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Cruises: Industry waiting for restart

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However, Asia is expected to remain a growth market, thanks largely to the region's expanding middle class, which is increasingly willing to spend on travel.

According to the Cruise Lines International Association, or CLIA, passenger capacity in the region has been growing since 2013, topping 4 million last year.

Two of the biggest cruise companies — Carnival Corp and Royal Caribbean — are keen to widen their client base in China, which accounts for 50 percent of the Asian cruise travel market.

Royal Caribbean's sights are set on launching *Wonder of the Seas* — its first ship destined for China — in 2022. The vessel, which can accommodate more than 5,000 passengers, was originally due to arrive in Shanghai in middle of next year, but the date was postponed as the pandemic disrupted shipyard operations.

Liu Zinan, chairman of Royal Caribbean Cruises, Asia, said in a statement in early August that Royal Caribbean firmly believes that the fundamentals of China's economy have not changed due to the pandemic and that the cruise market will continue to develop.

Carnival Corp plans an Asia-focused program for next year through its subsidiary Costa Cruises, which is looking to launch cruise tours in China and Japan.

Mario Zanetti, Costa Cruises chief commercial officer, was quoted by online site Seatrade Cruise News as saying the company has always had full confidence in the Chinese market.

Zanetti said the company is "actively preparing for cruise resumption", adding that it is working with Chinese authorities to strengthen pre-voyage screening and onboard operations.

Industry players have acknowledged that the pandemic will mean that significant changes have to be made.

These include increased focus on small groups to promote social distancing, promoting local or regional

destinations, and implementing stringent hygiene protocols in line with standards set by authorities such as the World Health Organization and the US Centers for Disease Control and Prevention.

Joel Katz, CLIA's managing director for Australasia and Asia, said: "When the time is right, we envisage cruise operations are likely to resume in controlled phases and on a regional basis, particularly while international travel is restricted. In different regions this may involve domestic cruises, short itineraries, or operations within a regional bubble."

Katz said the operators of the 270 cruise ships within the CLIA member fleet are developing enhanced measures to ensure the safety of guests, crew and the communities they visit. He said governments and international health authorities are guiding the cruise industry on "the appropriate pathway to a restart."

"The industry's aim is to develop the best possible response to COVID-19 so that we can begin discussions with governments on the appropriate way to revive cruise tourism when the time is right," he said.

John Paolo Rivera, associate director of the Dr. Andrew L. Tan Center for Tourism at the Asian Institute of Management in Manila, the Philippine capital, said lockdowns are meant to keep people at home to reduce the risk of contracting the coronavirus, but this has not diminished their desire to travel. For many, it has heightened such ambitions, albeit with a greater awareness of health.

As many people have been cooped up for a long time at home, they are keen to travel, but they will prefer "products that are low-risk and where physical distancing can be practiced", Rivera said.

He added that the "new normal"

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Ingrid Leung, managing director of Incruising Travel Asia

will be cruises that focus on small groups and visits to remote destinations, as this will ensure social distancing and reduce the risk of contracting and spreading the virus.

Rising demand

Before the pandemic emerged, cruise tourism was the travel industry's fastest-growing sector.

According to tax, audit and advisory company KPMG, demand for cruises has risen in recent years. In 2017, some 26.7 million people went on a cruise. The number rose to 28.5 million in 2018 and had been expected to reach 32 million this year.

A CLIA-commissioned survey found that cruise travelers tend to be repeat customers, with 82 percent likely to book a cruise again for their next vacation.

However, the pandemic has slowed the industry's growth trajectory. For Genting Hong Kong, one of Asia's biggest cruise operators, the suspension of sailings has resulted in financial problems, with the company announcing on Aug 19 it would temporarily suspend payment to creditors and seek to restructure its debts.

In addition to border shutdowns that have discouraged leisure travel, the cruise industry has faced a barrage of bad publicity.

Extensive coverage of passengers being quarantined on ships such as Carnival Corp's *Diamond Princess* and Genting Hong Kong's *World Dream* has raised concerns over safety.

Hundreds of Australian passengers stranded on the *Ruby Princess* sued Carnival Corp. In a class-action lawsuit filed in Australia's Federal Court in July, the 800 passengers alleged the cruise company and its subsidiaries engaged in "misleading and deceptive" conduct after the COVID-19 outbreak on the ship.

Monique Giese, KPMG's global head of shipping, said in a report on July 23, "The current COVID-19 environment has created a high degree of concern among the public surrounding the maintenance of health and safety on board cruise ships."

Giese said the pandemic has increased the need for robust screening and monitoring protocols, comprehensive sanitation practices, and more health facilities and medical staff members on cruise vessels.

Katz, from the CLIA, said cruise operators are working with medical experts and health authorities to develop extensive measures "that will ideally involve a door-to-door approach that begins at the time of booking and continues through the cruise journey and until the passenger returns home."

He said health and safety protocols being developed globally will be combined by the CLIA and adopted by all its members.

Katz said the coronavirus can spread anywhere people gather to socialize, such as on cruise ships and in restaurants and hotels, but he stressed that cruise vessels are "neither the source nor the cause of COVID-19."

No other sector or industry outside the cruise business has such stringent reporting requirements coupled with the onboard presence of qualified doctors and nurses to provide medical surveillance, he said.

Ingrid Leung, managing director of the travel agency Incruising Travel Asia, which is based in Hong Kong, said reports of people being stranded on cruise ships might deter potential customers, but she is confident this will not be an issue for more-experienced clients.

"Once you have been on a ship, you know how clean they are ... there are always staff wiping every area," Leung said.

She added that cruise vessels are not designed for quarantine, and the types of outbreak that happen on them can also occur in any enclosed spaces, such as hotels or convention centers.

Leung, who has been selling cruise packages since 2012, said this has been the worst year for her business, but this is mainly the result of travel restrictions — not because her customers have lost interest in cruises.

In the meantime, she is offering tours around Hong Kong on private yachts, giving clients a chance to take weekend breaks.

"It's just a matter of time. Many of our clients are looking forward to being on board again," she said.

Operators offer touch of luxury as well-heeled clients take to the water

By PRIME SARMIENTO in Hong Kong

Luxury cruise operator Francesco Galli Zugaro moved from Peru to Singapore in 2012, keen to tap an increasingly affluent market in the Asia-Pacific region.

The move paid off, with his business, Aqua Expeditions, attracting a small but upscale customer base — a clientele that is keeping the venture afloat at a time when the pandemic has paralyzed the global cruise industry.

"We're in a very high-end, small niche in the (global) cruising industry," Galli Zugaro said, adding that his vessels, which cater to a maximum of 40 passengers, are ideal at a time when social distancing has become the norm.

Aqua Expeditions operates four boats, cruising in waters off eastern Indonesia and also on the Amazon and Mekong rivers in South America and Cambodia and Vietnam respectively. In China, the Mekong is known as the Lancang.

Three of the vessels have been suspended from operations, as their main clients are international tourists.

However, the *Aqua Blu* continues to sail around the Indonesian islands of Maluku, Bali and Raja Ampat. The vessel caters specifically to Indonesians and expatriates who can afford to spend \$7,525 for a weeklong bespoke cruise.

"Our (cruise packages) are appealing because we only cater to small groups and travel to remote destinations far from crowds," Galli Zugaro said.

He added that Aqua Expeditions is still receiving bookings despite travel restrictions being imposed due to the pandemic. All the company's boats are fully booked for the Christmas and New Year holidays and some 40 percent of the slots for next year have also been reserved.

"Our clients are hopeful that they can travel soon," Galli Zugaro said.

The fact that Aqua Expeditions continues to thrive amid travel restrictions is not entirely surprising, as before the pandemic emerged, Asia was the fastest-growing market for cruise tourism.

While the United States and Europe remain the biggest markets for cruise line operators, in recent years, these companies have been targeting Asia's expanding middle class.

The Cruise Lines International Association said passenger capacity in Asia rose to more than 4 million last year, compared with 1.51 million in 2013. The number of cruise ships operating in the region also rose last year to 79, compared with 43 in 2013.

Luxury cruise industry players note that while their clientele cannot go on ocean cruises due to the travel restrictions, they are still keen on packages to regional destinations.

Severine Fallet, country manager for Myanmar with luxury travel company Abercrombie & Kent, said, "We have already seen the pandemic affect the way people are now choosing to travel, where they travel to and who they travel with."

Luxury operators have arguably long provided packages that promote forms of social distancing — whether it is travel by private jets and yachts, staying in villas in remote destinations, or other customized services. As a result, Fallet expects the luxury travel industry to be the first to recover from the pandemic.

She said this is why Abercrombie & Kent launched the "Discover Your Asia" campaign in July, offering travel packages to affluent local and expatriate communities in Myanmar.

One of these packages is a three-night cruise on the Irrawaddy River aboard the *Sanctuary Ananda*. This custom-built boat can only accommodate 42 guests and sails from the UNESCO World Heritage Site of Bagan to Mandalay, the former royal capital in northern Myanmar.

Fallet said customer response to

the campaign has been "incredible".

While Myanmar's borders remain closed to international tourists, the first two departures of the *Sanctuary Ananda* were fully booked and most of the slots for last month were also taken.

"Our first cruises in July coincided with the lifting of the domestic travel ban in Myanmar. Residents (of the capital Yangon) jumped at the chance to leave the city for a short break, and many were eager to experience some luxury as well," Fallet said.

She added that during the day, passengers take excursions to villages and sites along the Irrawaddy. To maintain social distancing, the trips are made by groups of no more than 14.

Fallet said new onboard measures have been introduced to ensure health and safety, including enhanced cleaning procedures and temperature checks for passengers and crew.

Luxury cruises are in line with moves made by Asian governments to promote domestic tourism to help the ailing travel and hospitality industries.

In addition to the *Sanctuary Ananda* river trip, Fallet said Abercrombie & Kent offers chartered cruises in the Myeik Archipelago — a pristine and diverse group of islands in southern Myanmar.

The company also sells private river cruise packages in Cambodia and Vietnam, which offer domestic tourists in Southeast Asia "a great opportunity to get out and explore their own country in a safe and memorable way" Fallet said.

Keen interest

In August, Thai luxury cruise provider Loy Pela Voyages was banking on well-heeled domestic tourists when it launched the *Loy River Song*, a vintage teak rice barge converted into a luxury vessel cruising the Chao Phraya River. It sails from Bangkok to the former ancient Thai capital of Ayutthaya.

A three-night package for two costs more than \$8,000, and passengers can enjoy one of four air-conditioned staterooms fitted out in antique furniture and Thai silk.

Mark O'Sullivan, a general manager at Minor Hotels, a chain based in Thailand that operates Loy Pela Voyages, said, "Being the first overnight luxury cruise vessel linking Bangkok and Ayutthaya, the *Loy River Song* has seen a lot of interest from guests who are seasoned cruisers."

He said this shows that a company "doesn't have to reinvent the wheel and constantly look for novel products" if it has a well-loved concept that has been improved by considering customers' needs.

In view of the pandemic, the requirements of affluent customers are even more relevant now.

"When it comes to being safer, I believe that the entire luxury travel sector, not just private cruises, is better equipped than most to deal with pandemic-related concerns," O'Sullivan said.

"We have always focused on privacy, safety and personalization, and our expertise in these areas will no doubt help us come out the other side stronger."

He is cautiously optimistic about the sector, noting that luxury travelers will probably resume leisure trips as soon as travel restrictions are lifted. However, these customers are also likely to have an "isolationist mindset".

"This means they will opt for experiences that prioritize privacy and choose remote, nature-centric locations in preference to cities and resorts. Even after travel bans are lifted, the risk of infection will remain high, so social distancing requirements will be the driver for as long as there are health concerns," O'Sullivan said.

He added that companies focusing on individual travelers, rather than groups, will continue to thrive even after the pandemic.

"Extra space and exclusivity, the hallmarks of luxury travel, have now gone mainstream," he said.