

# HOLIDAYBIZ LIFE



## CRUISES SET SAIL FOR BIZ SURGE IN CHINA

International operators regain confidence in Chinese market as growth, orders start to soar

By ZHU WENQIAN

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International cruise operators said they are optimistic and confident about the long-term prospects of the Chinese cruise industry, as bookings have been consistently growing and they are developing more in-depth shore excursions to adapt to market demand.

US-based cruise line operator Royal Caribbean International said after China optimized its COVID-19 response measures and reinstated quarantine-free cross-border travel in January, the demand for cruise trips among Chinese travelers has been steadily increasing.

More than 100 key outbound travel agencies are now cooperating with Royal Caribbean to promote and sell overseas cruise itineraries. From January to present, some 10,000 passengers of non-group guests have booked the company's overseas itineraries, with sales reaching 52 million yuan (\$7.5 million), it said.

"It will still take some time for the industry to fully recover to pre-pandemic levels and the resumption progress of related services such as international flights and visa applications will also impact Chinese travelers' booking of overseas cruise trips," said Liu Zinan, senior vice-president of Royal Caribbean Group and chairman of Royal Caribbean Cruises Asia.

International cruise trips that depart from Chinese mainland home ports in Shanghai and Shenzhen in Guangdong province, had been given the green light to resume after an over three-year suspension,

according to a notice released by the Ministry of Transport in late March.

Before the full resumption of port itineraries in China, overseas itineraries will be highly sought after and are expected to see an increase in both individual and group travel, especially when international flight capacity increases and ticket prices stabilize, as a large number of Chinese tourists are likely to be eager to experience overseas cruise products, Royal Caribbean said.

Europe, Asia, the Caribbean, Australia and Alaska stand as the most popular destinations when Chinese travelers take cruise trips abroad. Asia's largest cruise ship *Spectrum of the Seas* is currently porting in Singapore until 2024, giving Southeast Asian travelers easier access and more sea-travel options to explore the region, Royal Caribbean said.

Regular stops include Port Klang — the gateway to Kuala Lumpur — Penang in Malaysia and Phuket in Thailand. According to Royal Caribbean's data, *Spectrum's* Southeast Asian itineraries are the most popular overseas itineraries among Chinese consumers.

"The reason might be attributed to easier visa application, closer-to-home distance and accessible flight expenses. We found that 47 percent of the bookings were from families with kids," Liu said.

According to a research report from the Shanghai Academy of Social Sciences, the contribution of international cruises to China's economy reached 35.8 billion yuan in 2019.

By 2035, the Chinese cruise market will reach a scale of 14 million



**Top:** China Merchants-Yidun, the first Chinese-flagged luxury cruise ship, anchors at a terminal at the Bund area of Shanghai in March. PROVIDED TO CHINA DAILY

**Above:** A passenger walks on the deck of China Merchants-Yidun berthed in Shanghai in March. ZHOU XIN / FOR CHINA DAILY

passengers per year, according to the Several Opinions on Promoting the Development of China's Cruise Economy document that was issued by 10 ministries including the Ministry of Transport and the National Development and Reform Commission in 2018.

Following the path of high-quality development, it is expected that the industrial and economic contribution of international cruises to China will reach 550 billion yuan by 2035, according to the report.

Still, after three years of suspension of cruise trips due to the pandemic, the rebound of the Chinese cruise industry will take time to return to pre-pandemic levels. The experience of the European and US

cruise market indicates that after the market restarts, it takes a relatively long time to deploy itineraries, resume operations and prepare marketing, Royal Caribbean said.

"Overseas cruise markets took almost 1.5 to 2 years to rebound to pre-pandemic levels, but we think the Chinese recovery will be faster. The sustainable development of the Chinese cruise industry, reform and opening-up is essential, and a more international, legalized and market-oriented environment is also expected by the whole industry," Liu said.

Meanwhile, Norwegian cruise line operator Viking Cruises said that as the tourism market is recovering strongly and demand for outbound

travel is rising, the announcement of plans to resume international cruises departing from Chinese ports has been encouraging. The policy will greatly boost confidence in the recovery of the entire cruise tourism market and help international tourism exchanges and cooperation, Viking said.

In response to the plan's call, China Merchants Viking Cruises, a joint venture established by Viking Cruises and China Merchants Shekou, which operates a joint venture with China Merchants Group, became the first international cruise operator to announce on March 30 a 15-day round-trip cruise tour to Japan departing from Shenzhen or Shanghai as the homeport for outbound in-depth exploration.

As the first cruise company in China to announce the resumption of international itineraries departing from China's mainland ports, China Merchants Viking Cruises will strictly implement the relevant requirements and plans to set sail in June.

The company said it would formulate a rigorous health protection scheme, make adequate preparations in terms of safety and emergency management and provide differentiated outbound products to bring a high-quality cruise experience for Chinese travelers. This will also be an important step for it to enter the international cruise market.

"After the pandemic, the gap between escalating consumer demand and supply of quality cruises is more prominent among Chinese travelers. High-end tourists desire a higher-quality cruise experience," said Tan Wee Hoon, senior

vice-president of product development and marketing, China Merchants Viking Cruises.

"Therefore, the focus of the cruise line operator also needs to change from volume to quality and from price reduction to value addition. We have been more focused on providing a high-quality and luxurious cruise experience for well-traveled Chinese customers," Tan said.

Although COVID-19 has had a negative impact on the global cruise tourism market, the sector is on a recovery track and passenger traffic in 2024 is expected to exceed the levels seen in 2019 before the pandemic, the Cruise Lines International Association forecasts.

China Merchants Viking Cruises said cruise tourism is an important aspect of China's tourism consumption transformation and upgrading. It will also strengthen communication and cooperation with various destinations along the route, develop more in-depth shore excursions and drive the sustained expansion of domestic consumption.

The company will create differentiated high-end cruise products to attract precisely targeted audiences such as consumers prioritizing comfortable experiences and middle-aged elites seeking new experiences with the cruise journey.

It will also continue to cultivate Chinese coastal cultural cruise trips, which connect domestic coastal ports. In addition to developing more ports based on the existing coastal routes, the company will focus on developing more popular overseas and domestic destinations, and further diversify its itinerary plans, it said.

## Players along chain get boost as more tourists go on board for vacations

By ZHONG NAN

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Propelled by China's effective steps to boost the tourism sector and its consumers' diversified demand for new travel experiences, the country's cruise travel and cruise-related shipbuilding markets are expected to undergo rapid growth this year, said market watchers.

Supported by China's large consumer base, well-developed port infrastructure facilities and shipbuilding industry, together with the country's optimized COVID-19 control measures, they added that as the second-largest cruise market in the world, China has the potential to become the largest in the coming years.

For instance, Shanghai resumed its visa-free entry policy for overseas cruise tour groups in mid-March, enabling them to explore the city and other coastal ports in China where the ships dock. During their 15-day stay in the country, passengers are permitted to disembark and spend time in these areas,

according to information released by the National Immigration Administration.

This has led to a surge in demand for domestic cruises, with many travel agencies and cruise liners reporting that tickets this year have already sold out, said Jiang Yi, deputy head of the School of Leisure Sports and Tourism at Beijing Sport University.

China's travel market has seen some structural modifications over the past few years. The upstream and downstream of the tourism industry chains have undergone drastic changes, said Jiang, adding that with consumers' diverse travel habits and demands, digital transformation and industrial integration have become part of the tourism sector's mainstream.

The global cruise tourism industry is also experiencing a boom, as reported by the Washington, DC-headquartered Cruise Lines International Association. The association's survey of 4,500 travelers, released earlier this year, found that 91 percent of previous cruise travelers intend to take such trips again,



Passengers take photos on a cruise ship berthed at a port in Shanghai in March. PROVIDED TO CHINA DAILY

while 72 percent of those who have never taken a cruise are open to the idea.

Tongcheng Travel, a Suzhou, Jiangsu province-based online travel agency, organized its first chartered cruise ship — the *Nanhai Dream* — to sail to the Xisha Islands in late March.

Departing from Sanya, Hainan

province, over 300 tourists boarded the cruise ship and experienced a variety of entertainment activities on the island, including fishing, snorkeling, glass-bottomed boat tours and photography.

To capitalize on this growth, the Sanya Tourism Promotion Board plans to work with neighboring cities, as well as the Hong Kong and

Macao special administrative regions, to develop multi-destination cruise tour products and create a complete cruise industry chain.

Compared with other types of travel, cruises can provide tourists with one-stop solutions for all their consumption needs, including dining, accommodation, transportation, entertainment and shopping, said Cheng Chaogong, a senior researcher with the research institute of Tongcheng Travel.

Tourists do not need to worry about planning their itineraries, as the service package of a cruise trip is more comfortable, making it suitable for leisure and vacation needs, he added.

Eager to grab more market share from the high-end shipbuilding business and further compete with their rivals in the Republic of Korea, Chinese shipbuilders have also deployed more resources to develop and build high-end ships such as liquefied natural gas carriers, roll-on roll-off vessels and cruise ships in recent years.

The country's first domestically built large cruise ship is expected to

be delivered by the end of 2023, with the majority of the construction work completed, said Tao Qing, head of the bureau of operation monitoring and coordination at the Ministry of Industry and Information Technology.

According to China State Shipbuilding Corp, the country's largest shipbuilder in terms of sales revenue, the 135,500-ton cruise ship's background, interior and tuning works are progressing simultaneously, while the shipbuilder is also working on the construction of the second domestically built large cruise ship, which began in August 2022.

Reaching a height of 72.2 meters, the 16-story cruise ship will have a variety of entertainment and recreational facilities, including a dining room, shopping plaza and theaters.

China wrapped up 2022 with an eye-catching performance in the shipbuilding sector, retaining the largest share of the global market for the 13th straight year, with six companies ranking among the world's top 10 shipbuilding enterprises.