How to market Hong Kong as a must-see destination for cruise visitors

Gilly Wong
General Manager – MICE & Cruise

Kai Tak Cruise Terminal

- No. of berths: 2
- Berthing length: 800 meters
- Ancillary commercial area: 5,600 square meters
- CIQ operation: 3,000 passengers per hour
- Maximum capacity: 220,000 gross tonnages with draft of 12 meters
Regional Cruise Hub Necessities

- World class port facility
- Accessibility
- A quality destination
- Consumer demand and satisfaction
- Hotel choice
- Talent and workforce supply

Objectives

- To support the government in building Hong Kong as a regional cruise hub and foster home- portals business

- To build cruise tourism as another form of travel experience to drive arrivals and visitors’ spending to Hong Kong
First of all, to understand the cruise market to foster win-win partnerships with key players to win customers

1. Cruise companies
2. Travel Trade
3. Neighbouring countries and cities

The Cruise Industry

- Cruise is a very young industry, developed since 80’s
- Representing US$24.5bil business with a cruise fleet of 294 in 2008 worldwide

<table>
<thead>
<tr>
<th></th>
<th>Worldwide</th>
<th>North America</th>
<th>Europe</th>
<th>Asia Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cruise Fleet</td>
<td>294</td>
<td>156</td>
<td>126</td>
<td>12</td>
</tr>
<tr>
<td>Occupancy level</td>
<td>92.6%</td>
<td>91%</td>
<td>90%</td>
<td>87.5%</td>
</tr>
<tr>
<td>Est. Sales Rev (US$bil)</td>
<td>$24.5</td>
<td>$16.7</td>
<td>$6.7</td>
<td>$1.1</td>
</tr>
</tbody>
</table>

Source: Cruise Industry News Annual Report 2008
### Growth Over the Years

**Average Passenger Growth Rate**
1980 – 2008: +7.4%

![Graph showing growth over the years with key events labeled](image)

*Source: CLIA 2009*

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### The Industry Players

*Market dominates by four players and will continue to expand with new fleets especially mega vessels to achieve economy of scale*

<table>
<thead>
<tr>
<th>Fleet</th>
<th>Market Capacity</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Carnival Corporation</td>
<td>89</td>
<td>105</td>
</tr>
<tr>
<td>2. Royal Caribbean Cruises</td>
<td>38</td>
<td>47</td>
</tr>
<tr>
<td>3. Star Cruises Group</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>4. Mediterranean Shipping Co.</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>5. Others</td>
<td>141</td>
<td>153</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>294</td>
<td>334</td>
</tr>
</tbody>
</table>

*Source: Cruise Industry News Annual Report 2008*
Share of Passengers Worldwide 2007

North America and Europe as the top two source markets, with much rooms to penetrate. Asia is recognized as a high potential developing market.


The Marketing Mix

Product

Price

Ondemand Credit
Free Prepaid Gratuities
Ondemand Honoring Discounts
SALE OF THE YEAR

Place

Promotion

NEW LIVE WEEKLY CRUISING RADIO SHOW
Product (Fleets)

From budget to luxurious, mega to boutique, a highly diversified product portfolio to deliver incredible value across the entire spectrum of cruise vacations

Oasis of the Seas  Windstar Surf  SilverSea Whisper  Seabourn Spirit

Disney Magic  Carnival Conquest  Costa Classica

Product (Itinerary)

Itineraries cover many continents and exotic places around the world

3/4 Day Cruises
- Bahamas
- Baja Mexico
- Hainan/Sanya

4/5 Day Cruises
- Western Caribbean
- Bahamas

7/8 Day Cruises
- Caribbean
- Bermuda
- Mexico
- Alaska

10 Day+ Cruises
- Northern Europe
- Southern Europe/Mediterranean
- Hawaii
- Panama Canal
- South Pacific
- Orient & Far East
- South East Asia
- Alaska
- Africa
- South America
- Trans-Atlantic
- World cruise
Itineraries Development from Hong Kong

The geographic location of Hong Kong enables:

- 5D4N Cruise to Vietnam and Sanya
- 5D4N Cruise to Taiwan
- 7D6N Cruise to Singapore
- 7D6N Cruise to Japan/Korea
- 14D13N Cruise to North Asia or South East Asia

Examples of Itineraries in Asia

- 7 days Tianjin to Shanghai (Cruise)
- 7 days S'pore to HK (Cruise)
- 14 days S'pore to F'anco (Cruise)
- 16 days Beijing to Singapore (Princess Cruises)
- 22 days Beijing to Bangkok (Regent Seven Seas Cruises)
- 35 days Sydney to Shanghai (Cunard Cruises)
HK/Taiwan Cruising

A new itinerary to capitalise on the Taiwan fever and fit the short vacation pattern of the China market

Star Cruises – 6D5N at RMB$3,559 up (1 sailing in 2009)

<table>
<thead>
<tr>
<th>Day</th>
<th>Port</th>
<th>Arrival</th>
<th>Depart</th>
</tr>
</thead>
<tbody>
<tr>
<td>09 Mar</td>
<td>Hong Kong, China</td>
<td>5:00 PM</td>
<td></td>
</tr>
<tr>
<td>10 Mar</td>
<td>Keelung, Taiwan</td>
<td>7:00 AM</td>
<td>9:00 PM</td>
</tr>
<tr>
<td>11 Mar</td>
<td>Tokyo (Kotakiyo), Japan</td>
<td>7:00 PM</td>
<td>9:00 PM</td>
</tr>
<tr>
<td>12 Mar</td>
<td>Cruising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Mar</td>
<td>Hong Kong, China</td>
<td>7:00 AM</td>
<td></td>
</tr>
</tbody>
</table>

Costa - 5D4N at RMB$3,799 up (13 sailings in 2010)

Royal Caribbean - 5D4N at US$429 up (5 sailings in 2010)

Price

- Price sets according to product proposition and value delivered
- Fairly stable in the past decade
- Revenue grows from onboard and excursion activities
Distribution

99% sales via distribution networks – travel agencies and online

Promotion

Cruise companies market through print advertising on leisure and cruise magazines, consumer level trade fairs, TV and online advertising
Total Cruise Passengers
2006 - 2008

The no. of international cruise passengers to HK kept on growing from 2006 to 2008. Hong Kong is also a strong base for building a sustainable outbound market.

Passengers Throughput (000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Passengers</th>
<th>International Passengers</th>
<th>Hong Kong Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2,281</td>
<td>1,069</td>
<td>412</td>
</tr>
<tr>
<td>2007</td>
<td>2,666 (+16.9%)</td>
<td>2,040</td>
<td>626</td>
</tr>
<tr>
<td>2008</td>
<td>2,516 (-5.0%)</td>
<td>1,733</td>
<td>782</td>
</tr>
</tbody>
</table>

Consumer Profile 2008
(Transit & Homeporting Cruise)

Hong Kong maintains a balanced portfolio of international passengers

<table>
<thead>
<tr>
<th>Homeporting</th>
<th>Port-of-Call</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean age</td>
<td>45</td>
</tr>
<tr>
<td>Length of Stay</td>
<td>2.5 nights</td>
</tr>
<tr>
<td>Per Capita Spending</td>
<td>HK$5,397</td>
</tr>
<tr>
<td>Satisfaction (10pt)</td>
<td>7.8</td>
</tr>
</tbody>
</table>

Source: Cruise Passenger Survey 2008 (Full yearly report)
Cruise Tourism – A big potential in Asia Pacific

Hong Kong – how to capitalize on the opportunity and build the city as a "must-see" destination?

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3-Year Promotion Strategy

A focused and targeted approach to maximise effectiveness

<table>
<thead>
<tr>
<th>Partners / Targets</th>
<th>Cruise Companies</th>
<th>Neighbouring Cities</th>
<th>Travel Trade</th>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Build destination awareness</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Facilitate itinerary development</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Educate consumer &amp; create demand</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Enhance passenger experience</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Create Destination Awareness

- High profile presence at major cruise industry events
  - Seatrade Miami
  - Seatrade Asia
  - China Cruise Industry Development Summit

- Maximise Hong Kong exposure to the cruise industry to sustain top-of-mind awareness and destination preference

Seatrade Cruise Shipping Miami 2009

- The largest annual cruise industry convention and exhibition in the world
- Hong Kong - a prominent presence at the exhibition
- HKTB/CNTO joint cocktail reception to network with top cruise executives
- Cruise trade partners from HK – make use of the booth for business meetings
2009 Cocktail Reception

- Guest of Honour: Mr. Donald Tong, JP, Hong Kong Commissioner for Economic & Trade Affairs, USA

- China Delegation: Director General, China National Tourism Administration and representatives CNTO New York Office, Tourism Administrations of Beijing, Tianjin, Qingdao, Shanghai, Anhui, Xiamen, Shenzhen and CITS

- Cruise Lines: Over 40 top executives from cruise lines attended the event and network with HK and China delegates

China Cruise Industry Development Summit

The 4th China Cruise Industry Development Summit 2009 & The 1st International Cruise Expo

- 5-7 November 2009, Sanya

- Foster networking and business development with government officials and cruise industry
China Cruise Industry Development Summit

Hong Kong Delegation
◆ Lead by the Commissioner for Tourism
◆ HKTB - Executive Director, GM-MICE & Cruise
◆ Cruise line executives

Hong Kong Exposure
◆ Speaking engagement
◆ Convention and round table discussions
◆ HKTB booth at the 1st International Cruise Expo

Seatrade All Asia Cruise Convention

◆ 24-25 June 2010, Shanghai

Objectives
◆ Showcase the strengths of Hong Kong as a regional cruise hub
◆ Foster networking and business development with cruise industries worldwide
◆ Ride on cruise development to benefit exhibition industry
Facilitate Itinerary Development

Cruise South China Promotion
- A dedicated Cruise South China website to promote the scenery, people and culture of Fujian, Guangdong, Guangxi and Hainan provinces and Hong Kong
- Integrated on-line promotion by eblast and sweepstakes, reaching out to 25,000 cruise travel agents based in USA

www.cruisesouthchina.com

Key Markets

- Short Haul Markets
  - China
  - Japan
  - India

- Long Haul Markets
  - USA
  - United Kingdom
  - Australia

Target Segments
- Family
- Achievers
Overseas Promotion (1)
Consumer co-op advertising and education seminars

Overseas Promotion (2)
Consumer co-op advertising and education seminars
Enhance Passenger Experience

- Maximize the satisfaction of cruise passengers and showcase Hong Kong as an exciting destination
- Key hospitality activities
  - Complimentary video, tourist publications, souvenir and privilege coupons
  - Welcome performance - culture performance / Police band
  - Temporary information and enquiry counter
  - Port Lecture

Mid-Stream Berthing

- Visitor service onboard the ship
- Hospitality service onboard tender
- Visitor Services at Landing Point
- Open Top Bus Tour
Commemorative Sailings

Welcome by Dukling  Graced by Commissioner for Tourism  Student Ambassador

Official and celebratory programmes onboard the ship

While continuing the existing efforts, looking forward...
Cruise Ships Homeport in Hong Kong

Costa Allegra
- 1,000 pax
- Homeport in 2009 between May and Oct

Costa Classica
- 1,680 pax
- Homeport in 2009 and 2010

SuperStar Aquarius
- 1,529 pax
- Daily cruise to highsea

HK/Taiwan Cruising

A new itinerary to fit the vacation pattern of the China market

Star Cruises – 6D4N at RMB$3,659 up (1 sailing in 2009)

Costa - 5D4N at RMB$3,799 up (13 sailings in 2010)

<table>
<thead>
<tr>
<th>Sailing Itinerary***</th>
<th>Depart</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day</td>
<td>Port</td>
</tr>
<tr>
<td>06 Mar</td>
<td>Honkong, China</td>
</tr>
<tr>
<td>07 Mar</td>
<td>Tsoyutung, Taiwan</td>
</tr>
<tr>
<td>10 Mar</td>
<td>Hualien, Taiwan</td>
</tr>
<tr>
<td>11 Mar</td>
<td>Tsoyutung, Taiwan</td>
</tr>
<tr>
<td>12 Mar</td>
<td>Cruising</td>
</tr>
<tr>
<td>13 Mar</td>
<td>Honkong, China</td>
</tr>
</tbody>
</table>

RCI - 5D4N at US$429 up (5 sailings in 2010)
Create Market Demand / Fly-Cruise Business

- Capitalize on HK/Taiwan cruising to build the China Market
  - Opportunities
    - South China - Rail/bus+Cruise+hotel package
    - North China - Beijing/Shanghai - Fly-cruise+hotel package
  - Market segments - multi-disciplined families and achievers

- Extensive market education on cruise experience through high impact communication activities
  - China media familiarisation tour to generate TV coverage
  - Feature stories in leisure travel magazines

- Partner with cruise lines and trades for:
  - Co-op advertising
  - Consumer tactical programme
  - Pre and post land packages
  - Online promotion

Upcoming - a New Cruise Tourism Website

- Strengthen online information dissemination to facilitate cruise traveling from Hong Kong
- 2010 to launch
- Cruise website revamp
  - A showcase of "Spectacular Hong Kong"
  - Highlights of events and activities in the year
  - Sailings, itinerary and onboard/excursion activities
  - Hotels information
  - Cruise terminal facilities
  - Transportation
  - E-coupon and brochures
  - Facts about Hong Kong
Maximise Hong Kong exposure to the Cruise Industry

- Industry fam programme for overseas cruise trade partners to experience HK
- Editorials in key online and printed industry titles to build destination awareness and appeal

Please join us to experience cruise travelling
Thank you!