

Cruise Industry Creates More Than 350,000 Jobs, Generates Record \$38 Billion to U.S. Economy in 2007

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Strong First Half 2008, Indicates Consumers are Responding to Cruising's Value Proposition

The North American cruise industry's economic impact in the United States grew by more than six percent in 2007, creating more than 350,000 jobs while generating \$38 billion in total economic output, according to a national study released today by Cruise Lines International Association (CLIA).

In addition to the national study, the association also released the latest passenger statistics for the first half of this year. From January to June, the cruise industry saw an overall 5.43 percent increase in passengers worldwide, with occupancies at almost 105 percent.

"Two clear messages result from the 2007 economic impact study and the January-June passenger figures," said Terry L. Dale, CLIA's president and CEO. "First, the North American cruise industry continues to make a significant and growing contribution to the American economy and the industry is generating business development and investment, job creation and spending in all 50 states.

"Second, these positive indicators reflect the fact that consumers continue to respond strongly and positively to the outstanding value that a cruise vacation represents and the innovative product such a vacation offers."

Dale said the economic growth is a result of CLIA member lines' decisions to offer customers affordability, increased choice in destinations around the world, innovative onboard amenities and recreation, worldwide itineraries and more and more ports of embarkation close to where millions of Americans live.

"Even in uncertain economic periods, the U.S. consumer recognizes these factors as a strong value proposition," Dale said. He also noted that international consumers are increasingly attracted to cruising as a result of new and additional capacity deployed in the Mediterranean and Europe. Contribution to the North American cruise growth is also fueled by innovative cruise products and a favorable currency exchange for Europeans. Figures through the first half of 2008 show an impressive 31 percent increase in internationally sourced passengers.

"It has been encouraging to see sustained passenger growth and high cruise occupancies. While much of the passenger growth stemmed from internationally sourced guests, North American sourced passengers also posted modest year-over-year gains of .29 percent through the second quarter. In 1995, as little as 10.6 percent of guests sailing on CLIA member cruise lines were sourced outside of North America and, year to date, that percentage has grown to 20.5 percent. The international markets are increasingly important to many CLIA member lines and it is gratifying to see that their investment in these regions is paying off so quickly."

The newly released 2007 CLIA Economic Impact Study, executed by BREA (Business Research & Economic Advisors) in Exton, Pennsylvania, found that last year the North American cruise industry contributed \$38 billion in gross economic output, a 6.4 percent increase over 2006, and created 354,700 American jobs, positively impacting every state in the country and almost every major industry.

Direct spending by the industry and its passengers in the U.S. exceeded \$18 billion for a 5.9 percent increase over 2006. At the same time, the industry maintained a 105 percent average occupancy rate* while increasing capacity, diversifying product and expanding operations worldwide.

* Capacity based on two beds (or persons) per cabin. The incremental numbers come into play when factoring in a third or fourth guest in the same cabin or stateroom.

The key findings of the 2007 economic impact study include:

Spending by the cruise industry and its passengers generated \$38 billion in gross output in the U.S., up from \$35.7 billion in 2006

Direct spending by the industry and its passengers in the U.S. totaled \$18.7 billion, a 5.9 percent increase over 2006

The industry was directly and indirectly responsible for generating 354,700 jobs in the U.S., up from 348,000 in 2006, paying a total of \$15.4 billion in wages and salaries

These total economic impacts affected all 50 states. The top 10 states accounting for 78 percent of direct purchases and 82 percent of the total employment and income impacts are: 1. Florida, 2. California, 3. Alaska, 4. New York, 5. Texas, 6. Hawaii, 7. Georgia, 8. Washington, 9. Illinois and, 10. Colorado

Over 60 percent of gross output and 40 percent of job creation affected seven industry groups (ranked in order of output): nondurable goods manufacturing, professional & technical services, travel services, durable goods manufacturing, financial services, airline transportation and wholesale trade.

Among the major factors contributing to the positive economic impact:

With an 8.8 percent increase in available bed days and an increase in average length of a cruise from 6.9 days to 7.2 days, the industry realized a 9.8 percent increase in actual passenger bed days and an industry wide capacity utilization of 104.9 percent

By year-end, CLIA's fleet totaled 159 ships, with a capacity of 268,062 lower berths

In 2007, the industry carried an estimated 12.56 million passengers worldwide, a 4.7 percent increase over 2006

9.45 million U.S. residents were cruise passengers in 2007, accounting for 75 percent of all cruisers

Passenger embarkations at U.S. ports totaled 9.18 million, a two percent increase and a 73 percent share of global embarkations

Ten U.S. cruise ports accounted for 83 percent of U.S. cruise embarkations: Miami (21 percent), Port Canaveral (14 percent), Port Everglades (14 percent), Los Angeles (6 percent), New York (6 percent), Galveston (6 percent), Seattle (4 percent), Honolulu (4 percent), Long Beach (4 percent), and Tampa (4 percent)

U.S. embarkations from additional U.S. ports increased by 17.2 percent reflecting the strong growth in new ports of embarkation throughout the country, which include Baltimore, Jacksonville, Boston and others, while embarkations at the top ten ports declined by 2 percent in 2007.

The economic benefits of the North American cruise industry come from five principal sources:

Spending by cruise passengers and crew for goods and services, including travel, pre- and post-cruise vacations, shore excursions and expenditures at restaurants and retail establishments,

On a typical or average cruise ship call, CLIA estimates that a 2,500-passenger ship would generate an average of approximately \$358,000 in passenger and crew onshore spending per call in the homeport city. A similar ship making port-of-call visits would generate approximately \$318,000 in passenger and crew onshore spending per U.S. port call,

Shoreside staffing by cruise lines for headquarters, marketing and tour operations,

Expenditures by cruise lines for goods and services, including food and beverage, fuel, hotel supplies and equipment, navigation and communication equipment, etc.,

Spending by cruise lines for port services at U.S. home ports and ports of call,

Expenditures by the cruise lines for maintenance and repair of vessels at U.S. facilities and for port terminals, office facilities and other capital equipment

A summary of The Contribution of the North American Cruise Industry to the U.S. Economy in 2007 study and individual fact sheets on each of the top 10 states can be downloaded from CLIA's Website, www.cruising.org.

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