

Asian advocate

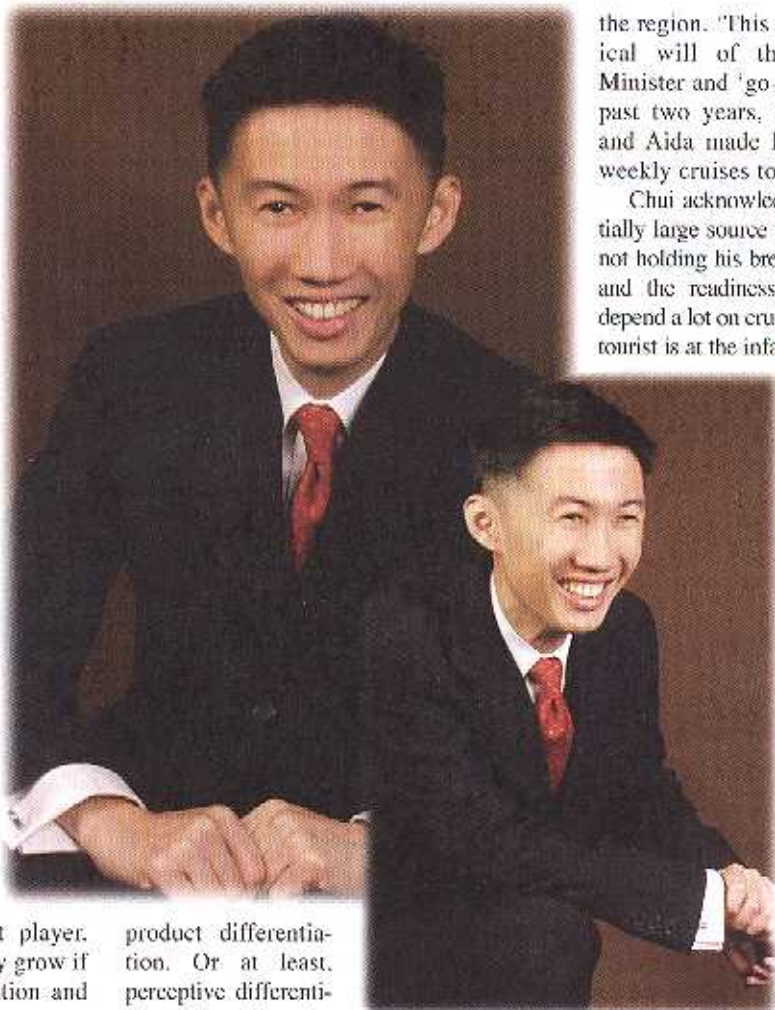
12 year veteran of the fledgling Asian cruise market, V. Ships Asia Pacific's md Daniel Chui talks to **Jacintha Stephens** on where Asia is headed

VShips (Asia Pacific)'s managing director Daniel Chui strides lightheartedly onboard the 194 suite, 28,258gt Silver Shadow, on a recent stopover in Singapore. His local office is the gsa for the Asia Pacific region for Silversea, as well as Carnival Cruise Line, Costa, Disney and Radisson Seven Seas Cruises.

A luxury cruise ship in port is the opportunity for Chui to show and tell. Chui's mission with a vengeance is to penetrate new market segments by raising the awareness of cruise products. Chui uses Shadow's visit to host lunch on board for a select target group, 25% of who may eventually buy into the idea of luxury cruising and book. 'In Asia, the market to population penetration is only about 5%, compared to 8% in North America. In comparison, a resort or a spa vacation is 20% to 25%,' he says.

Star Cruises' dominance of the regional market has meant Asians has been weaned on the products of just one significant player. According to Chui, Asian can only grow if there is more market segmentation and differentiation.

Chui's memory of regional cruise development is total recall. He can tell you which ship began cruising in Asian waters and when and why it stopped. True, there haven't been that many years to speak of, but Chui is a rare industry entity. 12 years on the block in the fledgling Asian cruise industry, where players and officials have come and gone, makes Chui a veritable veteran. An International Marketing graduate, Chui thinks and talks like a zealous industry advocate. 'To survive in any industry you need substantial



product differentiation. Or at least, perceptive differentiation. It's really up to you to find your own niche. It's just knowing where and how.'

When it comes to Asian cruise infrastructure, Chui has far more modest expectations. 'Interestingly, cruise infrastructure in Asia need not be expensive. It just has to be functional, practical and serve the purpose for ICQ (immigration, custom and quarantine). The time is good for Bali and Phuket to have a functional cruise port.' He sees Thailand, particularly Phuket, emerging as a major cruise hub in

the region. 'This is supported by the political will of the present Thai Prime Minister and 'go-getter' approach. For the past two years, Sun Cruises (MyTravel) and Aida made Phuket the hub for their weekly cruises to Asia.'

Chui acknowledges that China is a potentially large source of demand. However, he is not holding his breath as he thinks the timing and the readiness of Chinese tourists will depend a lot on cruise education. 'The Chinese tourist is at the infant stage of the 'Travel Life Cycle (TLC)' whereby group travel and the desire to see as many destinations within a defined period are the normal practice and the culture. To harness the Chinese potential, patience is paramount to invest in cruise education,' says Chui.

'The right partner is of critical importance. A physical presence of sales and marketing team and network, information and communication management and financial security is vital. China is a large country. It is not easy for the Chinese to secure a visa to travel abroad freely,' he declares.

Chui is encouraged that the Asian appetite is increasing for alternative and mass cruise options, different destinations, good entertainment, food and beverage and value for money. But he feels their knowledge for cruising is still basic and they tend to perceive that 'cruising can be gambling in focus'.

Star Cruises has tried to change this perception and Chui feels the situation has improved greatly in recent years with more

representative offices marketing international cruise lines, like Princess, Royal Caribbean, RSSC and Silversea. Asians are able to tell the difference between regional and western style of cruising. This is also evident by more Asians flying to Europe and Alaska and joining western cruise lines for their vacations. They are progressing from domestic/regional cruising to longer duration and more expensive lifestyle products,' he adds.

The golden years for Asian cruise was in the mid-1990s when Star Cruises came in. 'The market didn't know what to expect. For the first time in Asia, we had a 40,000gt ship. Other cruise ships entered the foray and offered choices to Asians. But this period lasted only three years, 9/11, SARS, the Iraq war and bird flu have had a considerable impact on the Asian industry,' says Chui.

Chui believes the 3-day threshold for cruising and time spent on board has now increased to about five days. The baby-



Asia's appetite for cruising is increasing

boomer market could stretch the number of cruising eventually to seven days. 'A ship with a good speed which can cover more places with the same time, will have an advantage.' He will not be surprised if another serious cruise operator emerges to introduce an alternative to customised mass cruising. 'I expect to see Carnival and RCI interest continue to be aroused.' He sees the timing especially good for Carnival 'as they contemplate the positioning of their older ships and to explore a new market.'

Is Asia ready for the Carnival Cruise Line - Fun Ship Product? - 'The time cannot be better,' remarks Chui. 'Carnival says that they are looking for a regional partner in Asia-Pacific to seriously tap into the Indian, Chinese and SE Asian markets. And if that happens that will bring another revival of the Asian cruise industry. Asia has all the right ingredients, the attributes, the vibrancy and a critical mass. The Asia cruise industry needs a revival of another kind and it may just be underway - it could happen as quickly as three years,' Chui predicts. □

European union

Costa Crociere's Pier Luigi Foschi is chairman of the newly established European Cruise Council (ECC). **Mary Bond** reports

The ECC's mission is to promote and defend the interests of the cruise sector with EU institutions, collate industry statistics to demonstrate the scale and breadth of the cruise industry, and provide a resource for the promotion of cruises in Europe.

'The ECC will give the growing European cruise industry a distinct voice in Brussels as well as providing members with early notification of crucial EU initiatives such as taxation, health, the environment, safety, labour standards and enlargement. The speed and enthusiasm with which the ECC has been established proves how effectively the cruise industry can work together,' said Bill Gibbons, director of the UK's Passenger Shipping Association who has taken on the role of ECC marketing director.

'With the growing influence of Brussels on many aspects of our business, it's vital for European cruise companies to have a voice through which to put forward its views,' said Patrick Ryan md of Royal Caribbean International/Celebrity Cruises and vice chairman of ECC.

The 15 founder members of the ECC include Arcalia Shipping, Costa Cruises, Crystal Cruises, Cunard Seabourn Ltd, France Ferry Croisiere, Fred. Olsen Cruise Line, Holland America Line, Louis Cruises, P&O Princess Cruises, Radisson Seven Seas Cruises, Royal Caribbean International/Celebrity Cruises, Saga Shipping, Seetours, Silversea Cruises and Thomson Cruises.

The ECC will work through a secretariat in Brussels which will be run by Tim Marking, deputy director of European Community Shipowners' Association (ECSA).

Gibbons singles out security, 'concerns that some EU ports will not be ISPS compliant by July 1'; taxation, 'especially



following EU enlargement as more cruises will fall solely within the EU leading to loss of duty free sales and VAT being levied on some consumption on board'; and the environment 'especially smoke emissions' as key issues for attention.

Foschi (pictured) called for the creation of a European association, to dialogue with EU regulators at Seatrade Europe in Hamburg last October, pledging the Carnival group's support. Since then, the PSA and ECSA proposed combining their respective strengths to form

the ECC, which resulted in the official formation in April.

The idea has been championed by others in the past including RCCL's Mike Ronan and Festival Cruises' chairman George Pontides, who proposed the idea for an association to promote European cruising at two successive Seatrade Europe conventions in 1999 and 2001. □

