

Discussion on the Development Problems and Strategies for Cruise Tourism Based on the Comparison of Supply and Demand

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Abstract

Cruising is becoming a more and more popular form of tourism, bringing the increasingly complex demand and expectations of cruise travelers, such as the obvious younger trend, the increasing demand of long-line products and the concerns for the quality of onshore activities. Nevertheless, there is the imbalance between supply and demand, like low price competition under the charter mode, products McDonaldization, business utilitarian, and poor port service constructions. In order to achieve an efficient and fast long-term development of cruise tourism, it's important to explore a more harmonious cruise "supplier-seller" cooperation path, focus on products' features, provide consecutive service for cruise travelers, upgrade the tourism service constructions of ports and promote the formulation and promulgation of cruise tourism regulations and policies.

Keywords: cruise tourism; development problems; strategies; supply and demand; comparison

1. Introduction

In late July 2018, a group of travel agencies received a notice issued by Norwegian Cruise company, notifying that Norwegian "Joy" will leave the Chinese market in April 2019 and sail the Alaska route. Compared with the high-profile entry of the "Joy" at the end of June last year with the name of "First Class at Sea", the announcement to leave China is quite surprising. In addition, the "Sapphire Princess" and the Royal Caribbean "Mariner of the seas" also have short-term route adjustments. And Sun Jie, CEO of Tongcheng tourism cruises division said that the year 2018 is the watershed of cruise tourism since there is a sign of slowdown in growth in 2017 after the domestic cruise market has maintained a high growth rate of 40% to 50% for 10 consecutive years. At the meantime, it also shows a slight increase in per capita consumption of Tongcheng cruise tourism during the summer vacation, suggesting that the market may be more focus on consumption quality and experience, the entire cruise tourism market may gain a new development space (Yan 2018). General cruise tourism will be difficult to meet the sophisticated needs of cruise travelers as the consumer market is getting more and more mature. Short-term adjustments will benefit the development of cruise tourism, it's essential to carry out supply-side structural reforms to improve the quality of cruise tourism products.

2. Analysis of the Characteristics of Cruise Tourism Demand

2.1 *Abvious Younger Trend*

Studies have shown that cruise travelers are becoming younger than ever before. "Young people are regarded as Gen Y/Millennials, who were born from 1982 to 1998, as reported in Cruise Travel Report (CLIA 2017), finds that younger generation, especially the Millennials, have been embracing cruise travel more than ever before, regarding it as a better vacation type than other types of land-based vacations" (Le & Arcodia 2018). Compared with European and American travelers, Chinese tourists who choose to travel by cruise are younger, with an average age of 38 years old (Wang et al. 2015), and in the past year, the proportion of cruisers aged 30-59 in China reached 48.5%, they are the main force for cruise tourism (Yan 2018), the younger trend of cruise tourism is obvious.

2.2 *The Increase of Long-line Demand*

Long-line cruise travel products are generally accompanied by higher consumption level, and there are significant differences in the consumption capacity and consumption habits of domestic cruise travelers of different ages. Although young people have an open consumption concept, they are generally restricted by Chinese paid leave and annual leave systems. And the elderly who have sufficient leisure time and savings but relatively conservative, they have low secondary consumption rates as they are influenced by Chinese traditional culture (Liu & Li 2012). In addition, there is less risk for travel agency to charter short-line products. So it is conceivable that domestic cruise travel routes have a short range of 4-5 days.

However, with the continuous development of the cruise tourism consumer market, 7-8 days trips of domestic cruise tourism are increasing, and the proportion of customers under the age of 40 who booked the overseas routes through Tuniu accounted for more than 20% in 2017 (Yan 2018), more and more young cruisers began to choose a long-line cruise vacation with richer experience, and in addition to the conventional lines of Japan, Southeast Asia and the Yangtse Three Gorges in China, the domestic Paracel Islands, overseas routes such as the Mediterranean, Alaska, the Caribbean, the Danube, the Rhine, and the Polar regions will also attract more and more travelers.

2.3 The Concerns for the Quality of Onshore Activities

Although domestic consumers' cognition about "cruise is not only a kind of transportation but also a tourist destination" are improving, their travel demand for onshore destinations are still relatively strong. For instance, the data indicates that among the core elements of cruise travel that travelers cared about, namely, guest room environment, food, performance, onshore trip, theme activities, and so forth, the attention to the onshore trip were increased significantly in the past year (Yan 2018), especially for young people, their demand for personalized onshore trips are stronger. To some extent, this is also a reflection that onboard entertainment projects are not attractive enough, and it's urgent to exploit onshore activities, because many young people feel that they are trapped in a closed environment on the cruise ship, lacking freedom, furthermore, the onshore journey is too short to enjoy themselves, the activities are monotonous, and most of them are general forms of sightseeing, shopping spending. Therefore the wonderful river cruise travel which focus on the intensive visits to destination ports and allows visitors to experience the journey of "one port one day", sometimes "two ports a day" or even "four nations in a week" is increasingly becoming a new choice for domestic travelers to experience the "slow life" of destination.

3. Analysis of the Problems of Cruise Tourism Supply

3.1 Low Price Competition under the Charter Mode

The basic operation mode of domestic cruise industry is to build special cruise terminals and related facilities to attract international cruise ships to stop at the port and promote the consumption of visits. In terms of the specific operation layer, the cruise company's voyage is bought out by the travel agency, and then the travel agency sells the cruise tickets to the travelers. Due to our state's regulation on the development of international cruise companies, it is difficult for international cruise company to directly accept passengers' registration in China and the cruise tickets are mainly sold by travel agency. Moreover, from the nature and type of cruise products themselves, it is more suitable to make indirect sales as main channel too. Therefore chartering sales mode has become a common practice.

However, this sales model also has disadvantages. Because the travel agency has already packaged the voyage, some rooms on the cruise ship can only be sold by this travel agency, and it is also responsible for the unsold tickets. Besides, the travelers are contract with the travel agency, so the travel agency is responsible to the travelers. As a result, the travel agency contractor is under tremendous sale pressure, which has caused the current abnormality of the cruise ticket price. Many consumers have seized the shortcomings of the sales model and formed a wait-and-see attitude in the market until the clearance sale of cruise tickets. In addition, there are 500 to 600 domestic cruise dealers in 2017, and the distribution channels are narrow and long. The cruise tickets are sold layer-by-layer which has been weakening shipping company's control on the lower sale channels, leading to the breeding of illegal second-hand agents who disrupt the price system. What's more, in order to maximize profits, the travel agency even sell sofa beds or folding beds, which greatly reduce the comfort of cruise travel (Xie 2017). In the long run, a vicious circle has formed, it is not beneficial to the healthy development of the cruise tourism market.

3.2 Products McDonaldization

Fast-moving, controllable, unified, and standardized are the main features of McDonaldization of domestic cruise tourism. In order to quickly seize the Chinese market and increase the profits of single ship, the cruise ships that international cruise companies invested in China are almost all popular brand super cruise ships instead of high-end brand cruise ships. Both the number of rooms and the passenger capacities are large, besides, the facilities are highly similar and are lacking in uniqueness. Moreover, some cruise themselves are sister ships, even the meals in the restaurant are exactly the same, so the appeal to consumers is not unique. In addition, there are relatively single routes and destinations of domestic cruise tourism. At present, except for the "Star Cruises" is mainly to operate the southeast Asia routes, the other destinations of the home port routes are Japan, South Korea or Japan plus South Korea (Xie 2017). Furthermore, the onshore products focused by travelers lack development compared to the varieties of activity projects on board, for example, the onshore itinerary of domestic home port is more often organized tour with relatively simple and short-lived arrangements. What's more, the increase of the boat trip is actually affecting travelers' sightseeing trip on destination. The proportion of activity times on board and onshore are out of balance, and the contents of onshore activities need to be enriched.

3.3 Business Utilitarian and Inefficient Cooperation

To a certain extent, the imbalance between supply and demand of cruise tourism is also a reflection that relevant suppliers are utilitarian and lacking in effective cooperation from the perspective of the three main suppliers, the cruise companies, the charter travel agencies and the cruise port terminals. Firstly, the cruise companies are not do well in the cruise products training to the travel agencies, and let the travel agencies bear the majority of the

sales pressure and risk consequences of the unsold cruise tickets, which indirectly lead to the low-price competition of cruise tourism. Secondly, the goal of the travel agencies is to sell out the contracting cruise tickets. As for market promotion, it emphasizes the low price characteristic of cruise tickets but ignores the explanation on the products itself. A case in point is the advertisement which notified that in addition to pay certain port fees and cruise tips, it's free to eat, drink and play on ships. The travel agencies are more care about the realization of their short-term interests rather than the long-term development of the cruise brand, furthermore, in order to make up for the loss of the tickets, they increase the shopping projects, take travelers to various of duty-free shops but ignore travelers' real needs, which reduce the quality of cruise travel, and travelers are more rejective to the consumption without enthusiastic service. Finally, the cruise port terminals who rent the venue to the cruise companies, mainly performing the functions of security clearance, they should pay more attentions to passengers' demand and enhance their comprehensive travel services quality. In a word, there is a lack of effective cooperation among the cruise companies, travel agencies and cruise port terminals since cruise travel is a whole product.

3.4 Poor Port Service Constructions

Compared with western cruise tourism, domestic cruise tourism has not yet formed a complete industrial ecological pattern (Sun et al. 2016). There are no abundant supporting industries such as finance, insurance, tourism services, ship logistics and maintenance. As the capacity of international cruise ships continues to increase, the scale of the reception for cruise ships and passengers is increasing too, making the port's existing capacity and infrastructure strained. Using Wusongkou International Cruise Port Terminal as an example. The size and berth of the cruise terminal are in short supply which cause a heavy transportation. And the waiting room is small so the temporary tents are built to ease the flow of travelers. In addition, travelers reflect that the customs clearance procedures are so complicated and inefficient that they have to wait for a long time. Moreover, there are poor sanitary environment and network wifi signal, lacking foreign currency exchange and banking services in the tourist service center of the cruise port terminal, what's more, free shuttle bus has no fixed and publicized schedules and it's often delayed or absent. Besides, lacking care for vulnerable groups, for instance, the steps are high and steep, which is very inconvenient for travelers who carry suitcases. Sometimes, there are squabbles of passengers as a result of the competition for waiting seats. The noisy tourist service center is crowded with travelers who do not know what to do next, because there is no notification about the customs clearance process before embarking. All of that have seriously affected the experience of cruise travel.

4. Strategies and Suggestions for the Development of Cruise Tourism

4.1 Developing a More Harmonious Cruise "Supplier-Seller" Cooperation Mode

The rise of the domestic cruise market has benefited from the charter mode. Whereas, with the increase of cruise capacity, the homogenization and low price competition of products, there is oversupply of the cabin capacity gradually. The charter mode has become the core pain point for domestic cruise tourism (Xu 2017), restricting the development of the industry. It's urgent to optimize and upgrade the distribution structure and develop a more harmonious way of cooperation between suppliers and sellers.

In the overseas cruise tourism market which have high acceptance and mature degree, the sales of cruise products are mainly distributed by a small number of travel agencies and direct sales of shipping companies. At present, the agency sales of cruise tickets account for more than 90% in China, which is not conducive to the healthy development of cruise tourism. Referring to the international cruise direct ratio, the reasonable range of future cruise agency sales ratio is 60% to 70%. Increasing the proportion of direct sales, reducing agency sales and strengthening the construction of the direct sales department may become an important approach to re-engineer channel system for cruise companies, helping cruise companies reduce the dependence on tourism intermediaries and master the pricing power (Xu 2017). In addition, the cruise companies should re-examine the interests relationship with the travel agencies too, allowing agencies to participate in the design and development of cruise products, reducing the amount of chartering so that the travel agencies not only sales the tickets but also the services. For example, the 86-days global cruise line created by Ctrip and Costa was sold out in just one day. The cruise companies cooperate with the travel agencies to develop cruise travel products, sharing risks, achieving win-win cooperation, and realizing the transition from price-driven competition to specialization, differentiation and quality-oriented competition to promote the healthy and rapid growth of the cruise market.

4.2 Improving Products Experience and Developing Differentiated and Diversified Products

In view of the diversified demand of domestic cruise tourism market, cruise tourism needs to explore multiple development paths and develop characteristic cruise products.

First of all, it is necessary to segment the target market according to the characteristics of different types of travelers, such as business incentive tourism market, newly married tourism market, student tourism market, and elderly tourism market. Second, providing suitable cruise products for different types of travelers, for examples,

providing sightseeing, food and health-preserving tourism products to the elderly, animal and plant viewing and adventure products to the student community, multi-days and romantic onshore tours to the wedding market, church visits, journey photo taking and other projects (Sun & Ni 2018). Furthermore, at present, the domestic cruise products of port cities in China are mostly sightseeing tours, and the cultural and experiential nature of products is insufficient. As domestic travelers change from sightseeing tour to experiential tour, port cities should design varieties of onshore products aim at their own characteristics, natural and human resources, such as adventure, family and other tourism projects, thereby enhancing visitors' experience. Moreover, in terms of routes, it's essential to broaden the radius of travel, enrich cruise travel combination products, innovate the development mode of "cruise ship plus the big traffic", like "cruise plus high-speed rail", "cruise plus aviation", "cruise plus self-driving tour" to break through the closed loop route development patterns of domestic cruise tourism.

4.3 Providing Consecutive Service for Cruise Travelers

Tourism is a comprehensive service industry, focusing on the overall experience of the products. Therefore cruise travel is a continuous service experience process for travelers, starting at the moment of leaving home rather than boarding the cruise. And, failure in any part of the service will affect the experience of travelers. Chinese people generally do not have very high requirements for service and they will be pleased as soon as they are well settled and cared for, however, there is still a lack of effective cooperation among cruise companies, travel agencies, and cruise port terminals, so the problems and needs of travelers are difficult to be deal with immediately. The cruise providers should understand the true meaning of the cruise tourism service and strengthen cooperation with each other, paying more attentions to travelers' real demand, and making attentive service, besides, establishing a sound communication and problem-solving mechanism, and providing consecutive service to cruise travelers together.

4.4 Upgrading the Constructions of Port Tourism Services

Cruise travel is a comprehensive and dependent consumption activities involving all aspects of eating, accommodation, transportation, sightseeing, purchasing and entertainment. However, at present, most of Chinese port terminals have to improve their service supporting constructions of cruise tourism, innovate service models and service standards, so that to comprehensively improve the service and management level of cruise ports.

First of all, with regard to hardware facilities, upgrading and improving the terminal constructions constantly, optimizing the transportation conditions of the cruise port to make the vehicle management system in the port area more efficiently, and making use of intelligent customs clearance equipment, implementing convenient measures of customs clearance to minimize the waiting times of passengers, such as "simplified entry procedures", "self-service departure", "customs clearance in staggered time" and so on. Secondly, paying attention to the training for port staff, making them do well in currency exchange, free shuttle bus, wifi service, establishing and improving the communication and coordination mechanism for travelers. The last but not least, in order to promote the inbound tourism of international cruise, it's essential to created more favorable conditions for international cruise visitors, for instance, optimizing the commercial service around the port area and striving to set up departure tax rebates at the cruise terminal to improve the internationalization level of port service.

4.5 Formulating and Promulgating Cruise Regulations and Policies

The State Council issued the "Thirteenth Five-Year Plan for Tourism Development" on November 26, 2016, proposing to vigorously develop marine and waterfront tourism, and formulating programme for the development of cruise tourism, which fully demonstrating the importance the state attaches to cruise tourism. However, the absence of relevant laws and policies is the deep-seated problem of cruise tourism since cruise tourism in China is an emerging industry. It's necessary to learn from the foreign countries about cruise legislative experience, and promulgate domestic professional regulations in the field of cruise tourism, so that to crack down on illegal second-hand agents and low quality travel agencies who disturb market order. In addition, the relevant stakeholders of cruise tourism should also endeavour to accelerate the innovation of cruise policies, like "the convenience of cruise visas", "convenient customs clearance", "multi-port docking", "no destination tour", "cruise ticket supply", "purchase tax subsidy", "international cruise registration", "cruise comprehensive bonded zone", "routes approval". Nothing can be accomplished without norms or standards, the formulation of local regulations on cruise tourism management and policies for cruise economic development will greatly ensure the healthy and stable development of the cruise tourism industry.

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