit are either remote (Broome), islands (Hamilton Island) or capital cities. There is some **variation in preference for ports by cruise style**: Hobart and Darwin are of more interest for small ship and expedition cruising, Sydney and the Gold Coast are stronger for luxury. Western Australian destinations tended to be popular for a mix of styles, perhaps because of WA's perceived distance overall.

Background

The B Hive is a business transformation consultancy. With a focus on the Tourism & Travel and Hospitality & Leisure industries, The B Hive specialises in transforming people and businesses so that they can future proof themselves against the rate of technological change.

Among its clients is the Australian Cruise Association (ACA). ACA is the co-operative marketing brand for the Australian and Pacific region. As a peak cruise industry association, its role is to grow and develop the region to be the world's leading cruise destination providing economic, social and environmental benefits.

In 2017, The B Hive undertook work to support ACA members in understanding future demands and the needs for cruising in Australia.

This document outlines those findings in more detail.

Approach Taken

A quantitative study with n = 1,249 participants aged 18 or older across 5 states drawn from the SSI panel and with survey hosting provided by SSI. Insights are drawn from a 15-minute questionnaire with input from ACA and its members.

The sample was structured by state of residence using data from the 2016 census and data from ACA on the key source markets for cruise. The aim was also to ensure that there was a sufficient sample base to consider differences by state if needs be. The sample size and comparison to population and market share are shown in Table 1 below.

Table 1. Sample size and frame

Target sample	% of population at 2016 census	Sample if proportionate	2016 Cruisers' share	Sample size
New South Wales	32%	384	41%	350
Victoria	25%	304	25%	350
Queensland	20%	241	18%	300
South Australia	7%	86	6%	50
Western Australia	11%	127	8%	150
Tasmania	2%	26	~2%	0
Northern Territory	1%	12	<1%	0
Australian Capital Territory	2%	20	<1%	0
Total	**100%**	**1200**	**100%**	**1200**

Due to small population and low cruise incidence sizes, residents of Tasmania, NT and Australian Capital Territory were not included in the sample. This was to focus research investment at the 'low hanging fruit'.

At the analysis stage the data were weighted to match the share of the 5-state population in 2016 census by state and by Metro and Regional residence within each of these. The data were also weighted to National Population and to account for those under 18 for the purposes of the Demand Forecast only (i.e. this was not used for the other analysis.

Quotas on the sample were set for sex (nationally representative) and for age (overall nationally representative but with quota cap of n = 50 for those aged over 75 to reflect likely cruise incidence potential future growth).

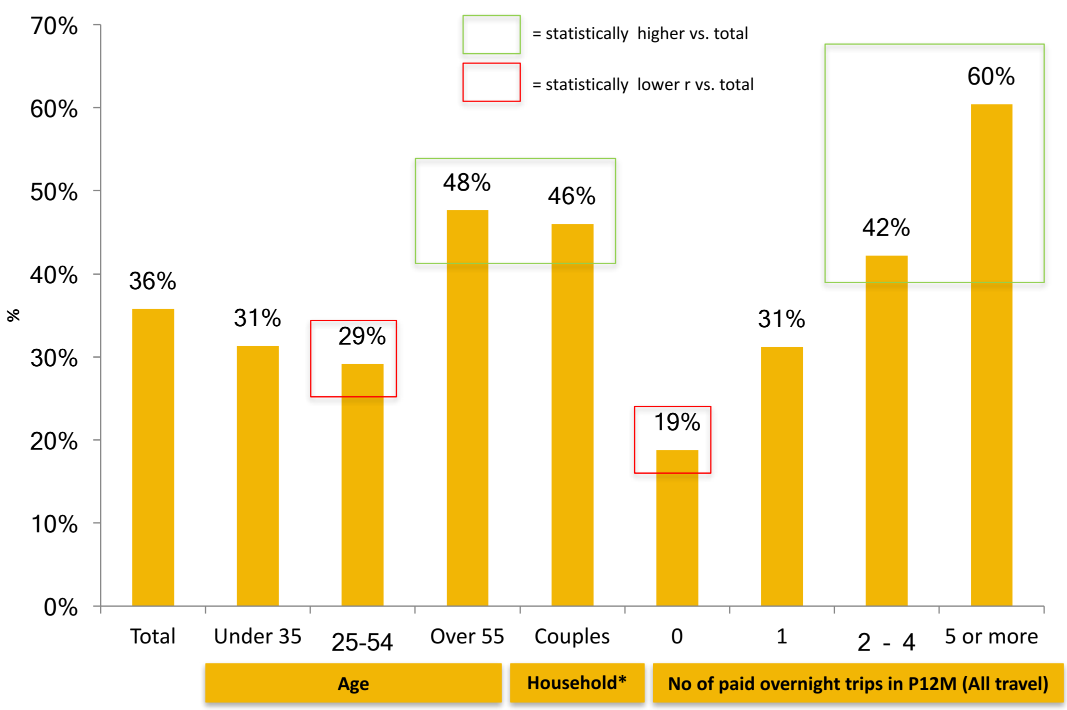
Participants who worked in or had direct family working in either travel or market research were excluded (to ensure they were genuine paying customers or for reasons of commercial confidentiality). Those not involved at all in decision-making on travel to ensure that the results were relevant for marketing. Screen out levels for these reasons were modest.

Main Findings

What types of Australians cruise?
What is their cruising experience?

As Figure 1 shows, **just over a third of Australians have cruised.** Those over 55 and couples are most likely to have done so. The more frequently you travel overall, the more likely it is that you have cruised at some point. The 25-54 age group are less likely than the overall market to cruise.

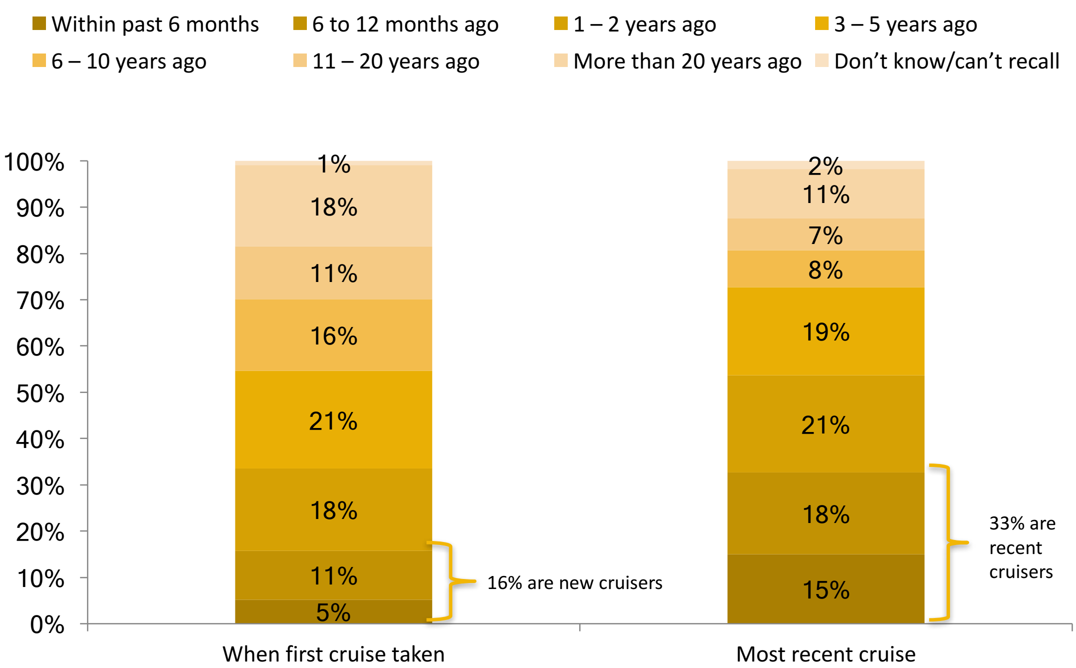
Figure 1. Ever cruised – total and key subgroups



C1. Have you ever taken a cruise of any kind? By cruise we mean, a multi-day cruise on a ship that carries more than 100 passengers. Base Total Population n = 1,260

Of those who have taken a cruise, one in three has done so in the past 12 months (or approximately one in 10 Australian adults). 16% (or more than one in 7) were first time cruisers in the year to July 2017. See Figure 2.

Figure 2. Cruise history – when first and most recent cruise taken



C3a. Approximately when did you take your first cruise?
C3b. And when was your most recent cruise?
Base all cruisers n=235

Once Australians have begun cruising it tends to become an annual event: they have taken 1.2 cruises on average in the past 12 months and 1.4 in the past 2 years (see Table 2 below). Ocean cruising remains dominant with 97% of those who have cruised in the past 2 years taking an ocean cruise compared to 27% for a river cruise. It's also clear that most people begin with an ocean cruise and then may consider adding river cruising: 75% of ocean cruisers don't take river cruisers, but almost all (89%) of river cruisers have also taken an ocean cruise. Nevertheless, there is evidence that river cruising is growing with the proportion of those who have taken such a cruise far closer to the numbers for ocean cruising than it was in the previous year. This is a definite challenge to growing share of wallet for ocean cruising among established cruisers.

Table 2. Number of cruises taken

	Past 2 years			Past 12 months		
Number	Total cruises taken	Total Ocean cruisers	Total River Cruises	Total cruises taken	Total Ocean cruisers	Total River Cruises
0	-	3%	73%	23%	24%	21%
1	54%	67%	19%	50%	62%	57%
2	28%	22%	6%	20%	12%	19%
3	10%	5%	1%	4%	1%	2%
4	6%	1%	<1%	2%	-	-
5	1%	<1%	-	<1%	-	-
6	1%	<1%	<1%	-	-	2%
8	<1%	1%	-	-	-	-
9	1%	-	-	-	-	-
Average	1.4	1.4	0.4	1.2	0.9	1

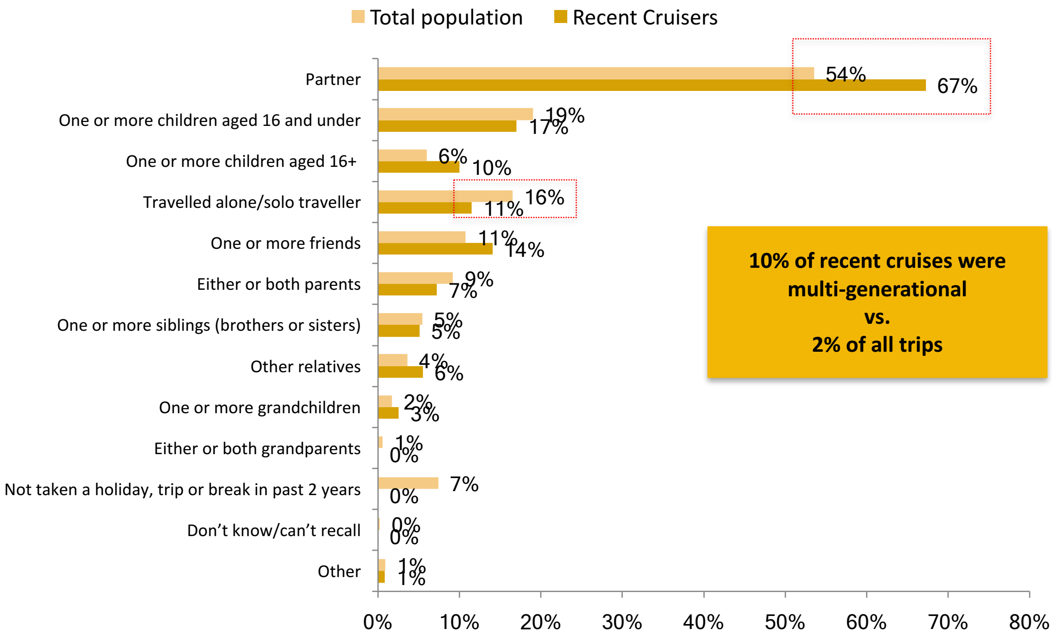
75% of ocean cruisers only ocean cruise
89% of river cruisers have also taken an ocean cruise

Base n = 242 all taken a cruise in past 2 years
C4a. And how many cruises have you taken in the past 2 years that were ...?
Ocean Cruises NUMBER, ALLOW TWO DIGITS [Numeric grid] [range 0 to 99]
River Cruises NUMBER, ALLOW TWO DIGITS [Numeric grid] [range 0 to 99]
CALCULATE TOTAL [TOTAL MUST BE EQUAL TO OR GREATER THAN 1]
C4b. And how many of the cruises you have taken in the past 2 years have been in the past 12 months?
Ocean Cruises NUMBER, ALLOW TWO DIGITS [Numeric grid] [range 0 to NUMBER at C4a_1, ONLY SHOW IF GREATER THAN ONE AT C4a_1]
River Cruises NUMBER, ALLOW TWO DIGITS [Numeric grid] [range 0 to NUMBER at C4a_2, ONLY SHOW IF GREATER THAN ONE AT C4a_2]
CALCULATE TOTAL

Travel Parties

Travelling as a couple is the most common travelling party for all Australian holidays (54%) and this is even more true for cruise (currently two thirds say they travelled as a couple). See Figure 3 below.

Figure 3. Travel Party for last trip

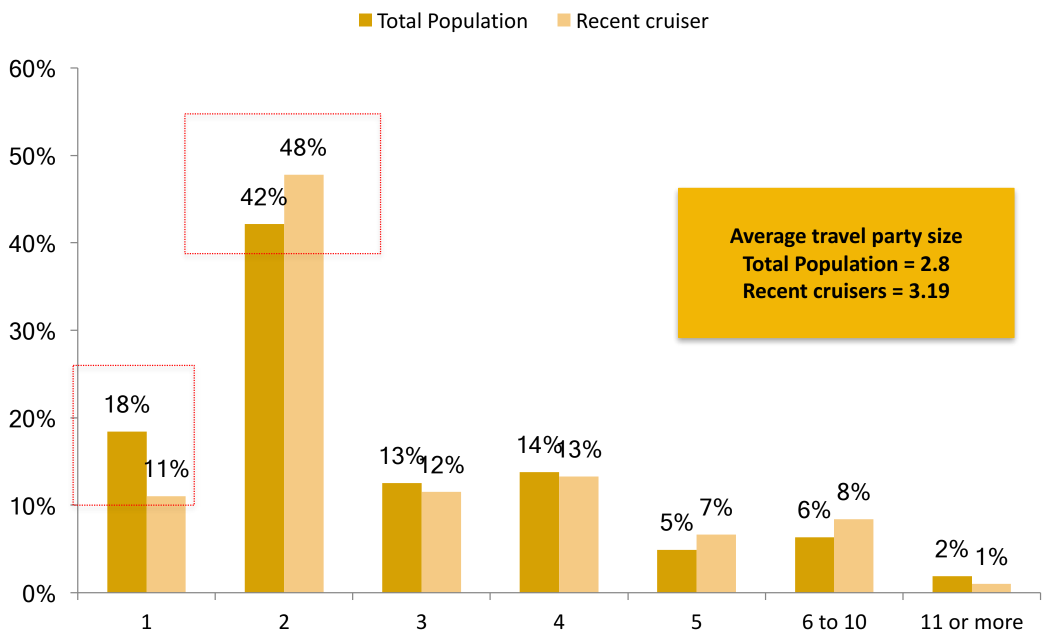


T3 Who travelled with you on your more recent trip?
C6cil And who travelled with you your most recent ocean cruise…. ? (Combined with T3 respondents for whom cruise was their most recent trip at C6i)
Base Recent cruisers n = 235, Total Population n = 1,249

But cruise travel parties are more diverse than average – especially among larger groups. Looking across all different types of travel groups it appears that cruise typically serves larger groups such as groups of friends and other relatives (see also Figure 4 below). In particular, cruise appears to serve multi-generational travel well. One in ten of those who travelled on a cruise in the past 12 months was part of a multi-generational – far greater than for holidays as a whole. Indicative evidence is that cruise is stronger for families with older children as well, but this would merit further investigation.

However, solo travellers are still less likely to cruise and this remains a potential growth area (one new ships are increasingly recognising and adapting to).

Figure 4. Travel party size for most recent trip



'T4 Including yourself, how many people in total were in your immediate travel party on this recent Australian trip?
C6d. Including yourself, how many people in total were in your immediate travel party? NUMBER, ALLOW TWO DIGITS [Numeric grid] [range 2 to 99]
Base Recent cruisers n = 235, Total Population who took a trip n = 1,118

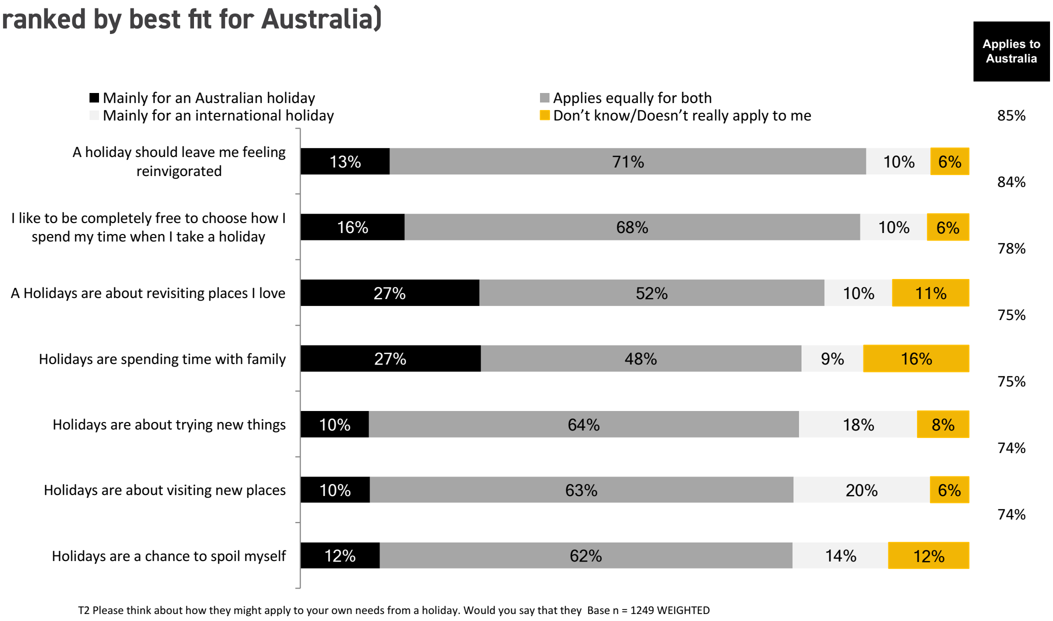
What needs does cruising fill?
How does this compare to land-based holidays?

Where Australia fits with core needs

Australians are seeking to be reinvigorated, value the freedom to choose how they spend their time and love novelty: new places and new things. 94% said they sought these experiences from a holiday.

Australia can meet these needs as well as overseas (see Figure 5 below), but outperforms it for reconnection (with place, family and friends). In contrast, novelty is stronger for overseas.

Figure 5. Core holiday needs and where Australia meets these (most important needs ranked by best fit for Australia)



Australian holidays are more strongly associated with...

...relaxation and reconnection than overseas trips and this is consistent with other research including the TNS Domesticate research.

In contrast, challenge and immersion are stronger for overseas (see Figure 6 below).

Luxury appeals to around half of Australians and is slightly stronger for overseas. This is an opportunity for luxury cruise lines in Australian waters as they can meet this aspiration.

Figure 6. Other needs from a holiday and where Australia fits

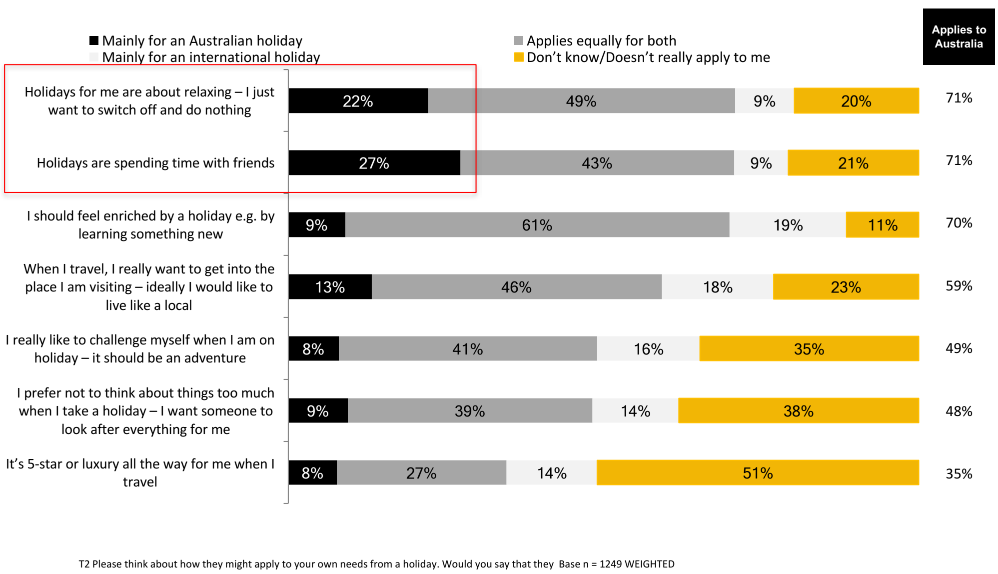


Table 3 below shows the extent to which Australians who have cruised hold different perceptions of needs and how well Australians meet them. A positive score means that those who have cruised are more likely to say the statement applies (e.g. if a score of 6% appears for the statement I like to be completely free to choose my own holidays in the column headed Mainly for an international holiday than cruisers were 6 percentage points more likely to select that answer than non-cruisers).

Cruisers generally see more needs met by an international holiday than an Australian one. The highest differences are for new experiences, immersion, travelling like a local and time with friends. Cruising potentially offers a way to meet these needs at home.

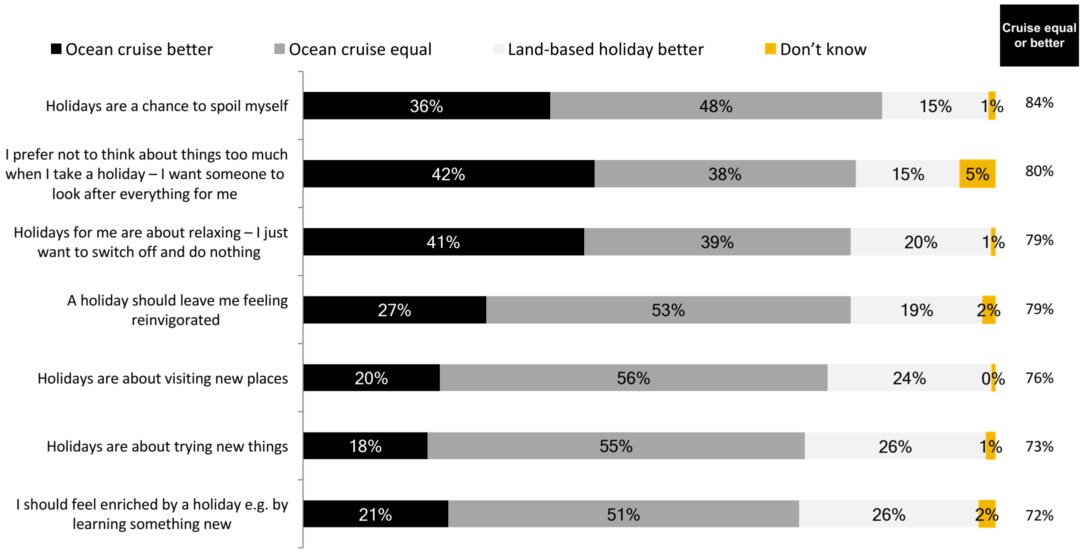
Table 3. How do needs differ between cruisers and non-cruisers? (Ranked in order of best fit with Australian travel)

Positive score means cruisers are more likely to say the statement applies than non cruisers	Mainly for an Australian holiday	Mainly for an international holiday	Applies equally for both	Don't know/ Doesn't really apply to me
A holiday should leave me feeling reinvigorated	-2%	2%	3%	-2%
I like to be completely free to choose how I spend my time when I take a holiday	-4%	6%	0%	-2%
A Holidays are about revisiting places I love	-3%	4%	4%	-5%
Holidays are spending time with family	-1%	3%	0%	-2%
Holidays are about trying new things	-4%	11%	-1%	-6%
Holidays are about visiting new places	-2%	6%	0%	-4%
Holidays are a chance to spoil myself	-1%	5%	1%	-5%
Holidays for me are about relaxing – I just want to switch off and do nothing	-4%	5%	1%	-3%
Holidays are spending time with friends	-4%	7%	-1%	-2%
I should feel enriched by a holiday e.g. by learning something new	0%	7%	-3%	-5%
When I travel, I really want to get into the place I am visiting – ideally I would like to live like a local	1%	7%	-8%	0%
I really like to challenge myself when I am on holiday – it should be an adventure	-1%	6%	4%	-9%
I prefer not to think about things too much when I take a holiday – I want someone to look after everything for me	-1%	9%	-1%	-7%
It's 5-star or luxury all the way for me when I travel	2%	4%	0%	-6%

T2 Please think about how they might apply to your own needs from a holiday. Would you say that they Base n = 235 cruised, n = 794 travelled but not cruised WEIGHTED

Ocean cruising meets most of Australians cruisers' needs from a holiday as well or better than land-based holidays do. (See Figure 7 below.) However, ocean cruising remains most strongly associated with pampering (36%), relaxation (42%) and 'done for me' (41%). It is also stronger for land-based holidays for re-invigoration.

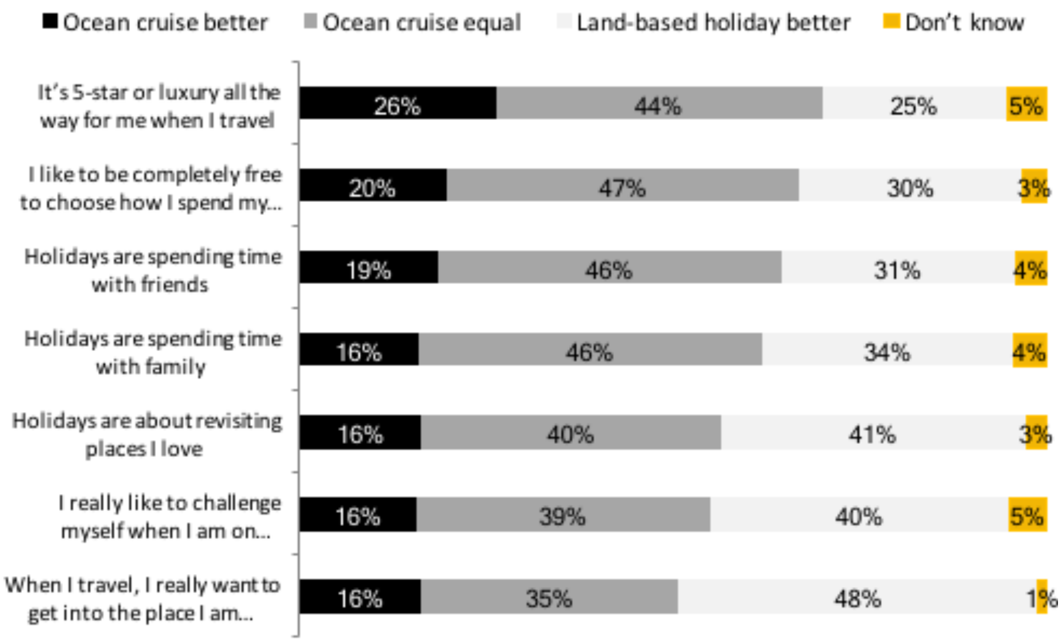
Figure 7. How well does ocean cruising fit travellers' core holiday needs? (Best fit with needs)



C2. Earlier you told us about what motivates you when you take a holiday. We'd like to know how well ocean cruising meets that need compared to a land-based holiday. Is it better, equal or about the same? Base all who had cruised and said this was a key need for them, base varies from 133 to 233

As Figure 8 shows, luxury is about equally important as cruising and cruise holidays can also meet Australian needs for reconnection are important. Two thirds say cruising can offer as much or more freedom as a land-based holiday. However, immersion and living like a local are still much lower.

Figure 8. How well does cruise fit traveller's core holiday needs? (Lower ranked fit with needs)



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Although overall the traditional view of cruising tends to win out, this overall view hides a great deal of different opinions as Figure 9 below shows. While there is a need to continue the education role on cruising diversity, it appears the message is reaching key target groups.

Just as needs vary for different types of Australians, so do those which cruising is best placed to meet. For example:

- Those under 35 are less likely to take the stereotypical view seeing cruising as more engaging. Young men under 35 see it as a great way to get together with friends
- Families it meets a complex series of needs. It offers families the ability to be together but also to have downtime. It gives them an opportunity to recharge.
- Luxury cruising is seen as strong for reconnection among those who aspire to small ship and expedition cruising.
- Cruising is also seen as an accessible form of luxury for families and for those from regional areas and with lower disposable incomes.

Figure 9. What differences are there in the needs met by cruising for key sub-groups

Relaxation, being looked after or spoilt play more strongly for less frequent travellers/cruisers	Otherwise frequent cruisers find cruising a better fit with most needs including living like a local	Families see it as both a chance to be together and to combine freedom and re-charging. It also provides affordable luxury
Bonding with friends is strong for young men under 35	Cruisers under 35 see cruise as more adventurous, engaging and chance to revisit places they love	Travellers over 55 see cruising as relaxing and a chance to hand over to someone else
Cruise is a form of affordable luxury for those from regional areas and those on lower disposable income	For those living in Regional areas cruise also provides a great way to explore new destinations	Those interested in expedition and small ship cruising are more likely to feel that cruising meets almost all their needs Luxury cruising is strong for reconnecting with family

C2. Earlier you told us about what motivates you when you take a holiday. We'd like to know how well ocean cruising meets that need compared to a land-based holiday. Is it better, equal or about the same? Base all who had cruised and said this was a key need for them, base varies from 133 to 233v

What is the size of current demand for cruising? What is future growth likely to be?

How appealing is cruising overall?

As Figure 10 below shows, just over half of all Australians (54%) say that they find the concept of a cruise appealing. With only just over a third of Australians having cruised, that suggests there is still plenty of growth opportunity within the market.

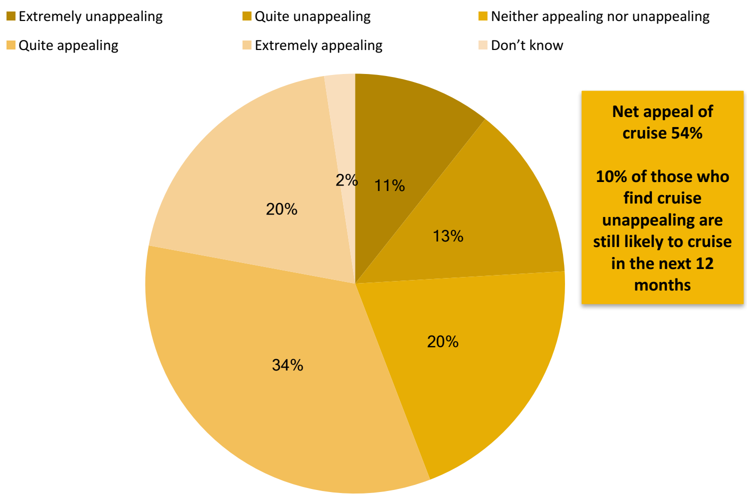
Although to date the cruise sector has been dominated by the over 55s, the proportion of Australian travellers who haven't cruised and say it is unappealing is higher than for younger age groups. Potentially, this sector is closer to being exhausted, with greater future growth coming from younger age groups, especially the under 35s.

Affluence is still a strong predictor of cruise appeal, with those with the highest incomes finding it the most appealing. Appeal is still weakest among those who live alone.

Although residents of metro areas (capital cities) appear slightly more likely to have cruised, the overall appeal is broadly similar across metro and regional areas.

Interestingly, one in 10 of those who find cruise unappealing are still likely to cruise in the next 12 months, probably at the behest of partners and other family members.

Figure 10: Appeal of cruising

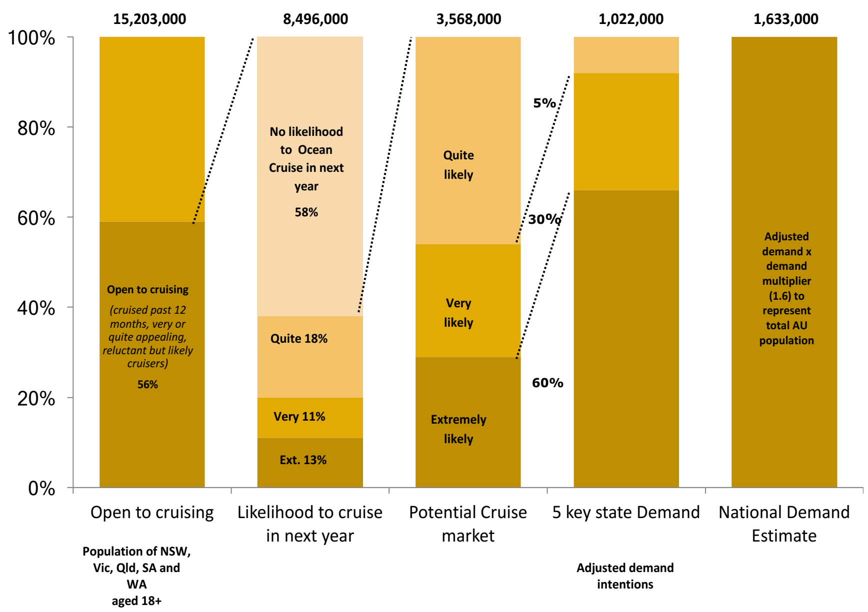


C1 Thinking about the broad concept of an ocean cruise. Overall how appealing is a cruise holiday to you personally?
Base n = 1,030 except those who have taken a cruise in past 12 months (felt to show aptitude for cruise)

Demand forecast

As Figure 11 below shows, the growth in demand for cruising in Australia currently shows no sign of slowing despite the long period of growth. It is estimated that in the 2017-2018 financial year 1.633 million Australians will take a cruise, a year on year growth rate of between 14-18%.

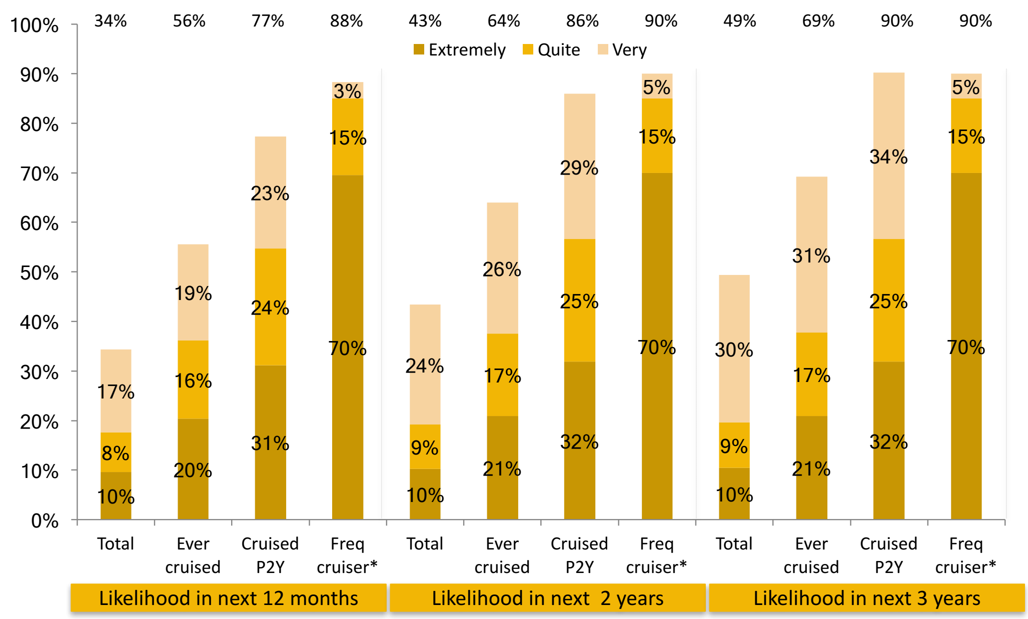
Figure 11. Estimate of Ocean Cruise Demand ex-Australia 12 months to July 2018



Where is cruise growth going to come from?

With around half of all Australians expect to cruise at some point in the next 2 years, the latent demand pool is significant. Likelihood is doubled once they experience a cruise and especially for those who already cruise frequently as Figure 12 shows.

F**igure 12. Overall likelihood to cruise in different time periods by level of cruise experience**

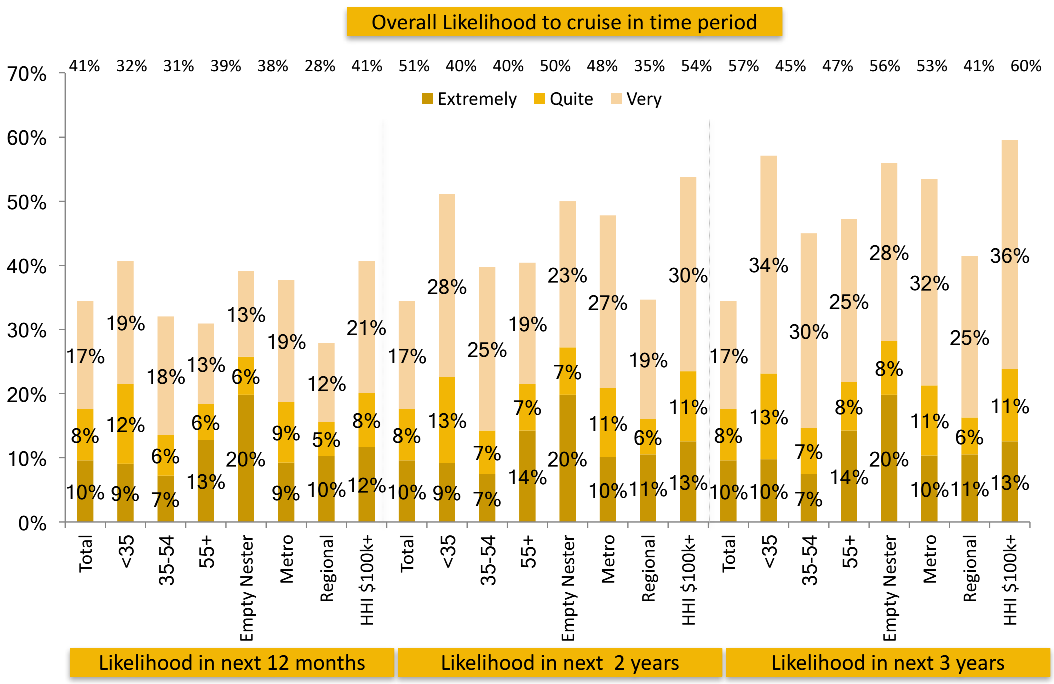


FC2A And how likely is it that you will take an ocean cruise in the next 12 months? FC2B Next 2 years? FC2c Next 3 years. Base n = 1,249, Ever cruised n = 455, Recent cruisers n = 235, Frequent cruisers n = 20 [Low base size'] WEIGHTED DATA
Note cumulative data for 2 and 3 years (i.e. Previous intention included)

Interest in cruise is deeper among those over 55 – especially Empty Nesters (see Figure 13 below). Despite the fact that more under 35s show interest in cruising, conversion from interest to intention is shallower. Metro residents and High-income groups also show stronger likelihood to cruise across all time periods.

Regional travellers (just like those under 35) aspire to cruising to the same extent as those in Metro areas but are not currently either cruising or intending to cruise in future to the same extent. Although this may be a smaller audience and a more difficult one to capture given distance, it does suggest that as other markets slow this is a latent demand pool to bear in mind as growth from more traditional markets slows. It may also offer specific tactical opportunities for regional embarkation.

Figure 13. Overall likelihood to cruise in different time periods by key demographics



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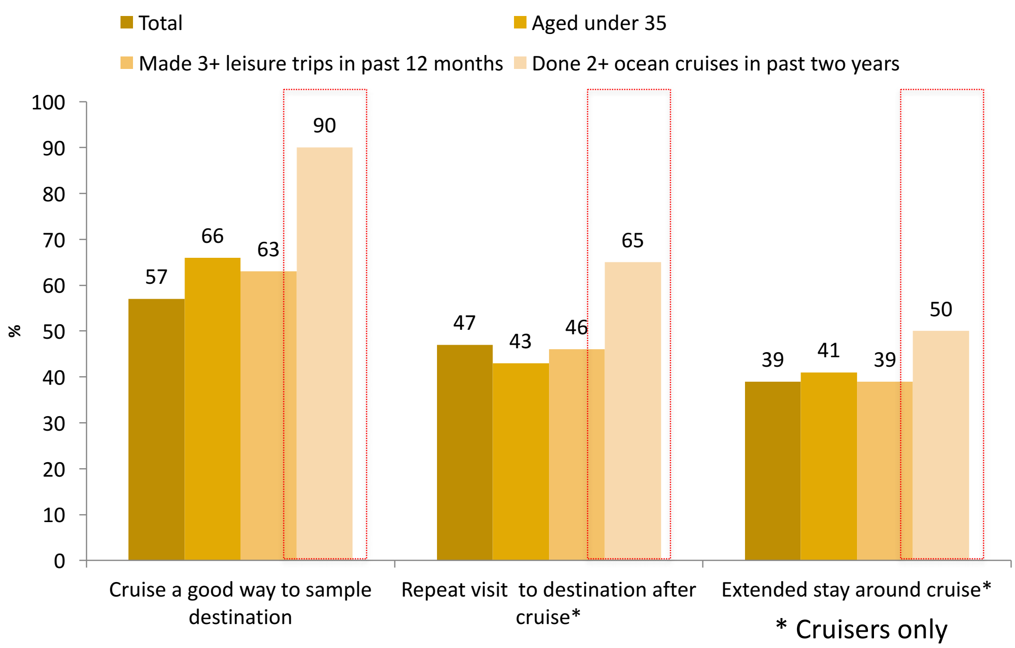
Note cumulative data for 2 and 3 years (i.e. Previous intention included)

To what extent is cruising substituting for land-based holidays vs. generating new ways to experience destinations?

A critical question for destinations in shaping their cruise strategy has always been whether cruise growth replaces land-based visits (substitution) or whether it drives new visitation (generation). Overall it appears that **cruising does have a positive effect on future visitation** (see Figure 14 below). Three out of five travellers consider cruising a good way to sample a destination, half of those who have taken a cruise to a destination do actually return and two fifths extend their stay at the beginning or end.

Figure 14. Benefits of cruising for visiting destinations (total and selected profile measures)



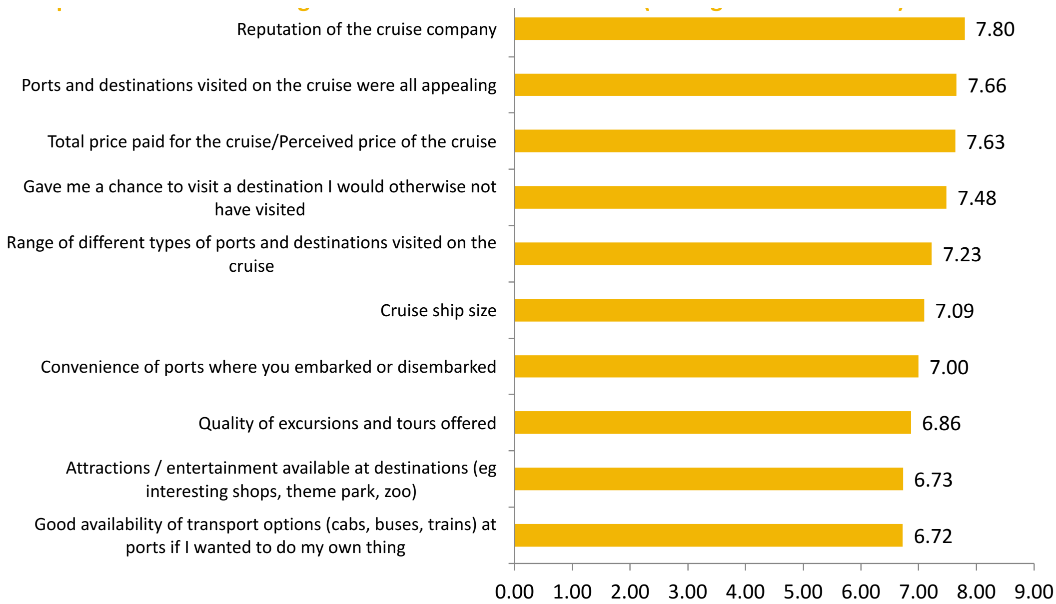
C10 Do you consider cruising to be a good way to sample a destination before returning on a non-cruise holiday?
C11 Have you ever returned to a destination that you have visited on a cruise?
C12 Have you ever stayed for a night or more in the port where you got on or off a cruise to explore the destination in more depth?
Base Total Population n = 1,260 Aged under 35 n= 473 Cruisers n = 235 Frequent Cruisers n = 20 CAUTION SMALL BASE

Women, those aged under 35, families, high income earners and frequent travellers are more likely than average to consider cruising a good way sample a destination. But actual repeat behaviour or extension is evenly spread across different cruise groups.

What drives selection of cruising? Does this vary by different customers?

As Figure 15, the **reputation of the cruise company** was the number one driver of selection of Australian cruisers' most recent cruise, with the **mix of ports on the itinerary** and the **total price** following a little behind.

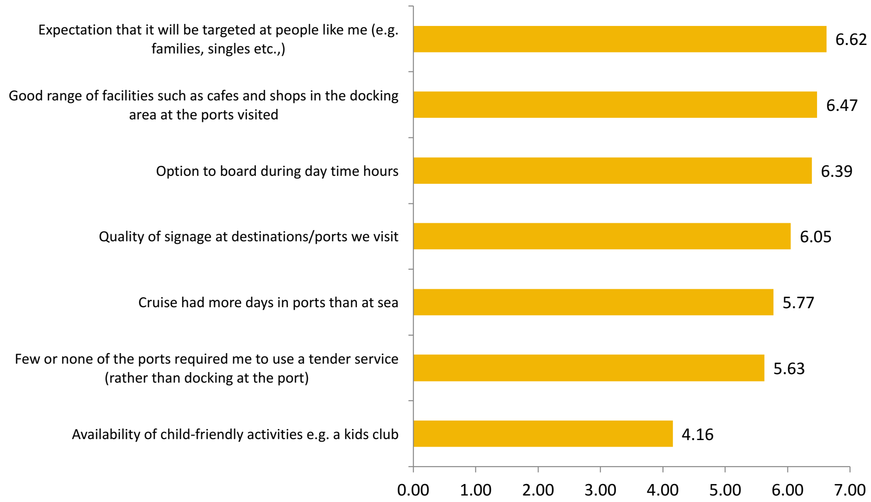
Figure 15. Top ten factors influencing selection of most recent cruise (Average score out of 10)



C7 Thinking about your most recent ocean cruise, how influential were each of these attributes on your
Base All who have taken a cruise n = 235

Unsurprisingly, more targeted offers or family facilities have more niche appeal (shown in Figures 16 and 17 below). Strong for some, but less attractive for others. This was particularly true for the lowest ranked driver measured (availability of family friendly facilities) this is either highly appealing (families) or very undesirable (others).

Figure 16. Other factors influencing selection of most recent cruise (Average score out of 10)

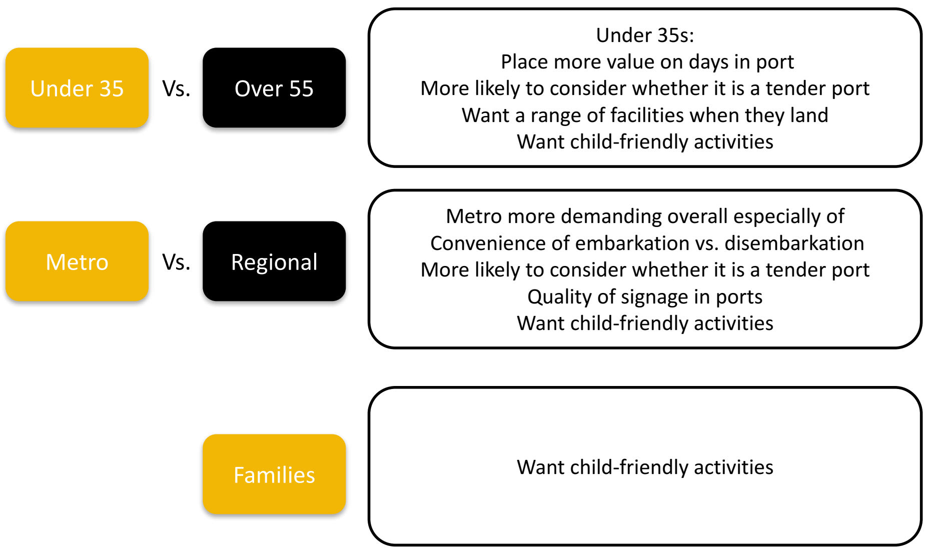


C7 Thinking about your most recent ocean cruise, how influential were each of these attributes on your
Base All who have taken a cruise n = 235

Although industry feedback considered older people to have a greater focus on tender ports, this is less strong as a driver of a cruise for them than for younger travellers (see Figure 14). Younger people also place greater emphasis on time in port (perhaps because they are seeing this as an opportunity to explore the destination so want easy access). As Millennials enter their child bearing years and often have young children (especially at the upper end of the cohort) child friendly facilities become more important.

Overall Metro travellers are more demanding when considering which cruise to select.

Figure 17. Differences in drivers by key sub-groups



Barriers to cruising

Among Australians who say they are unlikely to cruise, perceived cost or personal circumstances are seen as the most critical barriers (see Figure 18) below. This may include some rationalisation. But it may also indicate that those who haven't cruised don't always recognise the value of cruise.

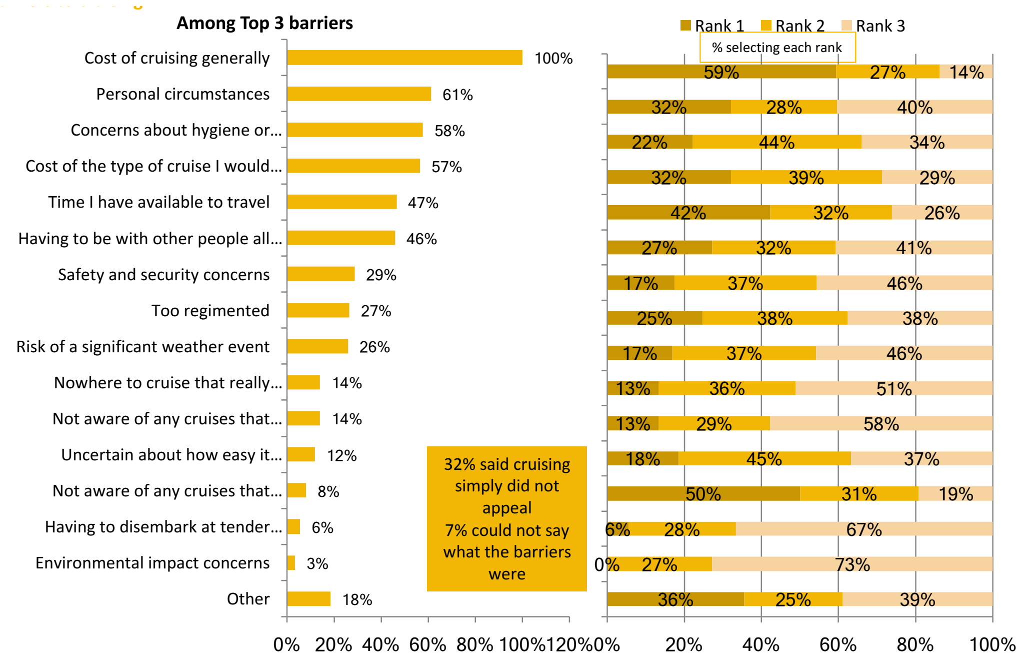
For older cruisers (55+), personal circumstances and the cost of their preferred style of cruise were barriers. In contrast, lack of awareness of what is on offer was a greater barrier to younger cruisers (aged under 35).

Hygiene is also a potential concern, especially for families and empty nesters.

Men are more likely to cite lack of time as a concern.

A third are simply cruise rejecters, they have no interest in cruising.

Figure 18. Top 3 Barriers to cruising



FC4. What are the most significant barriers to taking an ocean cruise in the next 3 years? Please rank your top 3 most significant barriers with 1 as the most significant barrier. RANK TOP 3
Base net unlikely to cruise at all in next three years n = 354

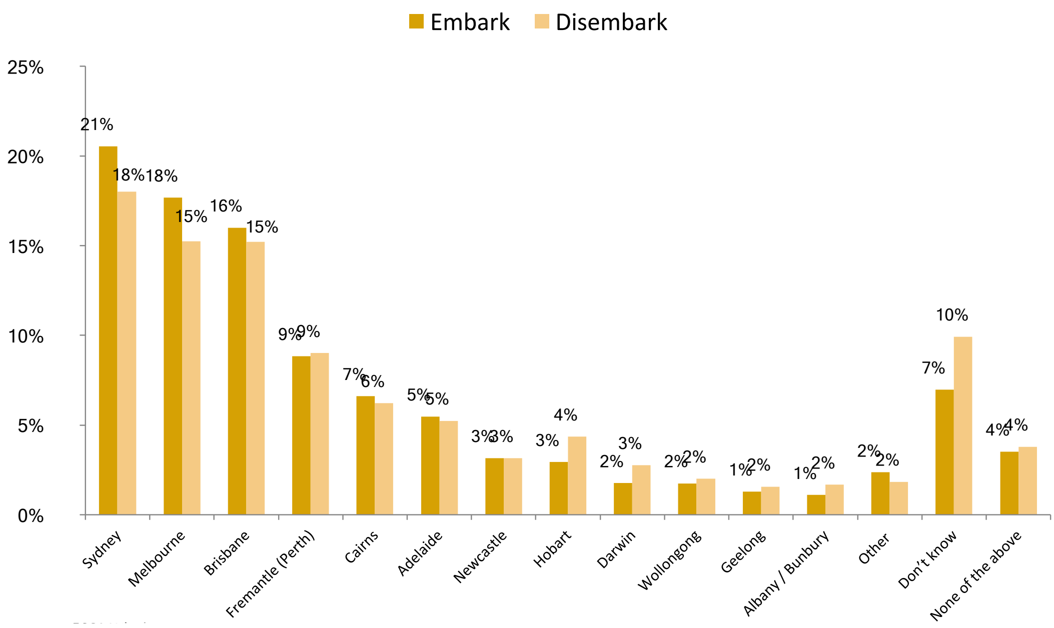
What are Australians' Cruise preferences?

Preferred Ports for Embarkation/Disembarkation

Among those open to cruising, there is a strong overlap in preferences for ports of embarkation/disembarkation with place of residence (See Figure 19 and Table 4 below). Residents of Sydney or those wishing to visit Queensland are more flexible.

Preferences for ports is broadly similar for both ends of the voyage. However, there is evidence of some willingness to disembark at an alternative port within home state. For example, Victorians are open to cruises where they embark at Melbourne and disembark at Geelong.

Figure 19. Current ports – preferences for embarkation/disembarkation



FC6A Which would be your preferred port of embarkation for your next cruise?
FC6B And which would be your preferred port of disembarkation for your next cruise?
Base All who have cruised or would consider cruising n = 1,030 Weighted

Table 4. Current ports – preferences for embarkation/disembarkation

	Preferred port for embarkation by state of residence					Preferred port for disembarkation by state of residence				
	NSW	VIC	QLD	SA	WA	NSW	VIC	QLD	SA	WA
Adelaide	1%	1%	0%	56%	0%	1%	2%	1%	50%	1%
Albany / Bunbury	0%	1%	1%	0%	5%	1%	3%	1%	0%	5%
Brisbane	6%	2%	62%	4%	1%	6%	4%	53%	6%	4%
Cairns	7%	6%	11%	0%	2%	5%	5%	11%	5%	3%
Darwin	2%	1%	1%	4%	3%	2%	3%	1%	8%	3%
Fremantle (Perth)	4%	2%	2%	2%	59%	3%	5%	4%	0%	52%
Geelong	1%	4%	0%	0%	0%	0%	5%	1%	0%	1%
Hobart	4%	3%	2%	5%	0%	6%	3%	4%	5%	2%
Melbourne	5%	56%	2%	3%	5%	8%	44%	3%	1%	2%
Newcastle	8%	1%	1%	1%	0%	9%	1%	0%	0%	0%
Sydney	46%	10%	5%	9%	7%	38%	9%	6%	12%	5%
Wollongong	5%	0%	0%	0%	0%	6%	0%	0%	0%	0%
Other	1%	1%	5%	2%	2%	1%	1%	5%	0%	2%
Don't know	8%	5%	6%	11%	9%	9%	11%	7%	11%	15%
None of the above	3%	4%	2%	3%	6%	4%	3%	4%	1%	5%

FC6B And which would be your preferred port of disembarkation for your next cruise?
Base All who have cruised or would consider cruising n = 1,030 Weighted

Broader port preferences and experience – current main ports

As Figure 20 shows, S**ydney (78%), Melbourne (72%) and Brisbane (68%) are most likely to have been visited**. However, for these cruisers they are now seen as desirable points to embark or disembark (as noted above) rather than as places to visit. In contrast, future interest is highest for Darwin (35%), Cairns, Fremantle and Hobart (27%). Albury/ Bunbury is only slightly behind as a destination of interest.

Figure 20. Awareness, consideration and experience of ports – highest interest

	Never heard of it	Know about this destination but haven't visited	Haven't visited this destination but would like to	Haven't visited but am actively considering doing so	Have visited this destination but not on an ocean cruise	Have visited this destination on an ocean cruise	Net interest	Net Visited
Adelaide	3%	25%	15%	6%	50%	2%	20%	52%
Albany / Bunbury	12%	35%	17%	7%	27%	3%	24%	30%
Brisbane	2%	13%	11%	6%	61%	7%	17%	68%
Cairns	3%	25%	18%	9%	40%	5%	27%	45%
Darwin	2%	36%	25%	9%	23%	4%	35%	27%
Fremantle (Perth)	2%	30%	18%	8%	36%	6%	27%	41%
Geelong	4%	34%	12%	5%	43%	2%	17%	45%
Hobart	2%	28%	19%	8%	37%	6%	27%	42%
Melbourne	1%	12%	8%	6%	66%	6%	14%	72%
Newcastle	3%	31%	12%	7%	44%	3%	19%	47%
Sydney	1%	10%	7%	4%	65%	13%	11%	78%
Wollongong	5%	36%	11%	6%	40%	2%	17%	42%

FC12A Below is a list of ports, that are or would be points of embarkation or disembarkation on a cruise. Which statement best applies
Those open to taking a cruise Base n = 1,030

Broader port preferences and experience – other ports and destinations

Visiting new destinations – especially the more remote ones/islands are of greatest interest. Among 30 destinations the top 10 all fitted this description. See Table 5 below.

Table 5. Awareness, consideration and experience for other ports – Top 10 ranked by interest

	Never heard of it	Know about this destination but haven't visited	Haven't visited this destination but would like to	Haven't visited but am actively considering doing so	Have visited this destination but not on an ocean cruise	Have visited this destination on an ocean cruise	Net interest	Net Visited
Norfolk Island	12%	42%	30%	7%	7%	2%	37%	9%
Kimberleys/ N. Australia (WA/NT)	14%	36%	29%	7%	12%	2%	37%	14%
Lord Howe Island (NSW)	18%	39%	30%	6%	6%	1%	36%	8%
Broome (WA)	9%	39%	29%	7%	14%	2%	36%	16%
King Island (TAS)	22%	36%	28%	6%	6%	1%	34%	8%
Hamilton Island (QLD)	9%	36%	26%	8%	19%	3%	34%	22%
Flinders Island (TAS)	19%	40%	27%	6%	7%	1%	33%	8%
Penneshaw (KI SA)	20%	35%	25%	8%	11%	2%	33%	13%
Fraser Island (QLD)	9%	35%	25%	7%	22%	2%	32%	24%
Esperance (WA)	20%	34%	26%	5%	14%	1%	31%	15%

FC12B Below are destinations that do or could feature on a cruise itinerary. Again, which statement best applies
Those open to taking a cruise Base n = 1,030 WEIGHTED

This preference for remote destinations and islands, was consistent even for destinations outside the top 10. In many cases (e.g. Exmouth and Portland), their lower ranking may be as much a factor of lower brand presence (awareness) as it is of preference. **Inclusion of cruise itineraries can help raise awareness of these destinations (and thus interest) in the broader population (See Table 6 and Table 7).**

Table 6. Awareness, consideration and experience for other ports – ranked 11-20 for interest

	Never heard of it	Know about this destination but haven't visited	Haven't visited this destination but would like to	Haven't visited but am actively considering doing so	Have visited this destination but not on an ocean cruise	Have visited this destination on an ocean cruise	Net interest	Net Visited
Port Hedland (WA)	16%	41%	23%	6%	11%	2%	30%	13%
Exmouth (WA)	23%	36%	23%	6%	11%	1%	29%	12%
Cooktown (QLD)	20%	38%	23%	5%	13%	1%	28%	15%
Moreton Island (QLD)	22%	33%	22%	6%	16%	2%	28%	18%
Geraldton (WA)	18%	38%	22%	5%	15%	2%	27%	17%
Port Douglas (QLD)	9%	33%	20%	6%	28%	3%	27%	31%
Port Lincoln	17%	40%	22%	5%	15%	2%	27%	16%
Airlie Beach (QLD)	16%	28%	20%	6%	28%	3%	26%	31%
Burnie/Devonport (TAS)	19%	28%	18%	6%	26%	3%	24%	29%
Philip Island (VIC)	11%	33%	18%	6%	30%	2%	24%	32%
Port Arthur (TAS)	11%	34%	18%	5%	29%	2%	24%	32%

FC12B. Below are destinations that do or could feature on a cruise itinerary. Again. which statement best applies
Those open to taking a cruise Base n = 1,030 weighted

Table 7. Awareness, consideration and experience for other ports – ranked 22 – 30* for interest

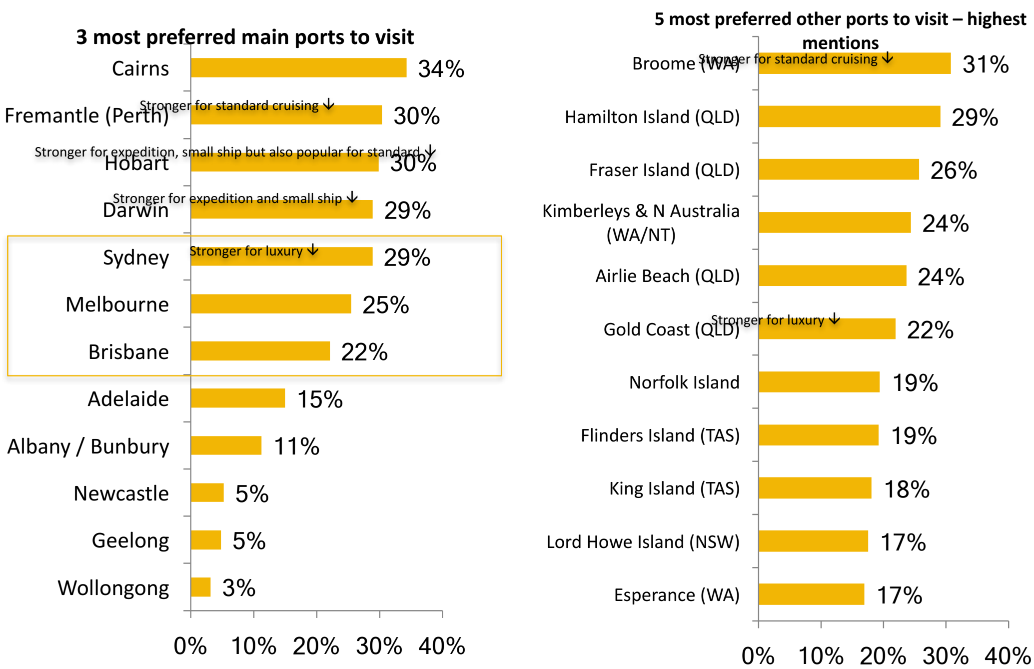
	Never heard of it	Know about this destination but haven't visited	Haven't visited this destination but would like to	Haven't visited but am actively considering doing so	Have visited this destination but not on an ocean cruise	Have visited this destination on an ocean cruise	Net interest	Net Visited
Townsville	6%	36%	17%	5%	34%	2%	23%	35%
Jervis Bay (NSW)	18%	34%	18%	5%	24%	1%	22%	26%
Portland	29%	31%	16%	6%	17%	1%	22%	18%
Gladstone	21%	35%	16%	5%	21%	1%	21%	22%
Mornington P'la (VIC)	14%	29%	17%	4%	35%	2%	20%	36%
Eden (NSW)	28%	26%	16%	4%	24%	2%	20%	26%
Abrolhos Islands	53%	22%	14%	5%	4%	1%	20%	5%
Sunshine Coast	7%	23%	13%	5%	50%	2%	18%	52%
Gold Coast (QLD)	3%	15%	9%	6%	63%	2%	15%	66%

FC12B. Below are destinations that do or could feature on a cruise itinerary. Again. which statement best applies
Those open to taking a cruise Base n = 1,030 weighted

Overall port Preference summary

The differences noted above are reflected when Australians are asked to narrow their choices of ports. (See Figure 21 below)

Figure 21. Overall cruise preference



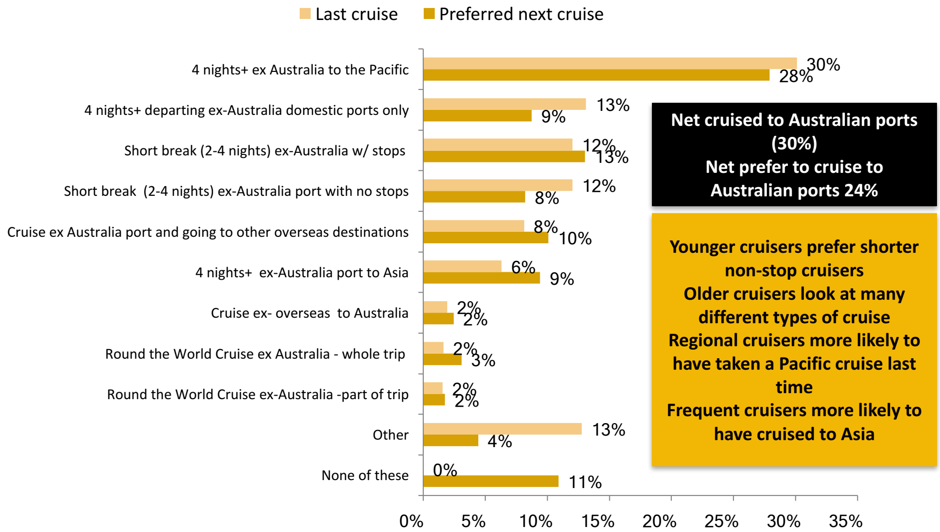
C7A Even if they were not your preferred ports of embarkation or disembarkation, which 3 of these ports would be of greatest interest to you in an Australian cruise
C7B And here are some other cruise destinations that you could visit on a cruise, which 5 of these ports would be of greatest interest to you in an Australian cruise
Base n = 1,030 all taken a cruise or interested in cruising WEIGHTED

Cruise Itinerary and length preferences

Overall preference is for a mid-length or longer cruise. Both Australian's stated preferences (shown in Figure 22) and their preferences as revealed in price sensitivity (see Figure 23) indicate this preference for a slightly longer cruise.

Cruises from Australia which include broader pacific destinations are preferred destination overall.

Figure 22. Cruise itinerary preferences (historic and stated preference for next)



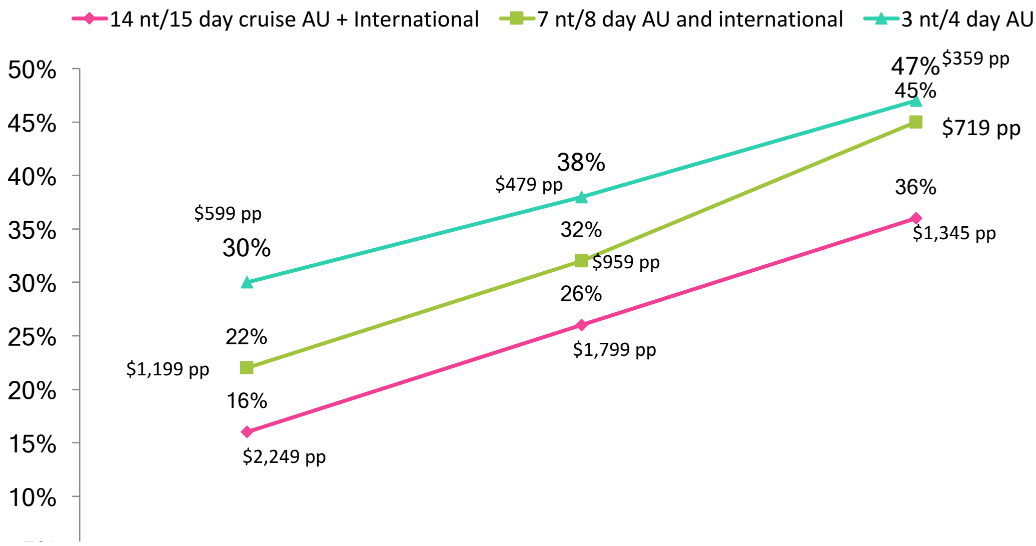
C5 Was your most recent ocean cruise.... ?
FC5a. Allowing for the amount of time you might have and the amount of money you would like to spend, which of these types of cruise do you think you would be most likely to take for your next cruise
Base Recent cruisers n = 235, All interested in a cruise n = 1,030 Weighted

However, when considered across all the options available, it suggests that cruises visiting Australia are popular overall - 24% say they would prefer Australian ports.

Non-stop cruises continue to be a way to trial cruising (higher incidence of previous cruising than intention or preference to use this cruise style next time). They are also appealing to younger cruisers (perhaps as they tend to be more social and/or themed).

This preference to start small and then extend is shown by the fact that previous cruisers are now looking to cruises that offer Asian destinations or even further afield.

Figure 23. Willingness to pay at difference price points



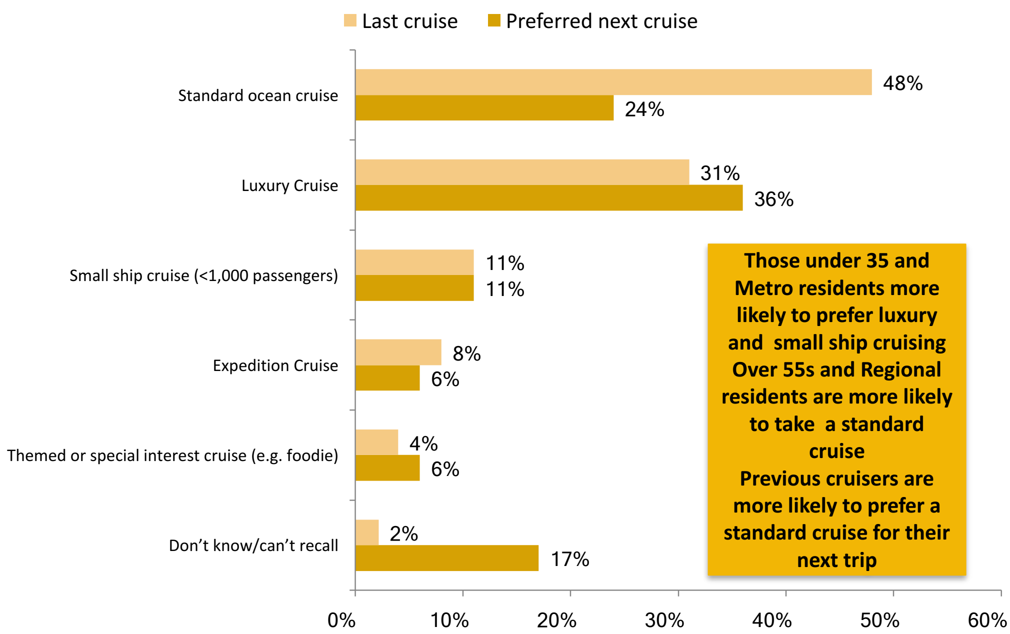
FC8/9/10 – a/b/c. How likely would you be to book a n x night/y day cruise including both Australian and International Destinations OR Australian destinations [PIPE IN IF SELECTED CODES 1 TO 12 AT FC6a: from <CODE SELECTED>] if it cost you $xxx per person? Weighted data
Those open to taking a cruise Base n = 1,030 Note further price points not asked after highest accepted, REBASED to market size

Preferred Cruise Style

As Figure 24 shows, **48% of Australian cruisers said they took a standard for their last cruise, with 31% saying they took a luxury cruise**, (note, although categories were explained this was completed online so there may be some overstatement – especially as for some groups like regional travellers cruising itself is seen as a luxury activity). Future preferences are for luxury cruises.

Just as cruising fills different needs for different groups, distinct cruise styles appeal to different groups (see box below).

Figure 24. Cruise style preferences



C6b. Was your most recent ocean cruise any of the following?
FC5B And which of these styles of ocean cruising would be MOST appealing?
Base Recent cruisers n = 235, All interested in a cruise n = 1,030 WEIGHTED

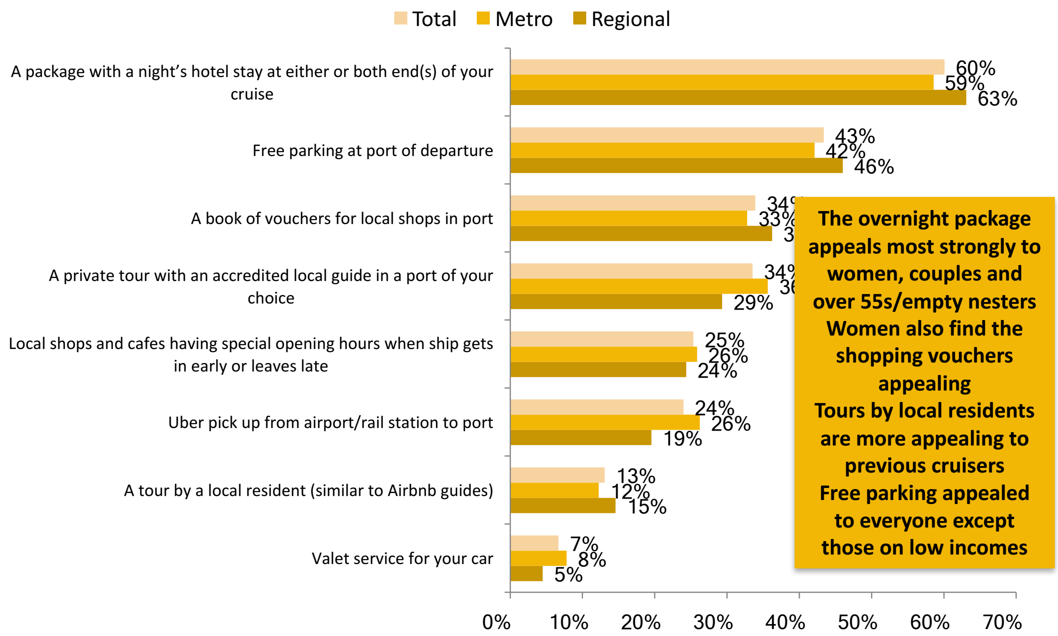
What additional services would attract people to cruise?

A clear **preference is for a package which offers accommodation in port at either end of the cruise**. (See Figure 25 below). This appealed to 60% of those interested in cruising and was stronger among those in regional areas, as were the two next most appealing services: free parking and a book of vouchers for local shops. However, they were also strong for metro residents. The overnight package also appealed to women, couples and over 55s.

Local shopping vouchers are also more appealing to women.

Private tours with accredited guides were a strong reference for metro residents (36% - higher than for a book of vouchers). However, if they (and others) have cruised before a local resident tour was more appealing.

Figure 25. Preferred additional services



FC11 Below are some options for additional services that destinations or cruise companies might offer… Which 3 would be most appealing
All interested in a cruise n = 1,030 WEIGHTED

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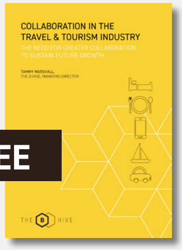


WHITE PAPER

COLLABORATION IN THE TRAVEL & TOURISM INDUSTRY

THE NEED FOR GREATER COLLABORATION
TO SUSTAIN FUTURE GROWTH

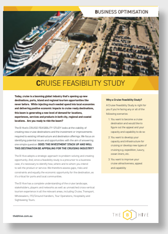
Collaboration is the next big thing! It's already happening around the world... and with great success. This White Paper is a sounding of the alarm to all businesses: change is inevitable and is coming at a rapid pace, there is really no where to hide and taking the head in the sand approach will not help.

The paper will:

- put forward the argument that collaboration is a necessary tool for future success;
- set the context by looking at influential trends and the industry current state of play;
- identify why you should collaborate, the opportunities and challenges; and
- propose practical recommendations to consider for those specifically in the travel and tourism industry.

Nobody is saying it will be easy, but after reading this paper you should feel excited about the (undefined) future and what is possible when two good ideas come together, multiply and become great.

To download your copy of The B Hive's Collaboration in the Travel & Tourism White Paper, visit **thebhive.com.au/research/whitepapers**



CRUISE FEASIBILITY STUDY

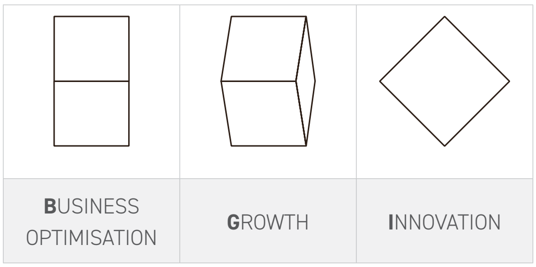
The B Hive's **Cruise Feasibility Study** looks at the viability of creating new cruise destinations and the investment or improvements required to existing infrastructure and offerings.

We focus on identifying potential issues and opportunities with the aim to answering one simple question: *Does the investment stack up and is this destination appealing for the cruising industry?*

You can find more information on the Cruise Feasibility Study at:
thebhive.com.au/business-optimisation/feasibility-study/cruise

About The B Hive

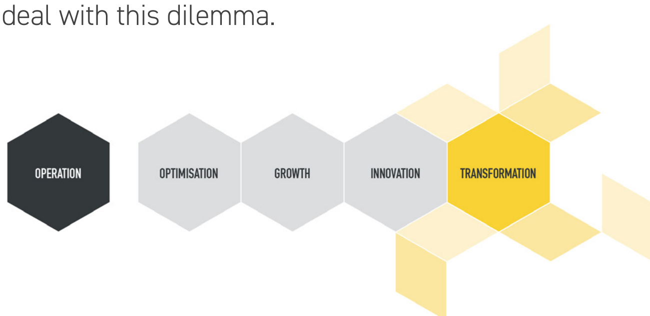
The B Hive is a business transformation consultancy that helps people and businesses to transform, perform, grow and innovate their way to ongoing success. We work across three areas to help people and businesses future proof themselves against the rate of technological change.



As Hospitality & Tourism industry specialists with extensive experience across all areas of business, The B Hive provides strategy, direction, planning, implementation, advice, insights, education and mentoring to people and businesses at all stages, from start-up to established. The B Hive is focused on delivering real outcomes for individuals, your people and business. And, by providing business optimisation, growth and innovation, education and insights services and initiatives, we offer a path to transformation for businesses and people so that they become agile and competitive, and can withstand disruption and adapt more easily.

Today, people and businesses are faced with ever-increasing levels of volatility, uncertainty, complexity and ambiguity, with many people, employees and leaders alike, either unaware of feeling ill-equipped to deal with this dilemma.

At The B Hive, we believe that to be successful now and into the future, people and businesses must jump on board the Path to Transformation.



For more information about The B Hive's **Path to Transformation** or anything else covered in this paper, please contact:

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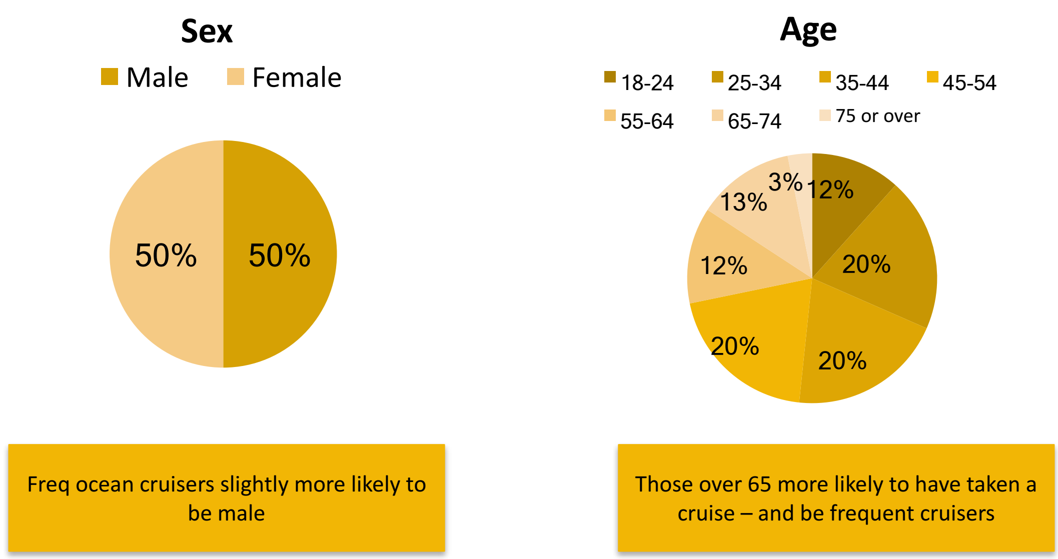
W: thebhive.com.au

Appendix - Participant Demographics

Participants generally representative of adult Australian population as shown below. (Note: over 75 group capped). Incidence and frequency of cruising is higher among older Australians currently.

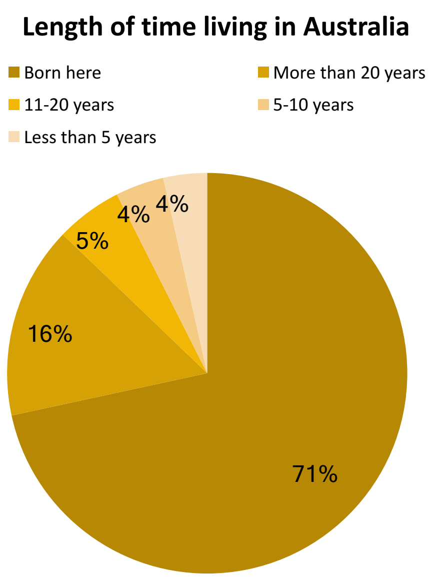
Figure 26. Participant demographics

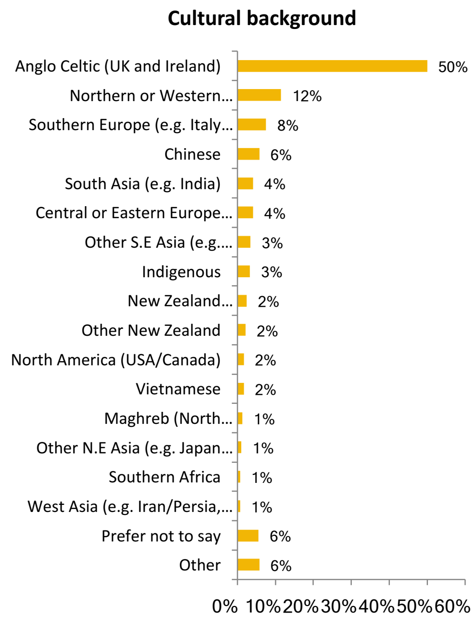


S6. Are you?
S7. Which of these age groups do you fall into?
Base n = 1,260

Almost one in three Australians who participated are born overseas, with many different nationalities and histories. Interestingly, there is currently little difference in incidence of cruising for most groups. See Figure 27 below.

Figure 27. Participant Demographics – Culture and length of time living in Australia





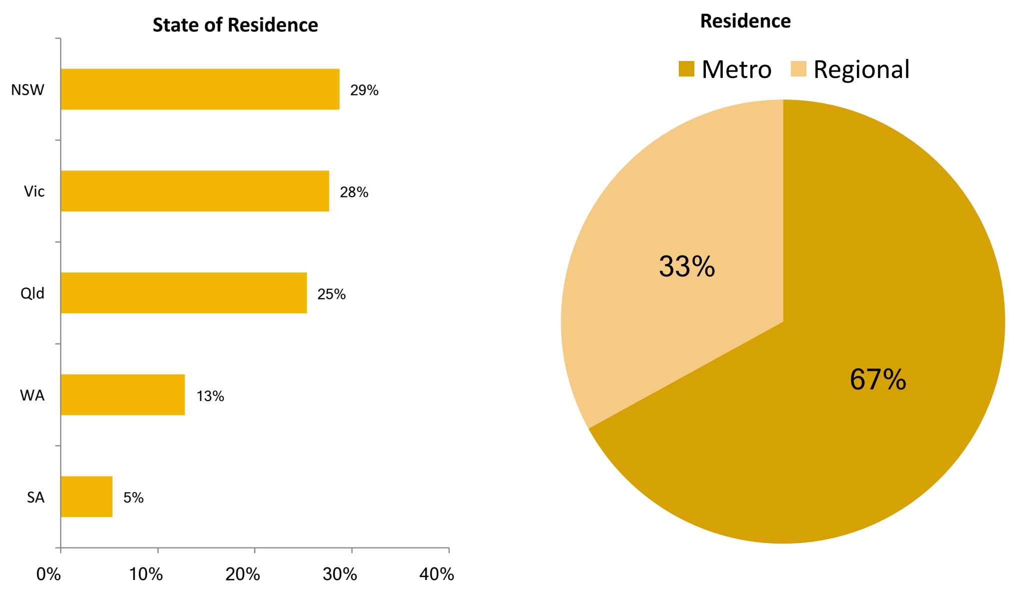
D2 How long have you lived in Australia?
D3 With which of these ethnic groups do you have links in your recent family history
Base n = 1,260

Reflecting both the Australian and cruising populations, participants were mostly Metro residents with NSW, Vic and Queensland leading states.

Those under 35 more likely to live in Metro areas, especially Sydney and Melbourne.

There was little difference by cruise incidence or behaviour.

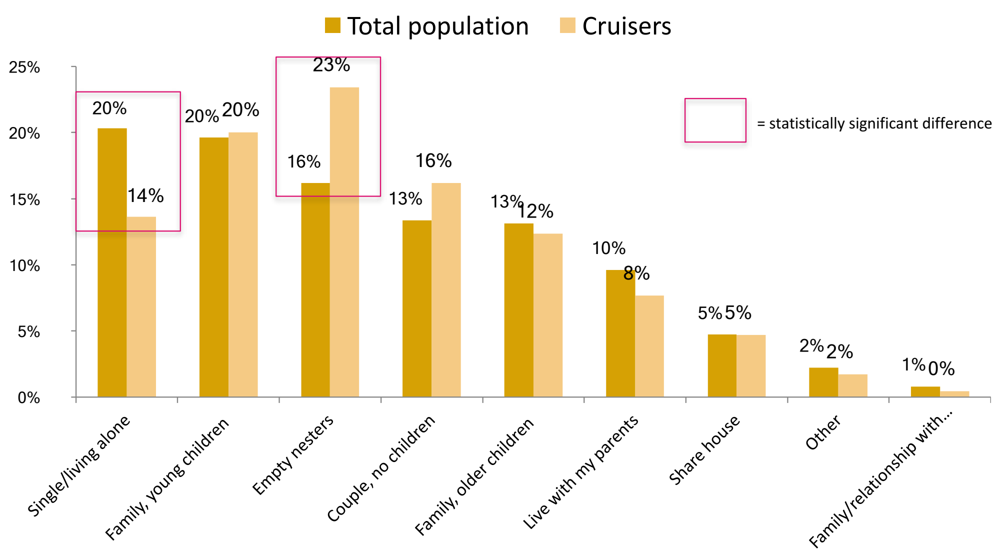
Figure 28. Place of residence



S3 In which of the following locations do you currently live (please choose your main place of residence if you have more than one)? Base n = 1,260

Singles, families with young children largest group. Empty nesters still largest cruise source market. Although solo travel is growing globally, the diverse age groups for this group means we still see fewer cruising.

Figure 29. Household Structure



D1 Which of these best describes the structure of the household you live in? Base Total Population n = 1,260 Cruisers n = 235