CRUISE LINES INTERNATIONAL ASSOCIATION
GERMANY

GERMAN OCEAN MARKET REPORT

2017

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I. Executive Summary

Global reporting from CLIA regarding German national and international cruise brands shows that the German cruise market remains vibrant and continues to expand. German national brands keep capturing a larger share of this expanding market as key regional players are launching new vessels at a faster rate than the overall marketplace.

As presented in this report, Germany continues to provide for a growing number of cruise passengers and capacity dedicated to the German market. Following a few years with limited growth, in 2016, German passenger volume growth rebounded with an overall increase of 11.3 percent. Following this great performance last year, the market grew by another 8.4 percent in 2017.

As usual, German passengers predominantly purchased their cruises from German national brands. During 2017, about 75 percent of passengers sourced from Germany cruised on a German national brand while the remaining 25 percent cruised with the international brands. The percentage of passengers traveling on German national brands has been increasing steadily since 2013 as more German-based brands are launching new vessels. Although German passengers visit destinations around the globe, European destinations still dominate the cruise itineraries. In 2017 approximately 75 percent cruised on European itineraries, basically unchanged from 2016 at 76 percent.

The major findings of the research into the 2017 German cruise market are shown in **Figure 1** and are as follows. Combined, German national and international cruise brands sourced 2.19 million German passengers, an increase of 8.4% from 2016, and well above the 2.3% growth observed from 2014 to 2015.

The terms "cruise brands" and "cruise lines" are used interchangeably throughout this report.

Figure 1: Major Attributes of the German Cruise Market, 2013 – 2017

	2013	2014	2015	2016	2017	Yr./Yr. Change 15/16	16/17
German Passengers (Million)	1.69	1.77	1.81	2.02	2.19	11.3%	8.4%
German Passenger Cruise Nights (Millions)	14.71	15.63	15.75	18.04	19.64	14.5%	8.8%
Average Length of cruise (Nights)	8.72	8.83	8.69	8.94	8.85	-2.8%	-1%
Average Age of German Passengers	50.2	50.4	50.1	49.1	49.6	-0.6%	1%

German passenger cruise nights also reached a new high of 19.64 million nights, an increase of 8.8 percent over the total of 18.04 million nights in 2016. The average length of cruise decreased marginally by 1 percent from 8.94 nights in 2016 to 8.85 nights in 2017.

Finally, the average age of a German cruise passenger was also almost flat compared to last year with a marginal increase of about 1 percent from 49.1 years of age in 2016 to 49.6 years of age in 2017.

The German market is growing at a faster pace than the overall Western Europe and the Global Market, 8.4 percent versus a current estimate of 6 percent for the global cruise marketplace. However, the average age of German passengers is slightly higher than the average age of global passengers, at 49.6 average age versus 47.5 average age for global.

Figure2: Attributes of the German Cruise Market, 2017 - Benchmarking

	Germany	Western Europe*	Global*
YOY Passenger Growth	8.4%	0.2% to 0.5%	6%
Average Length of cruise (Nights)	8.85	8.67	7.1
Average Age	49.6	50.1	47.5

*Western Europe without Germany – Preliminary data for both Western Europe and Global

As shown in **Figure 3**, cruises to Northern Europe and Mediterranean markets were the top two destination markets for German passengers. These two markets accounted for 55% of the passengers sourced from Germany. Relative to 2016, the share of passengers for the top destinations is remarkably unchanged.

One reSource, CLIA's global databases, tracks 21 key destinations at a global level. The destinations have been grouped to duplicate at best the local destinations tracked historically, but a full alignment is not fully feasible. Moving forward, the destinations in **Figure 3** will be the new standard destinations for Germany.

Figure 3: Global View Alignment Destinations

	2016	2017	YOY Percentage Point Change
Northern Europe	27.4%	28.1%	0.60%
Mediterranean	25.7%	25.7%	0.00%
Caribbean/Bahamas/Bermuda	11.0%	10.9%	-0.10%
Canary Isles	9.1%	9.0%	-0.10%
Other	8.6%	8.6%	0.10%
Baltic Sea	7.2%	7.3%	1.40%
Africa/Middle East	5.8%	5.5%	-0.40%
Asia & China	2.9%	2.7%	-0.20%
Transatlantic	2.1%	2.1%	0.00%
World Cruise	0.1%	0.2%	0.00%

Figure 4: Top Destinations Historical View

	2013	2014	2015	2016
Mediterranean/Black Sea	33.5%	32.1%	31.2%	28.3%
Norway/Arctic	14.5%	12.5%	12.0%	14.3%
UK/Western Europe	8.0%	14.6%	12.5%	13.2%
Atlantic and Canary Isles	9.8%	11.2%	11.4%	11.9%
Caribbean/ Bermuda	8.1%	8.6%	9.8%	10.0%
Baltic Sea	9.5%	8.9%	9.1%	8.5%
Arab Gulf/Indian Ocean	8.2%	3.9%	5.3%	6.8%
US/Canada	1.6%	1.5%	1.5%	1.6%
Rest of the World (ROW)	6.8%	6.7%	7.2%	5.4%

II. Research Objective and Methods

The principal objective of the project was to collect ocean-going cruise operating statistics that summarized 2017 cruise operations in the German market. This data was collected through One reSource, CLIA's global data repository launched in 2017. For non-CLIA members, a third party contractor sent a questionnaire to collect key data points; the aggregated information was then aligned with data from One reSource.

The data in One reSource contains global view across the dimensions below for 2016 and 2017:

1. Year/Quarter Cruised-Starting Q1 2016
2. Key destinations cruised – 21 standard Trade Routes
3. Average age range
4. Average Cruise Length range
5. Country/State of origin if applicable

For the German market, the data was further divided between German national brands and International brands. The data captured in One reSource, either directly by CLIA or by the third-party contractor, includes cruise lines and tour operators in Germany and elsewhere that represented 38 cruise brands.

CLIA Brands

In 2017, Cruise Lines International Association (CLIA) evaluated key data points that, at a global level, would support the success story of the industry. This led to the identification of five criteria, including destination traveled, country of origin, travel period, age group and cruise length range.

As a result, CLIA is now able to capture and report on passenger volume based on consistent data points at the global level. Previously, unreliable data points such as revenue and pricing were only collected in certain regions causing disparate results that did not provide a holistic picture of the cruise industry. CLIA's new approach provides us the opportunity to identify key passenger trends regarding growth by market, age group or destination showing a true representation of today's cruisers.

The passenger volume captured in One reSource represents more than 99% of the overall CLIA cruise line member's passenger capacity, so the data was used as is.

Non-CLIA Brands

IRN -Research captured overall volume for Europe, thus including Germany for non-CLIA cruise lines. The key data points captured were number of passengers per destination and cruise length. If data was not available, modeling was used based on available information such as itineraries, adjusted historical data or available public data.

III. The German Cruise Market in 2017

There were nine German national brands that were identified for 2017. These cruise brands are shown in Figure 5. These are cruise lines and tour operators that are registered in Germany and/or have their principal administrative offices in Germany.

Figure 5: German National Cruise Brands

German National Cruise Brands		
AIDA Cruises	Hapag-Lloyd Kreuzfahrten GmbH	SEA CLOUD CRUISES GmbH
FTI Cruises GmbH	Phoenix Reisen GmbH	TransOcean Kreuzfahrten
Hansa Touristik GmbH	PLANTOURS Kreuzfahrten	TUI Cruises GmbH

All other cruise lines are considered to be international cruise brands. These lines source their passengers from Germany and may have marketing offices in Germany, but their principal administrative offices are located elsewhere. There are additional cruise lines that are considered as international cruise brands but not all of these source their passengers from Germany. The major international brands included in this analysis are shown in **Figure 6**. Several smaller brands not listed were also accounted for.

Figure 6: Major International Cruise Brands

Major International Cruise Brands		
Azamara Club Cruises	Fred Olsen Cruise Lines	PONANT
Carnival Cruise Lines	Holland America Line	Princess Cruises
Celebrity Cruises	Hurtigruten ASA	Regent Seven Seas Cruises
Celestyal Cruises	MSC Crociere	Royal Caribbean International
Costa Crociere	Norwegian Cruise Line	Seabourn
Crystal Cruises	Oceania Cruises	SeaDream Yacht Club
Cunard Line	P&O Cruises	Silversea Cruises

As shown in **Figure 7**, the German national and international brands had a combined total of 316 ocean-going cruise ships in 2017. Thirty two ships were operated by the German national brands, and 284 were operated by international brands. The cruise ship fleet of the German national lines increased by two ships from 2016. This was the result of the introduction of the *AIDAperla* by Aida Cruises and the *Mein Schiff 6* by TUI Cruises. The total number of lower berths of all cruise ships was 509,467 with the German national brands accounting for 8.8 percent of the total. Passengers sourced from Germany also purchased slightly longer cruises from the German national brands; with an average cruise length of 8.87 nights versus 8.78 nights.

Figure 7: Attributes of the German National and International Brands, 2017

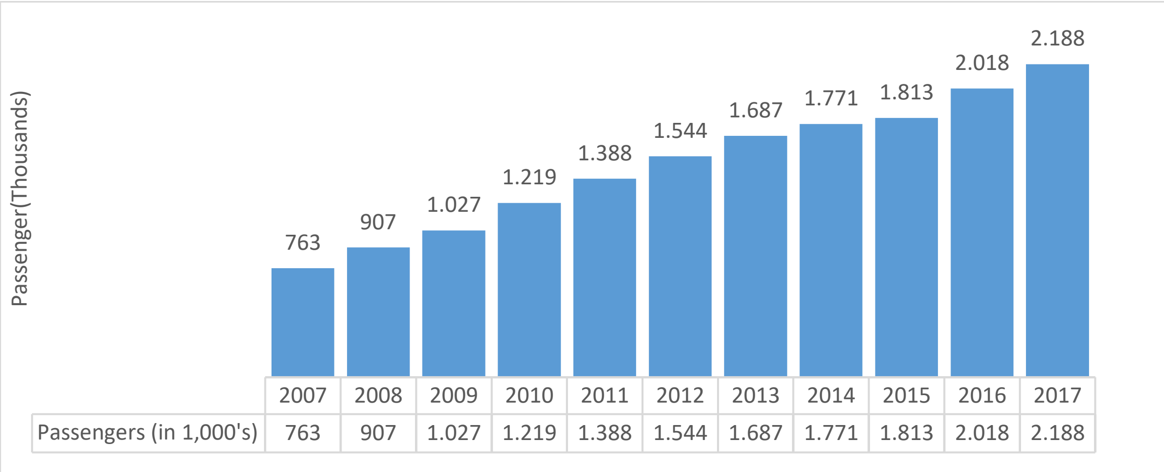
Brand Segment	Ships	Lower Berths	German Passenger Cruise Nights in Thousands	Avg. Age	Avg. Length of Cruise (Nights)
National	32	45,524	14,945K	48.9	8.87
International	284	463,963	4,690,K	51.9	8.78
Total	**316**	**509,467**	**19,636K**	**49.6**	**8.85**

Source: GP Wild-CLIA

III.A. Passengers Sourced from Germany

Overall, 2.19 million passengers were sourced from Germany by all brands combined in 2017. This represented an increase of 8.4 percent over 2016 (see **Figure 8**). The growth in 2017 follows another year in 2016 with a healthy growth of 11.3 percent. Since 2007, passengers sourced from Germany have almost tripled with an overall growth of 187 percent representing a compounded average growth rate of 11.1 percent per year. For reference, the global growth from 2006 to 2016 has been around 5.05 percent, thus on average the German market has been growing at about twice the pace of the global market every year in the last ten years.

Figure 8: Cruise Passengers Sourced from Germany (Thousands), 2007-2017

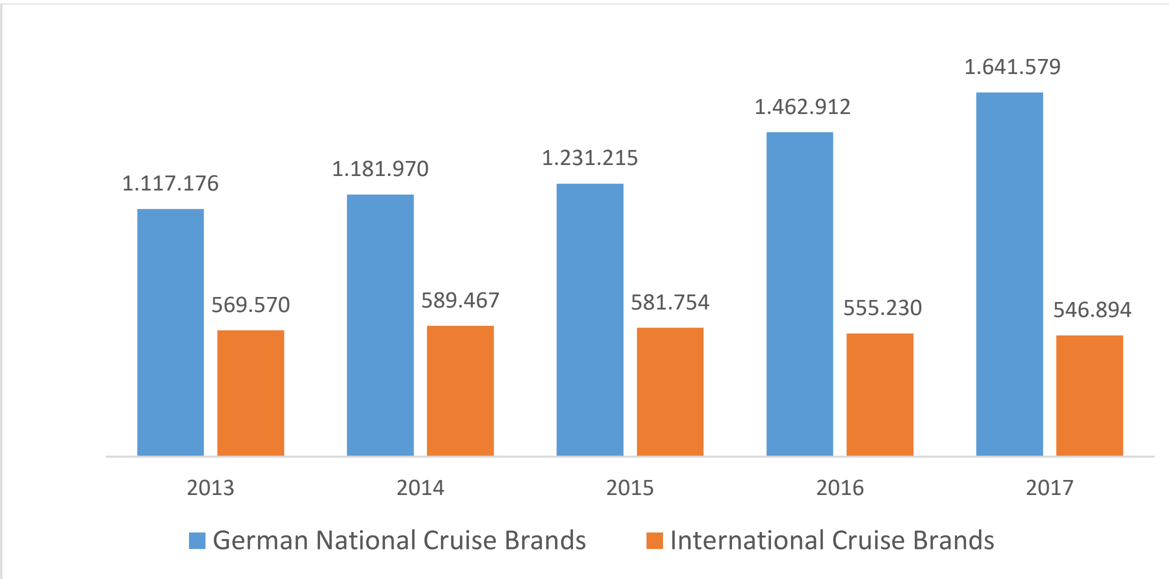


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Passengers (in 1,000's)	763	907	1.027	1.219	1.388	1.544	1.687	1.771	1.813	2.018	2.188

As shown in **Figure 9**, the German national brands accounted for more than 1.64 million passengers, or about 75% of the total German passenger volume achieved during 2017. Relative to 2016, German passenger volume on German national brands increased by 12.2 percent.

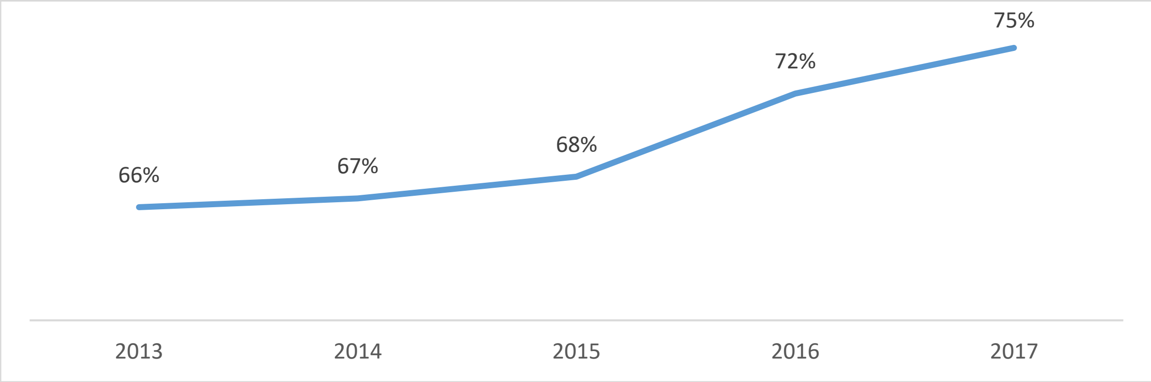
Passengers sourced from Germany generated about 547K passengers on the international brands, slightly down from 555K Passengers in 2016.

Figure 9: Cruise Passengers Sourced from Germany 2013-2017 – German vs. International Brands



As displayed in **Figure 10**, the share of passengers sourced from National brands has been increasing steadily as Germany has been introducing new inventory at a higher rate than the overall marketplace in the last two years. As a result, the share of passengers sourced from National brands is up to 75 percent compared to 68% in 2015.

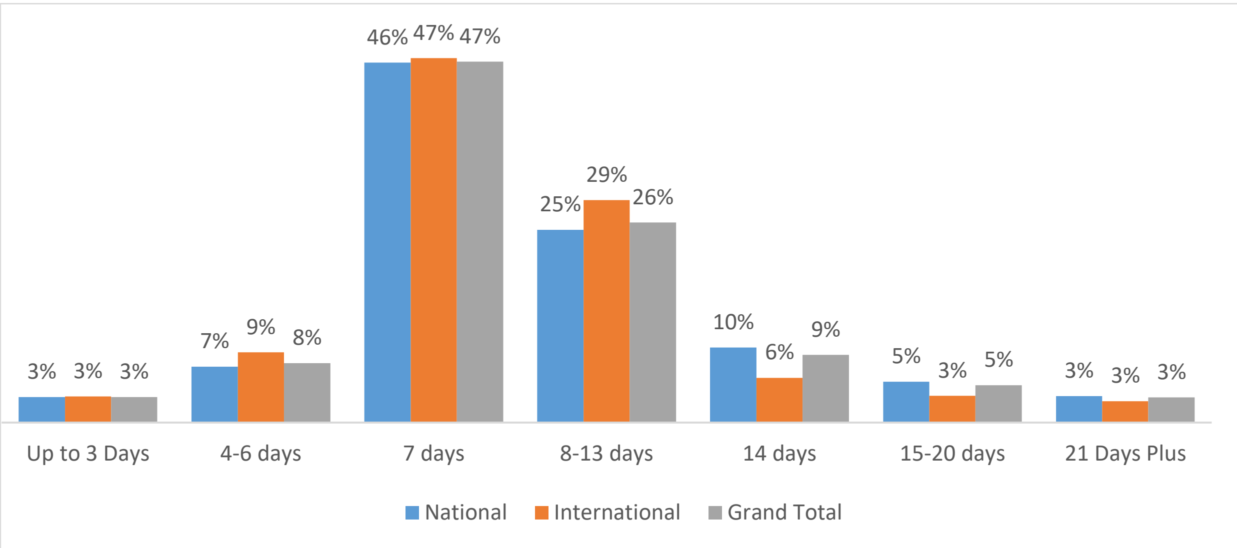
Figure 10: Share of Passengers sourced from National Brands



III.B. Average Length of a Cruise

As reported previously, the average length of a cruise for German passengers decreased marginally to 8.85 nights in 2017 from 8.94 nights in 2016 (see **Figure 1**). The German national brands had a slightly higher average cruise length of 8.87 nights compared to 8.78 nights for the international brands (see **Figure 7**). As indicated in **Figure 11,** the 7-day cruise remains the dominant cruise choice of German passengers, accounting for almost half of the passengers among all brands. This is followed by cruises between 8 and 13 nights which were chosen by 25.2% of all German passengers. German passengers are more likely to purchase cruises of 14 or more nights on German national brands than on international brands (18% vs. 12%, respectively).

Figure 11: Share of Passengers per Cruise Length- German vs. International Brands



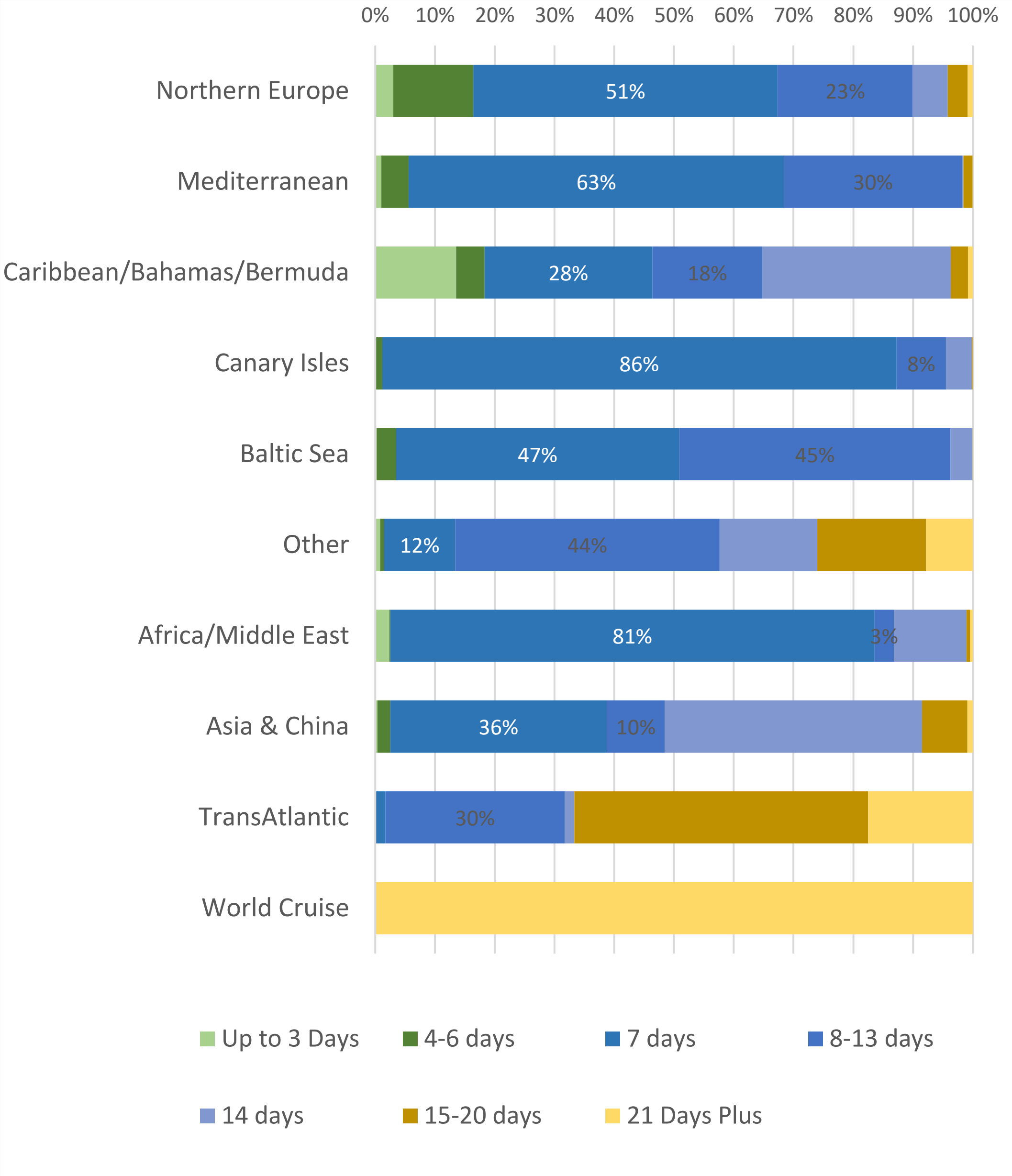
As a general rule observed across all main destination markets, the average age increases as the length of the cruises also increase. For example, for the main destination, the average age for Northern Europe is 48 and is aligned with cruises of an average of 8.5 days while for the Baltic sea the average age is 53 with an average cruise length on 8.9 nights. The oldest passengers, with an average age of 68, are aligned with world cruises, but the share of this marketplace is rather small.

Figure 12: Average Age and Cruise Length by Key Destinations- 2017

		2017
Key Destination	Age	Cruise Length
Northern Europe	48	8.5
Mediterranean	47	8.1
Caribbean/Bahamas/Bermuda	50	9.6
Canary Isles	50	7.8
Baltic Sea	52	8.9
Other	56	15.3
Africa/Middle East	51	9.6
Asia & China	55	13.6
Transatlantic	59	18.4
World Cruise	67	30.0

As a new view available from One reSource shows, as seen in Figure 13, even if the seven-day cruises are dominating the marketplace, the domination of the seven-day cruise is unequal across markets. For example, it is clearly the most popular cruise length for the Mediterranean destinations or the Canary Isles; however, longer cruises are popular in the Caribbean. As expected, the longest cruises are aligned with World Cruises and Transatlantic, but the overall volume for these two destinations is not significant.

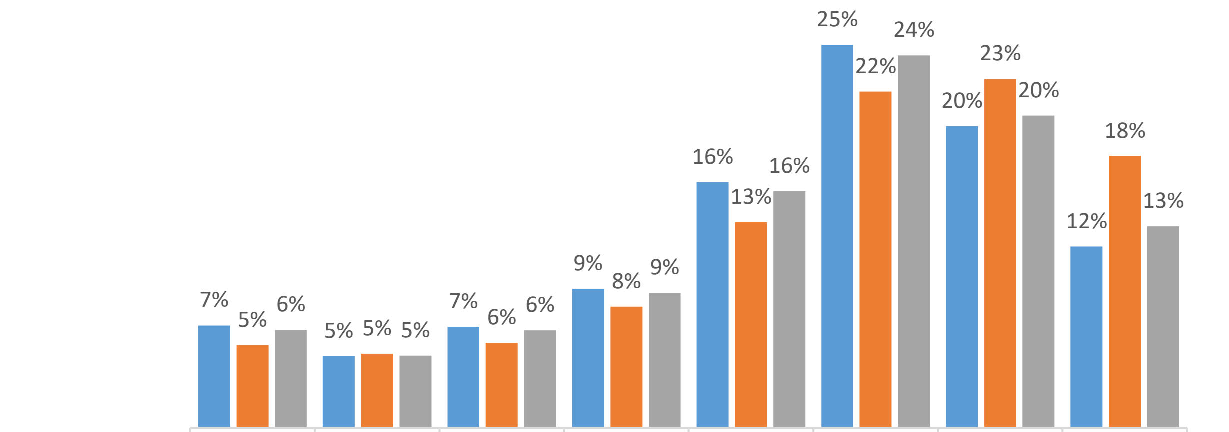
Figure 13: Passenger Cruise Length Share by Key Destinations



III.C. Average Age of German Passengers

Most passengers for the German national brands fall in the 50-59 age range, followed by 60-69. The most popular age range for International brands is 60-69 followed closely by the 50-59 range. As a result, the average age of German brands at 48.9 is lower than that of International brands at 51.9 (See **Figure 7**)

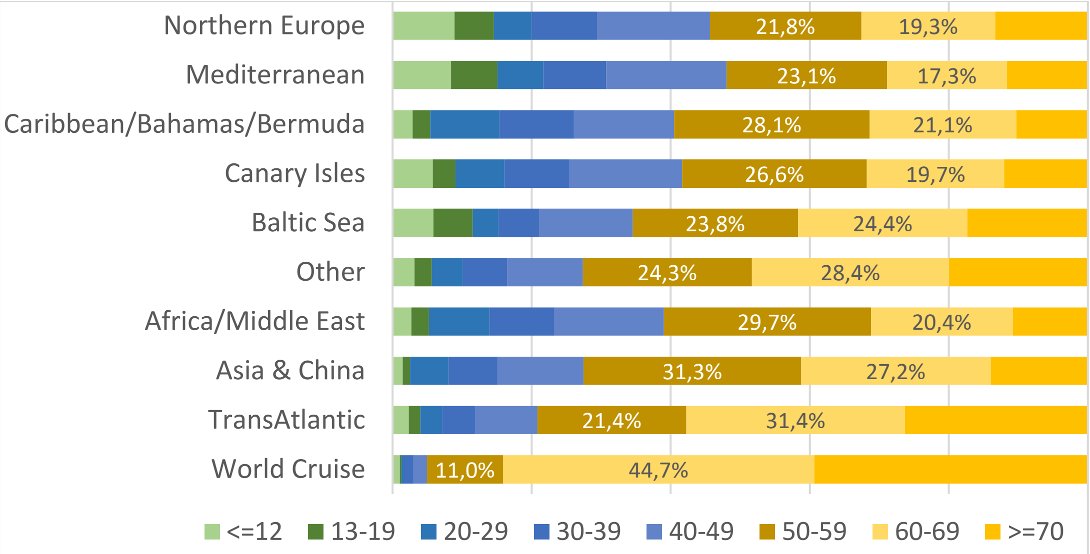
Figure 14: Share of Passengers per Age Group



	<=12	13-19	20-29	30-39	40-49	50-59	60-69	>=70
National	7%	5%	7%	9%	16%	25%	20%	12%
International	5%	5%	6%	8%	13%	22%	23%	18%
Grand Total	6%	5%	6%	9%	16%	24%	20%	13%

This new One reSource generated view shows that younger age ranges are aligned with the Mediterranean, and the Caribbean while as expected, Transatlantic and World Cruise are mostly aligned with older age ranges.

Figure 15: Share of Passengers per Age Group and Key Destinations



III.D. Cruise Destinations of German Passengers

As shown in **Figure 16**, cruises to the top five destination markets carried approximately 80% of the passengers sourced from Germany. The most popular destination markets for 2016 were Northern Europe and the Mediterranean. Combined, 53% of the German passengers sailed on cruises to these two markets. The market shares have been very stable for each key market between 2016 and 2017.

European destinations represent 75% of the passenger volume, slightly down from 76% last year.

Figure 16: Share of Passengers per Key Destinations

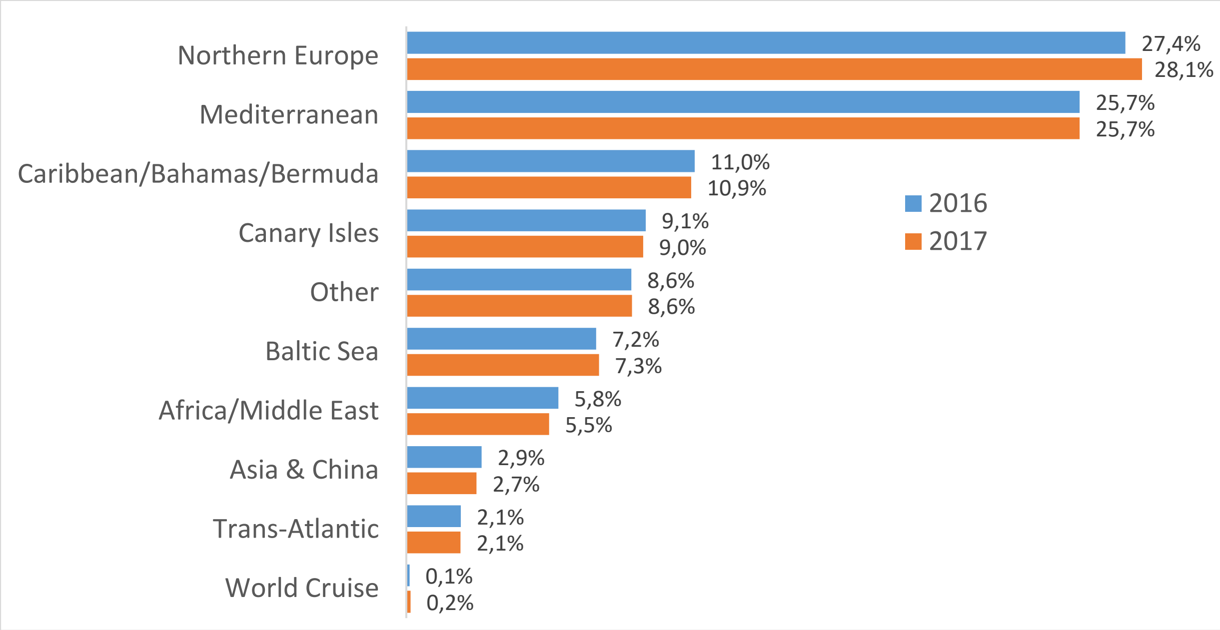
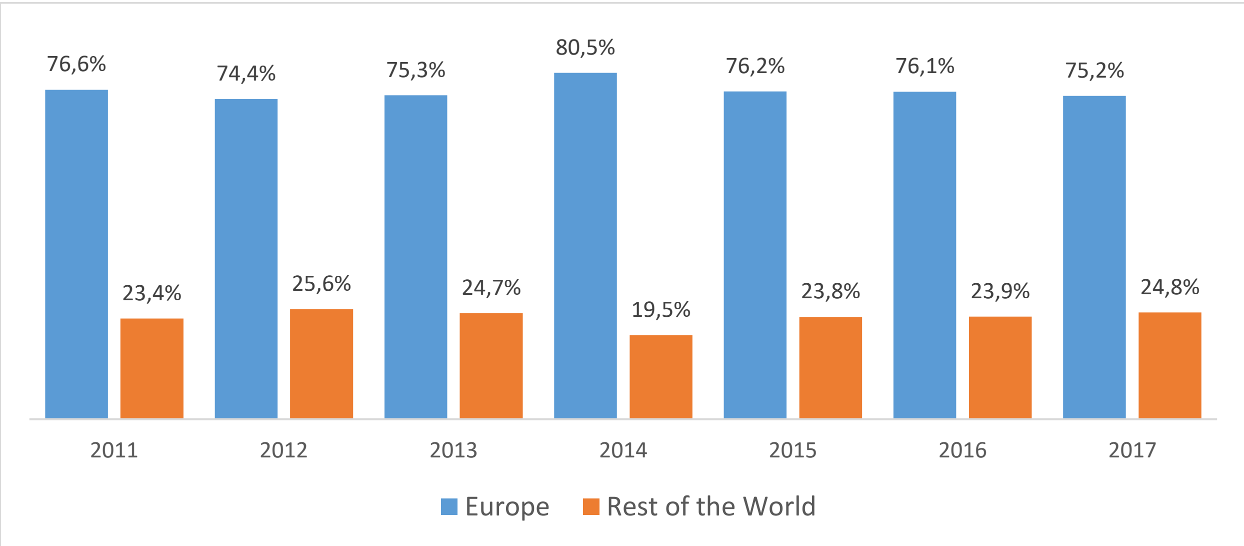


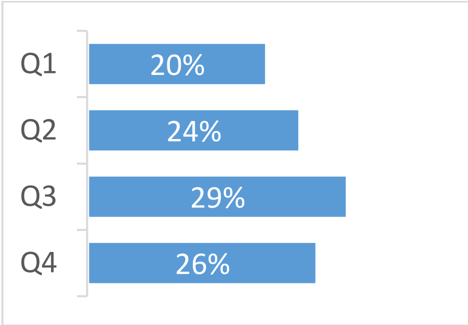
Figure 17: Share of Passengers per Europe vs. ROW



III.E. When are Germans Cruising

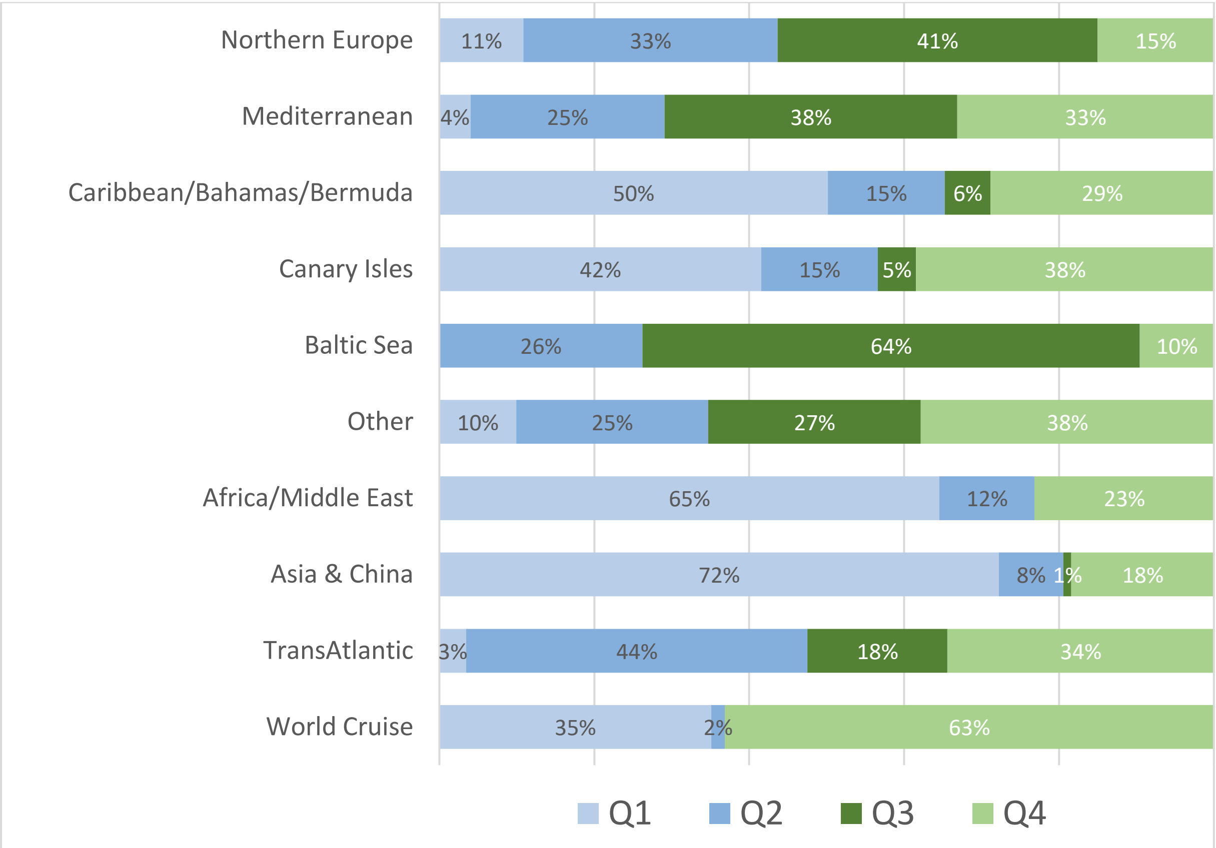
As expected, we see a higher volume of passengers in Q3 during the summer vacations, representing 29% of the yearly volume, while the lowest volume is in Q1 with 20% of the yearly volume.

Figure 18: Share of Passengers per Europe versus ROW



The stark contrasts between the regions regarding the quarterly volume clearly illustrate the seasonality aspect of the cruise market in Germany. The Caribbean and the Canary Isles have their highest share of passengers in Q1 while passengers are cruising to Northern Europe and the Baltic sea in higher numbers in Q3 during the summer months.

Figure 19: Share of Passengers per Quarter per Destination



Appendix

Figure 20: Share of Passengers per Age Group per Quarter