

IMPACT OF THE COVID-19 PANDEMIC ON MARKETING STRATEGIES EMPLOYED BY CRUISE OPERATING COMPANIES

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Purpose: The aim of this article is to identify and compare marketing strategies which have been employed by cruise shipping companies before the pandemic, during the crisis and currently, after the revival of the market.

Design/methodology/approach: The following methodology has been employed in this article: observation, individual case studies, analysis and critique of sources and statistical methods based on secondary sources of statistics. These methods have been helpful in characterizing the phenomenon of sea-cruises, analysing the impacts of the COVID-19 pandemic on the maritime tourism industry market and identifying marketing strategies employed by companies operating cruise ships. The character of this article is theoretical, based on the use of various studies pertaining to the analysed issues.

Findings: The article explores the models of marketing strategies used by companies operating cruise ships and compares these strategies in various marketing conditions.

Research limitations/implications The primary limitation is the use of analysis and critique methodology and relying on secondary statistical sources. Studies in the future may include observation of individual operating companies and the impact of those enterprises on the tourist markets.

Originality/value: The article presents results of research on the phenomenon of maritime tourism which are well-recognized in Poland, although not widely known around the world. The article is addressed to tourism industry entrepreneurs and students.

Keywords: maritime tourism, marketing strategies, COVID-19 pandemic.

Category of the paper: Case study.

1. Introduction

The concept of maritime tourism is linked to the use of ships for tourist cruises which are not part of otherwise standard transportation processes. A tourist has certain expectations, and travelling on a ship allows for access to various locations, with specific natural and anthropomorphic (cultural) attractions (Seweryn, 2003; GUS, 2023; Kowalczyk, 2013; Richards, 2002). A cruise-ship fulfils the role of a hotel and a means of transport, enabling

voyages to chosen regions of the world. The vessel is an attraction in itself, as it offers a variety of comforts: over-night accommodation, entertainment, sport activities, catering and numerous services for travellers, which allows the tailoring of offers to individual preferences (Altkorn, 2006; Miotke-Dzięgiel, 2002; Richards, 2002).

Maritime tourism can be described as an activity connected to marine areas involving offers of voyages on cruise-ships and other vessels and as possible activity in coastal areas (Gostomski, Nowosielski, 2019; ECORYS, 2013). The supply of services in the maritime tourism market comes primarily from operating companies offering ocean-going travel (Pallis, 2015; Gaworecki, 2003; Miotke-Dzięgiel, 2002).

Cruise-ship operators use various strategies, allowing them to increase their market participation and offer new tourist products. Selected marketing strategies supported unbroken development of the maritime tourism industry over a period of 29 years, up until 2019. The growth of the market was abruptly cut short by the emergence of the COVID-19 pandemic, which caused serious economic losses for the companies operating cruise-ships and affected the whole maritime economy.

The aim of this article is to identify and compare marketing strategies which were employed by the cruise-operating companies before the pandemic, during the crisis and currently, following the revival of the market. It appears that the strategies adopted by these companies were structured so effectively as to ensure a certain flexibility in reacting to emerging market shifts. Using a combination of strategies enabled a re-activation of the demand for maritime tourist cruising.

The identification of marketing strategies used by cruise ship operators before, during and after the COVID-19 pandemic was based on observations of individual company cases, analysis and critique of available sources describing the phenomenon under study and secondary statistical sources. The methods used made it possible to identify the essential marketing strategies, their modifications during the pandemic and the directions of strategy changes in the post-pandemic period. A limitation of the research conducted is the use of the aforementioned methods, which over-generalise the phenomenon. Future research should take into account the observation of specific ship-owning companies and the changes associated with their impact on tourism markets.

2. Characteristics of the maritime tourism market during the COVID-19 pandemic – a case study

From 2016-2019 the world supply of maritime tourist services was increasing and the largest number of tourists came from North America (tab. 1). During this four-year period the American sector transported over 55 million people on cruises. This was linked to an extensive

offer of 6-7 day-long sea trips, readily purchased by consumers (CLIA, 2019). Maritime tourism services were also becoming increasingly popular in other parts of the world due to skilfully designed and employed marketing strategies resulting in increased demand (Georgsdottir, Oskarsson, 2017). Up until 2019 the sale of these tourist services experienced stable, annual growth, and the market reached 27.5 million passengers (Cruise Market Watch).

The maritime cruise market collapsed in 2020 with the outbreak of the COVID-19 pandemic which caused a serious fall in demand for these services in the years 2020-2021 (Table 1). The pandemic became global in March 2020. At this point the World Health Organisation (WHO) declared a state of epidemic of the SARS-CoV-2 virus and governments of individual countries issued directives on freedom of movement and public assembly restrictions. From the 9th to 26th March 2020 individual cruise-operating companies made decisions on suspending tourist cruises, aligning with the epidemic regulations.

Table 1.

Transport of tourists on cruise-ships, by region, from 2016-2023 (in thousands)

Origin of Passengers	Number of transported tourists in thousands							
	2016	2017	2018	2019	2020	2021	2022	2023
United States	12403	13019	14240	15408	3008	2215	12592	18103
Western Europe	6344	6516	6731	7226	1223	1671	5433	7722
Asia	3370	4052	4240	3738	497	626	791	2329
Australia, New Zealand and the Pacific	1370	1434	1460	1351	340	7	471	1339
South America	791	799	883	935	458	89	426	997
Eastern Europe	205	192	213	263	72	32	161	332
Scandinavian Countries and Islands	241	229	225	218	52	45	131	151
Africa	144	151	154	169	68	0	88	150
Middle East	112	104	111	108	8	22	149	229
Caribbean	50	54	56	57	7	7	30	48
Central America	39	51	47	49	14	0	20	35
In total	24178	25409	26491	27508	7124	3320	20123	29065

Source: CLIA, 2019, 2021, 2023; Cruise Market Watch.

Despite observing the restrictions guidance there were 3207 cases of the virus on 45 ships, of which 71 were fatal (Teberga, Merlotti, 2020). Media reporting on the pandemic provided information on the COVID-19 fatalities on cruises. This primarily involved commentary on the *Ruby Princess*, where, out of 852 infected, 22 people died (in addition to 6 people who died later in the US), and the *Diamond Princess*, on board which 712 tourists became infected and 14 died (Hollanda, Mazzarolb et al., 2021). The term “ship of death” emerged, which seriously altered the perception of maritime cruising to one of directly endangering tourists’ lives (Damousi, 2020). The collapse of the market in terms of the demand for cruise services had a significant effect, causing an extensive spreading of the crisis into other areas of the economy linked to maritime tourism, such as the shipbuilding industry, the maritime job market, sea ports (passenger terminals), subcontractors of various services and ship-handling companies (Yazır, Şahin et al., 2020; Espinet, Gassiot, 2021).

Several large companies dominate the supply of services for the maritime tourist industry. This was the situation in 2019 and it remains unchanged in 2024 (Table 2). The four largest enterprises operate in the form of holding companies and share-holding firms, and some of the dependent companies work with their own brand offering services for various customers. This allows for more variety in the market's offers, and the tailoring of services to the expectations of specific groups of clients, with suitably priced tours reflecting the standard and the time-span of cruises.

Table 2.

Market participation of cruise-operating companies in 2016 and 2024 (w %)

Company	Number of brands owned by the company	Market participation in % (acc. to passenger numbers)	
		2019	2024
Carnival Corporation	8	41.8	36.0
Royal Caribbean International Group	3	23.8	24.8
Norwegian Cruise Lines Holding	3	9	14.1
MSC Cruises	2	8.6	7.3
Others		16.8	17.8

Source: Dias, Albergarias, 2020; Cruise Market Watch, 2024.

The COVID-19 pandemic contributed to very serious losses for the tourist cruise companies and necessitated a series of radical decisions on the nature of economic operations at the time. During the two years of the crisis the maritime tourism market shrank dramatically from 27.5 million customers in 2019 to 7.1 million in 2020, and 3.32 million in 2021. Furthermore, the number of maritime tourist companies fell from 93 before the pandemic to 81. In the United States alone the loss of jobs amounted to 164 thousand (Smirnov, Smyaglikova et al., 2022). In 2020 and 2021 the largest cruise-operating companies experienced very large losses caused by the temporary suspension of operations and the drastic reduction in the number of cruises (Table 3).

Table 3.

Net income of selected cruise-operating companies in 2019-2022 (in mld USD)

Company	Income net in mld USD				
	2019	2020	2021	2022	2023
Carnival Corporation	2.61	-10.24	-9.5	-6.09	-0.07
Royal Caribbean International Group	1.9	-5.78	-5.26	-2.15	1.70
Norwegian Cruise Lines Holding	0.93	-4.01	-4.5	-2.27	0.16

Source: calculated on the basis of: Statista, Net income of Carnival Corporation...; Net income of Royal Caribbean Cruises...; Revenue of Norwegian Cruise....

A revival of the market took place at the end of 2021, when the operators decided to conduct limited tourist operations, and in 2022 the renaissance of demand for cruises began. It returned to the same level as before the pandemic in 2023 (27.5 million passengers in 2019 and 29 million in 2023), but during the three-year period (2020-2022) these enterprises did not turn any profit (Table 2).

3. Strategies employed by companies operating on the maritime tourism market

Maritime tourism facilitates a variety of services of tourist-focused products fulfilling consumers' needs. Cruise-ships can move around the world, offering tourist services and a variety of tourist attractions linked to a specific geographical region. Offers are constructed based on market segmentation, dependent on different factors, amongst which we should list (Gostomski, Nowosielski, 2019; Georgsdottir, Oskarsson, 2017; Gross, Lück, 2011; Miotke-Dzięgiel, 2002):

- organisation of sea tours – as regular cruises (touring lines) or irregular voyages (thematic, sightseeing, specialised, motivational and trekking),
- tailored to a specific type of client – selection of a form of services provided: mass, luxury, tourist, niche and specialist,
- competing strategies – ways to stand out from competitors, with most often employed strategies including: cost leadership, product superiority, market niche, differentiation based on innovation,
- methods of generating income – a pricing policy aimed at specific clients, methods of calculating costs for services: low-priced tours but high-priced onboard services, all-inclusive offers,
- geographical range of the tours – regional, national, international, inter-continental and global.

The mechanism of strategy selection by ship owners and operators depends on various factors and is usually connected to the identification of the end user and an understanding of the nature of the services to be provided. The motivation and needs declared by consumers give important information necessary in identifying the market segment which will offer suitably increased value, meaning a combination of numerous elements, such as the attractions provided during the cruise and the quality of the on-board hotel service (Gross, Lück, 2011; Akter, Valdez et al., 2021; Equifax). Improved tailoring of the offer to clients' expectations is possible by understanding such factors as the age group, demographic, marital state, individual preferences and disposable income (Figure 1).

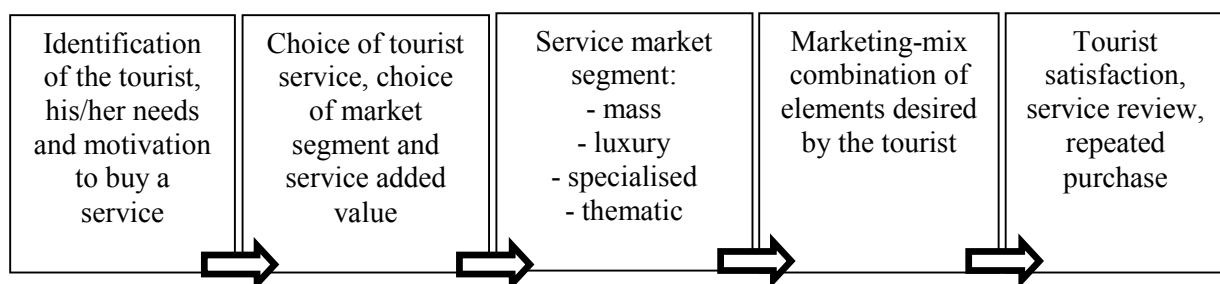


Figure 1. Model of identification and segmentation of tourists purchasing marine cruises.

Source: author's own analysis.

The majority of companies operating cruise ships employ a combination of various market strategies, allowing them to sell their products most effectively. The most frequently employed strategies include (Gracan, 2016; Altkorn, 2009; Miotke-Dzięgiel, 2002):

- market penetration, often employed by companies who own/operate cruise ships with a large passenger capacity and who are interested in the mass sale of cruises, often lasting not longer than a week (eg. on the Caribbean Sea, Mediterranean or Baltic),
- market development, where the companies use a strongly-developed international segmentation, often offering their services to clients from a country in which this kind of tourism has not been popular; the fundamental tool here could be a marketing-mix (e.g. the Polish market and offers in the media and online),
- product development, involving continuous improvement of the offer, implementing changes, with new cruise-ships and cruise programmes, to attract new, or retain old clients,
- diversification, linked to the introduction of technical and organisational innovations, the introduction of more attractive cruise vessels and new types of tours, combining different tourist attractions (eg. sea-land combined tours, around the world cruises, tours featuring well-known celebrities etc.).

In practice, the ship operators employ different strategies taking into account the end market and the tourist product, often combining various solutions to ensure success. The market offer is strongly differentiated, and for this reason different models of client-service-provider relations are being introduced (ECORYS, 2013; Pietras, 2001; Gracan, 2016). We can distinguish a mass model which is based on a price penetration strategy, ensuring the large-scale production and sale of tourist cruises. Ships with a large passenger capacity are used here, allowing for economy of scale. The model of high quality is based on a quick profit strategy, maximising high unit profit. The tourist receives a service of high quality and clearly discernible added value. The concept of niche operation is a model using a premium price strategy. Tourist services here are highly personalised and provide a high added value for the client, on small luxury vessels, and to destinations which are highly exotic and original. The low-cost model is linked to the low-supply, demand and limited marketing. These are cheap tours with a basic tourist profile, or aimed at particular clients with specialised interests (eg. anglers, sailors or scuba divers).

4. Strategies used by companies during and after the COVID-19 pandemic

The pandemic had caused a temporary suspension of tourist activities and the gradual removal of restrictions demanded the implementation of sanitary procedures and a limitation on the numbers of passengers transported on ships (EU HEALTHY GATEWAYS, 2020;

EMSA, 2020). This situation forced the operating/owning companies to change the operating model and introduce strategies to optimise spending costs, which included (Espinete, Gassiot et al., 2022; Bureau Veritas):

- reduction of the fleet by the selling and scrapping of the oldest ships and those with the highest running costs; in 2020-2022 as many as 35 cruise-ships were scrapped (Cruise Arabia & Africa),
- employment reduction,
- partial reduction of the cruise offer (simplifying programmes of the tours),
- limitation of mass marketing (because of pandemic restrictions),
- taking over of small operating companies by large tourist enterprises,
- setting in motion bankruptcy mechanisms in cases of companies incurring losses while lacking a vision to rescue their operations or arrange resale,
- introduction of flexible policies linked with Future Cruise Credit (FCC),
- delays in ordering new vessels and collection of those already constructed,
- implementation of crisis management.

For ship owning/operating businesses the time of the pandemic was extremely difficult and resulted in a reappraisal of previously accepted strategies. The specifics of the pandemic crisis limited the possibilities to employ such strategies as market penetration and economy of scale which led to serious losses for the largest operators owning big cruise-ships and incurring high operational costs (tab. 3).

One of the measures employed to remedy the situation was a flexible approach to the sale of services in terms of booking deadlines and cancellations. Various forms of credit were introduced for passengers: Future Cruise Credit, Future Cruise Deposit and Onboard Credit. These kinds of credits facilitate pre-sale, purchase of services on board, changing of dates and recompense from the service provider (Espinete, Gassiot, 2021; Chrusciel, 2020; Princess). Companies offering niche and luxury services were more able to react to pandemic restrictions. Because of lower operational costs they could reinstate the cruises quicker than the large operators.

The maritime tourism market recovered its pandemic-related losses relatively quickly, by 2023 reaching a figure of 29 million passengers, and it is envisaged that in subsequent years it will only continue to grow (Table1). The owning/operating companies used their crisis-time experiences to their advantage, adopting a new approach to their operations to heighten the experiential value and satisfaction of clients during cruises. This demanded a departure from the model of structuring services around a hotel-ship in favour of cruise-ships which became a platform offering numerous, varied experiences, supported by the latest available on-board technology (Espinete, Gassiot, 2021). In addition, measures were introduced aiming to decrease the flexibility of demand by employing price strategists and pre-sale systems including optimisation of mark-ups/margins and discount policies (price promotions). The pandemic also

contributed to a better understanding of the importance of the marketing message and the building of public relations online, and how it opens an equally valid channel of service-distribution enabling booking and payments.

At present, maritime tourism is criticised for causing very high pollution of the aquatic eco-system, which is linked to fuel emission, waste generation, discharging untreated bilge and ballast waters and a large amount of sewage. As new vessels are being built, guidance included in such Conventions as the International Convention for the Prevention of Pollution from Ships (MARPOL), Ballast Water Management (BWM) and International Convention for the Safety of Life at Sea (SOLAS) and regulations on energy efficiency should be taken into account.

5. Conclusion

Analysis of the operations of maritime tourism businesses in different periods of their activity demonstrates a high degree of flexibility in adopting marketing strategies which depend on given market situations. In the pre-pandemic period these companies employed market penetration and economy of scale strategies, which resulted in mass production of maritime tourist services (mainly the market of the Caribbean and the Mediterranean). The COVID-19 pandemic necessitated the adoption of strategies such as cost optimisation and survival. Presently, in the aftermath of the pandemic, companies are employing strategies of product development and diversification and flexible systems of pre-sale, strengthened by suitable media promotion. Analysing the strategies used in different periods, it can be noted that there is a constant necessity to tailor the strategic principles to the current state of the market. A suitable choice of strategy during the pandemic allowed the majority of the companies operating maritime cruises to survive. Improvement of the tourist product and distribution systems by the operating/owning companies ensures that demand for maritime cruises is constantly growing.

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