



Cahill: No Impact Yet From BP Spill

Eight weeks into the BP oil spill disaster, Carnival President/CEO Gerry Cahill reports no impact yet on cruises. "Is the oil spill impacting demand for Gulf cruises out of Alabama and elsewhere? The answer is no, it's not," says Cahill emphatically.

Ships entering or leaving New Orleans and Mobile go around the oil patch. "That costs us more fuel, and that's unfortunate," says Cahill. "They also inspect us to make sure we don't have any oil on the hull, but we haven't had to do a cleaning yet."

The government, he says, is billing BP directly for such inspections. "At some point in time, we may have to do a cleaning," notes Cahill.

He says his comments are not meant to minimize the spill: "From an environmental perspective, it's a huge tragedy. Like everyone else, we're closely watching."

Taking the "N" Out of NCF's

The biggest round of applause at the View Presidential Panel in Boca Raton this week went to Viking River Cruises President Torstein Hagaan. "We're making the entire vacation commissionable," he told a packed room of 900 agents attending the American Marketing Group convention.

Shore excursions are already part of the commissionable cost, pointed out Hagaan, saying commissions for Viking average \$1,100 per transaction. He told Cruise Week the elimination of NCFs will raise payments a further \$70 to \$80 on average.

Agent leaders at the event, which includes groups such as Travelsavers and NEST, hailed the decision. "We think it's great they've taken the N out of NCFs," said COO Jim Mazza.

Other cruise news from the conference:

- Scott Nisbet, president/CEO of the Globus Family of Brands, reported their river cruise business is up more than 100% this year (the Globus family includes Avalon Waterways).
- Celebrity President Dan Hanrahan pointed out his line is investing \$4 billion in new ships, an expansion that will lead to more revenue for the agent distribution system. Their growth in the New York area is a telling example. Cape Liberty starts this summer with *Summit* and expands to the Solstice-class *Silhouette* starting next summer on a year-round basis.
- The Travelsavers group has agencies in numerous countries, including 49 in Ireland. Nicole Mazza reported they're now co-branding with Royal Caribbean, Celebrity, Azamara, and MSC Cruises in promoting cruises to the Ireland market.

Creating A Local Group Market

Though in the travel agency biz for just three years,

Cruise Holidays of Grand Rapids is gaining a reputation for building a solid group business with Holland America Line. So we headed over to Michigan to learn what owner Kevin DeVries and his staff are doing right.

Building Groups With A Dutch Flavor

Location helps. Cruise Holidays of Grand Rapids is located in the western half of Michigan, where the local economy has not been dented to the extent of the automobile-reliant economy of eastern Michigan. Of particular relevance to building Holland America business is the region's ethnicity. "Western Michigan has the largest Dutch population in North America, so there's a natural affinity with Holland America Line," says DeVries.

He describes people in this area as being both economical and loyal: "Once they find a cruise brand, they generally stick with it. Since Holland is a true global cruise company offering value, repeat is very strong."

Of course, most agents don't reside in an area with a heavy Dutch background; indeed, even DeVries' parents are Dutch immigrants, with his mom coming here on-board HAL in the early 1950s. But the broader picture is how a good, local agent figures out the characteristics of the potential client base and then creates a logical-tie in of that base with a cruise vacation.

Being far from ports, the area is not a hotbed for short, cheap cruises. No problem. "One cruise exec said that most travel agents fight over the 15% who have cruised, that there's less education needed for that 15%, so your expertise is less appreciated or needed," recalls DeVries. "Half your sales issues go away if you aim for the 85% unsaturated market."

And since 15% market penetration is a national figure, which includes big cruise markets like Florida, there could be more than 85% non-cruisers in western Michigan. "Since cruises aren't top of mind here, we need to give them something they like to do to convert them to cruising," DeVries says. "As examples, we promote dive and golf cruises to connect a sport and passion to a cruise experience."

Selling The Experience, Not Yours

When promoting, he uses a language that resonates locally: "For instance, we sell Alaska as Michigan on steroids; bigger bears, bigger moose, and a lot of recreational sports that tie in with the glaciers and wildlife."

And then there's the experiential tie-in with the on-board programming. As one example, Holland America's partnership with Food & Wine Magazine is highlighted to build business with wine and culinary groups. "We promote that as well as a local chef, a popular DJ in the area with a classic rock station, and a local winery," reports DeVries.

The agency reserves three different one-hour segments in the Culinary Arts Center. Two are with the local celebrity chef. The third, with the local winery, features a



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discussion on growing wine in Michigan, along with a limited edition wine.

The Food Network's popularity is put to good use: "Whenever you mention 'The Food Network,' [clients] get the picture of the Culinary Arts Centers' intimate theatre style," he notes.

Different groups require different strategies, but the big picture is that in just three years, DeVries has built a solid storefront business: "Early on we were trying to be what other agencies are, but didn't really know what worked. Now we know who we are and what to promote."

Carnival Policies: They Hear You

Carnival execs Lynn Torrent and Joni Rein tell Cruise Week they're hearing loud and clear from agents upset about new automation policies implemented this year. They've heard it in personal gatherings with agents (Long Island, New Jersey, Boston, etc., with more road shows to come) and they hear it from the business development managers. Here's their explanation, a mea culpa, and what they're doing to correct the situation.

The Background

Carnival did travel agent research before launching the automation. "For many years, we hadn't invested a lot in automation investment tools," says Torrent. "Agents said, 'If only Carnival had group technology--how great would that be?' So we listened and prioritized what to automate based on that feedback."

Information was gathered and funding requested. "Our intentions were pure," notes Rein. "Gerry Cahill [Carnival President/CEO] reluctantly agreed, and we got the money to invest in these tools."

But that wound up being the easy part. "After that, we trained, we put together webinars--'You asked, we built it, let's go!' Then we saw the percentage of utilization, and it wasn't so great. So we trained again but still saw a lack of return on investment."

That's the connection between automation and policy. "We built it, but they were not coming," recalls Rein. "We had a tier 2 and 3 that we wanted to go back and get more funds for, but we needed utilization on tier 1."

The first thing experimented with was group berthing. "If your group booking was not fully deposited, we used a policy to support technology that required automation," says Torrent.

They watched as automation figures skyrocketed, but, again, they heard from agents. "They told us, 'This is different from what other cruise lines have done,'" says Torrent. "We like the fact that you are investing--

you should catch up and have great automation--but you're forcing us to use it. We want to do it when we want to do it, and when we don't, we don't."

While understanding that, Torrent says agents must understand CCL's perspective. "If we can't show ROI on the first piece, we can't get funding for the second and third pieces," says Torrent. "We get it that change is difficult, so we're going to try and get all the simple stuff off the plate first so it's as efficient as possible."

But many agents now report doing groups this way takes them more time than before. As Rein notes, it's a mixed response. "We visited an agency last month," she says as one example. "Their automation is high, not just with us but with other brands as well. They want to talk to our sales people, but they don't want to talk with the call center."

The Action Plan

But Carnival is not downplaying the feedback. "It's humbling, but we're responding," says Torrent.

Number one is to make things more intuitive. "We have a list of 20 things that we hear over and over about," says Torrent. "One example would be past guests. It's not clear how you would get the past guest number into the booking. We couldn't figure it out when they showed us. It doesn't matter if the functionality is in there if travel agents can't use it."

One solution is creating a travel agency testing ground. "We were doing that ourselves," says Torrent. "Clearly, we know the system so well that we're missing things. Now we have agent testing it."

There are plenty of other actions in place, but the big message, emphasize Torrent and Rein, is Carnival is investing in automation for the future and health of the agency distribution system. Mistakes have been made in the implementation, but the emphasis now is on rectifying the situation.

"In hindsight, we didn't do a good job explaining," sums up Torrent. "This was a mistake on our part. It was never our intention to suggest that automation replaces the relationship. We are committed to and continue to invest in the relationship side."

News Shorts

⇒ Florida police have arrested a **vacation planner** from Royal Caribbean. She allegedly told her husband about homes that were likely to be vacant during the week of a cruise she booked so that he could rob them.

⇒ Agents reporting a slowdown in cruise sales last month may have been part of a bigger picture. The Census Bureau released figures this past week indicating a **fragile recovery**, as retail sales declined in May for the first time since last fall.