



Effect of New Keyword Rules On 'Net

One of the more closely watched retail changes this Wave Season is how the new search engine marketing keyword rules of Carnival, Princess, Holland America, and Seabourn are impacting retailers whose models include sponsored links. Some observers expect the change in policies, which took place earlier this month, may take a chunk of business away from retailers who have prominently promoted on the sponsored links section of Google and elsewhere. To date, the names popping up have changed dramatically.

Back on December 18 when we googled "Carnival Cruises," the sponsored links that came up were: 1) Carnival.cruises.com, 2) AmericasVacationCenter.com/Carnival, 3) www.Cruisesonly.com/Carnival, 4) www.cruise.com/CarnivalCruise, 5) CarnivalCruises.VacationsToGo.com, 6) www.cruises-n-more.com.

We did the same google check for "Carnival Cruises" thirty days later, and the names that appeared in the sponsored links were decidedly different: 1) www.RoyalCaribbean.com, 2) BookingBuddy.com/Cruises, 3) www.CruiseCritic.com, 4) travel.yahoo.com, 5) www.cruiseDirect.com, 6) www.Travelzoo.com, 7) www.ecruises.com, 8) CompareBookings.com.

When we checked on January 19, the only two names in the sponsored link section were Carnival.com and RoyalCaribbean.com.

Joni Rein, Carnival's vp of worldwide sales, tells Cruise Week: "We recognize that our new search engine marketing keywords policy has been a significant adjustment for some of our travel agent partners. We have been working closely with all affected agencies during this transition period to support implementation and to help overcome any issues with compliance."

Rein says significant progress has already been made, and Carnival is close to full compliance at this point. "We are continuing to move forward and, if necessary, will take action to fully enforce our travel agent policy among those few agencies who remain noncompliant," she says.

Similar responses from Princess and Holland America. "We have been working towards achieving compliance with our agent partners since the new policy has been in place," says Holland America's Sally Andrews, adding progress is being made.

And from Princess: "We're still in the early days of this new policy, and we're working with our travel partners to clarify and implement the guidelines," says Public Relations VP Julie Benson.

One reason the lines say they've implemented the policy is to eliminate consumer confusion: "We want to ensure that consumers searching for our brand are presented with the straightest and cleanest path to our web site," says Carnival's Rein.

Latest On Market Trends, Rates

In the big picture, retailers' Wave Season is shaping up well. For the first time in awhile, we're hearing the term "sticker shock" used to describe some customers' reactions to rates for summer sailings--a sign that the stronger than normal booking volume in last year's fourth quarter means less availability and higher rates moving forward. There's still some softness in second quarter Caribbean rates, and most retailers are still having a tough time, but, overall, pricing indications are positive. For instance, agents say the deal sheets coming from Royal Caribbean are not only shorter in length, but less desperate sounding.

Airfares Affecting Cruise Travel

Within that overall context, retail market conditions vary across the country. For one thing, air remains a big factor for agents in the interior of the country, both positively and negatively.

"Here in Wisconsin, one of the biggest issues affecting our cruise business is the high airfares to Florida or San Juan," reports Steve Marinkovich, Admiral of the Fleet Cruise Center, Milwaukee. "Yes, there have been some lower fares, and, for the most part, the cruise prices are a good value, but, at times, the airfare can almost equal the cost of a one-week cruise."

On the other hand, several agents based in the Northeast report airfares are rock bottom on American and JetBlue to Florida, and that's positively impacting their cruise sales. And not surprisingly, capacity increases in certain drive-in markets (which avoids air altogether) continues to play well in this economy.

Agents in the greater New York area report an increase in Celebrity bookings since the line is back in Bermuda this summer, and retailers in the central Atlantic states report positive business with Carnival's expansion to Baltimore year-round cruising on the *Carnival Pride*.

Prices Back Up in Drive Markets

What's happening in established homeports with no significant capacity growth? The news is good. Steve Cosgrove, Dynamic Travel & Cruises in Southlake, Tex., says his volume ex-Galveston has improved vastly over the past few months. "Now it's reaching the period of ratcheting prices back up," he says.

"If anything, it appears the pricing is going up quicker out of Texas than most other places," he continues. "On most dates, you can't find group space on the *Carnival Conquest* this summer. And on those dates when there is group space, the rates are high and there's no GAP points."

In many cases, Galveston rates are higher than the price points for departures ex-South Florida for ships with similar ages and facilities. And there are other onboard revenue factors that tend to help per diems from such a



Drive Markets

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market: As one example, "Texans are known to drink once onboard," says Cosgrove bluntly.

In a drive market such as Galveston, even if the cruise fare is a little more, the customer still pays less than he would for a land vacation to the same destination. "Say you're charging \$499 ex-Galveston versus \$399 ex-Miami, the drive customer overall is still paying less for the overall vacation than if he's on an all-inclusive charter out of Cancun," says Cosgrove. "Conversely, when I send clients on cruises out of Miami and add in the air, a charter to an all inclusive in Cancun, as an example, generally comes out costing less than the cruise."

That's a scenario repeated at the various homeports across North America.

All of this plays well to Carnival, which has worked hard over the years to develop, maintain, and grow its presence steadily in various homeports across the country. "Consistency is what Carnival has going for them at all the homeports," says Cosgrove.

Analyzing Record Booking Reports

It used to be that record booking days reported by cruise suppliers in January signaled how the rest of the year would be for North American retailers, but market factors have changed. For instance, if a large line with a big percentage of overseas sales reports a record booking date, it might have more to do with the European-sourced market than the North American market. Or a record booking could be the result of all business being pushed to a one-day or even a one-week promo by a supplier or large agency group, and such promotions have increased over the past two years.

As one agent recently told us: "We have seen surprising inconsistency, great days followed by poor ones, good weeks followed by mediocre ones."

But on the upper premium/luxury side, there are two record bookings already reported for this month, and they do seem to portend good news for this market. Oceania reported a record single day for booking on Jan. 13, the date bookings opened for the new *Marina* to the line's past guests. And Crystal reported record bookings for the week ending January 11, reaping benefits from revamping its fares and onboard credits last year.

No doubt luxury booking volume overall is being aided by the unusual surge in capacity by leading players (Seabourn, Silversea, Cunard, and Oceania). But even taking that into account, many agents now report volume is so strong that rates have probably bottomed out. Indeed, one of the latest promos from Oceania is

headlined "LAST CHANCE for Amazing Savings." They may be telling the truth.

And over at Crystal, Vice President Mimi Weisband reports that, yes, there is still inconsistency week over week, but not to the extent seen before. And as for discounts being added to the discounts already out there, Weisband observes, "We issued the strongest and most aggressive program for all sailings back in September.... For the most part, these are the best promotions you're going to see from us. Yields are coming up, so people are encouraged to book now."

Media Watch: Royal and Haiti

Royal Caribbean's decision to continue calling in Haiti (Labadee) on the heels of the devastating earthquake in Port-Au-Prince attracted some media scrutiny on both sides of the Atlantic. Coverage started in the Guardian, based in the U.K., spread to the New York Daily News, and then to CNN.com, among others.

The Guardian subheadline read: "Luxury liners are still docking at private beaches near Haiti's devastated earthquake zone for holidaymakers to enjoy the water," which made vacationers and/or the cruise company look like Nero fiddling while Rome burned.

An update to the article made Royal Caribbean appear even more out of touch with the human suffering nearby. It read: "Cruise company to donate sun loungers to Haiti makeshift hospital."

Royal's charitable giving was buried in the text. The Guardian article did note: "The cruise line has pledged to donate all proceeds from the visit to help stricken Haitians." Also, forty pallets of rice, beans, powdered milk, water, and canned foods were delivered on Friday, with far more to come on subsequent sailings.

Royal is also donating \$1 million to the relief effort, and Carnival Corp. is donating at least \$5 million. Still, it's a potential public relations black eye, and RCI President Adam Goldstein addressed the issue on his blog: "My view is this--it isn't better to replace a visit to Labadee (or for that matter, to stay on the ship while it's docked in Labadee) with a visit to another destination for a vacation. Why? Because being on the island and generating economic activity for the straw market vendors, the hair-braiders and our 230 employees helps with relief while being somewhere else does not help."

Goldstein continues: "These 500 people are going to need to support a much larger network of family and friends, including many who are in (or are missing in) the earthquake zone."

The big picture? "People enjoying themselves is what we do," says Goldstein. "People enjoying themselves in Labadee helps with relief."