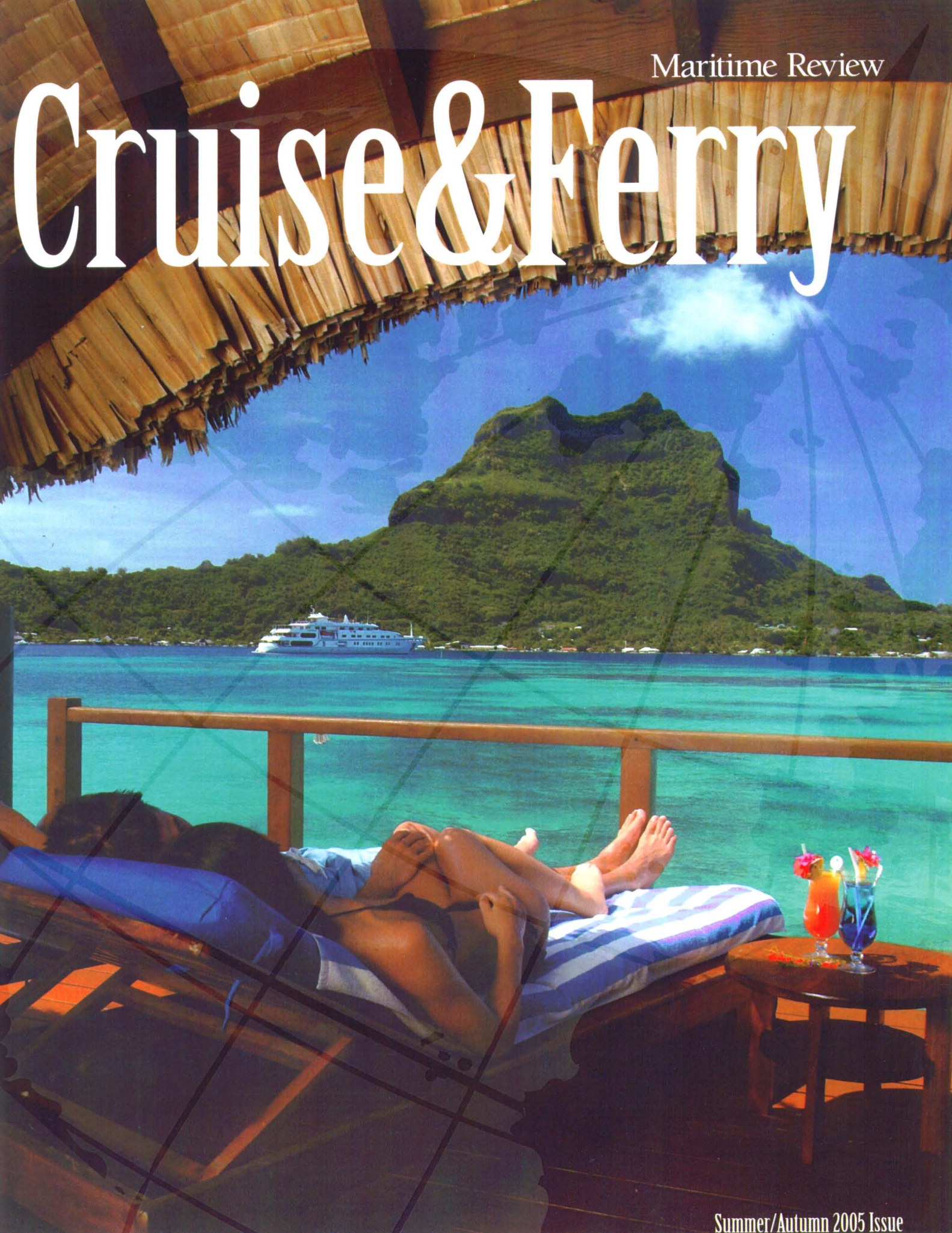


Maritime Review

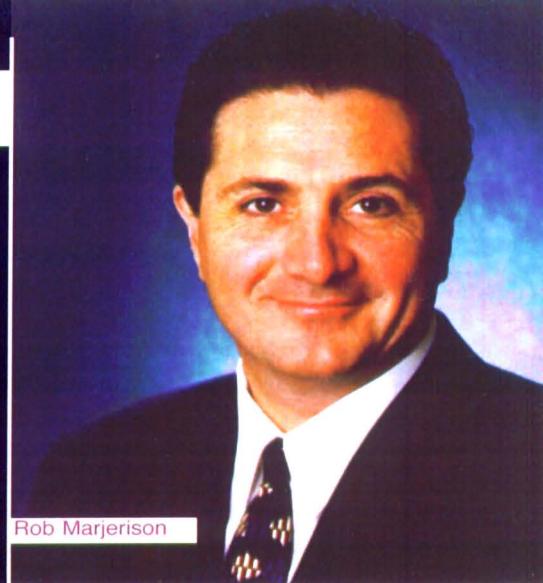
Cruise & Ferry



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Can a cruise vacation appeal to the entire extended family?

How well ship operators balance differing vacation activities determines how successfully they can appeal to and please their increasingly diverse passenger base, says Rob Marjerison, Director, Business Development, Maritime Telecommunications Network, Florida.



Rob Marjerison

The good vacation values offered in today's cruise marketplace are appealing to a wide variety of people seeking an equally wide variety of experiences. Cruise lines are increasingly targeting demographic profiles outside their traditional passenger base. On cruise ships today, even ships and itineraries that have traditionally been considered the domain of seniors or other specific audiences, we now see passengers of all ages.

This diversity of passengers has prompted cruise lines to offer an increasingly wide variety of shipboard amenities, services and activities. Entertainment venues range from the belly flop contest to computer programming to listening to the classical music of a string quartet at high tea. Shore excursions include outings to museums and art galleries as well as extreme sports such as bungee jumping, wind surfing and mountain bike riding.

How, and how well, ship operators balance these differing vacation priorities and activities is important in determining how successfully they can appeal to and please their increasingly diverse passenger base.

The initial challenge of successfully providing an enjoyable vacation to hundreds or even thousands of individuals on each voyage is followed very quickly by another equally complex challenge – how to ensure that each passenger's expectations are met or exceeded, while not negatively impacting or inter-

“Cruise lines are increasingly targeting demographic profiles outside their traditional passenger base.”

fering with other passengers and the ways they choose to spend their onboard time.

Some of these challenges have been around for years, such as how to manage several hundred children during summer or holiday periods, while others are new, such as how to

manage mobile phone usage on board. Operators are trying to make it possible for passengers to indulge themselves with others sharing the same interests and at the same time provide a distinctly separate and different experience for other passengers.

While newer and larger ships are generally designed with consideration of these types of challenges, the situation is a dynamic one with constantly evolving opportunities to improve and diversify the cruise experience. Through combinations of technological advances, experience and the innovative design of new and even refurbished ships, many of them are succeeding surprisingly well with this challenge.

More sophisticated technologies and satellite telecommunications systems have brought



Cellular calls go through the existing satellite

several new products and services to the cruise industry in the last few years. As a result passengers have more choices to make regarding the extent to which they wish to remain 'in touch'. To some it's critical to be reachable by the children (or parents) at home or for business related reasons. To many it's a priority to watch or follow their favourite sports teams. Others may prefer to use their vacation to truly 'get away from it all'.

Crystal Cruises recently announced that FOX News would be available at all times on in-cabin televisions on its ships. In the past, shipboard television programming in real time has been limited by the ship's geographical location as well as complex regulatory and licensing parameters.

Some lines including Radisson Seven Seas, Princess Cruise Line, SilverSea and Norwegian Cruise Lines (NCL) offer hundreds of complete newspapers, downloaded via satellite and printed on demand each day. Internet 'cafés' for passengers and crew are considered a basic amenity throughout the industry and, with few exceptions, lines offer wireless connectivity for guests and crew that wish to use their own laptops to connect to the Internet for e-mail and Web-surfing.

"Passengers have more choices to make regarding the extent to which they wish to remain 'in touch'."

Most recently we've seen the advent of mobile phone connectivity on ships. NCL will offer coverage throughout its fleet this year. Royal Caribbean International recently announced the roll-out of cellular service on its Celebrity and RCCL brands. Managing how passengers use their mobile phones without disturbing others will be important. "We're prepared to address this head-on", said Patrick Manuel of Island Cruises. "This is not a new social phenomenon; for years mobile phone usage has been managed in venues such as movie theatres, classrooms, resorts and churches, wherever people gather including Broadway shows and the finest restaurants."

Lania Rittenhouse, VP of Hotel Operations at NCL and Orient Lines explained, "We con-

sidered this very carefully before introducing the service on our ships. Of course we request that passengers be considerate of others and refrain from using their phones during shows or in the specialty restaurants."

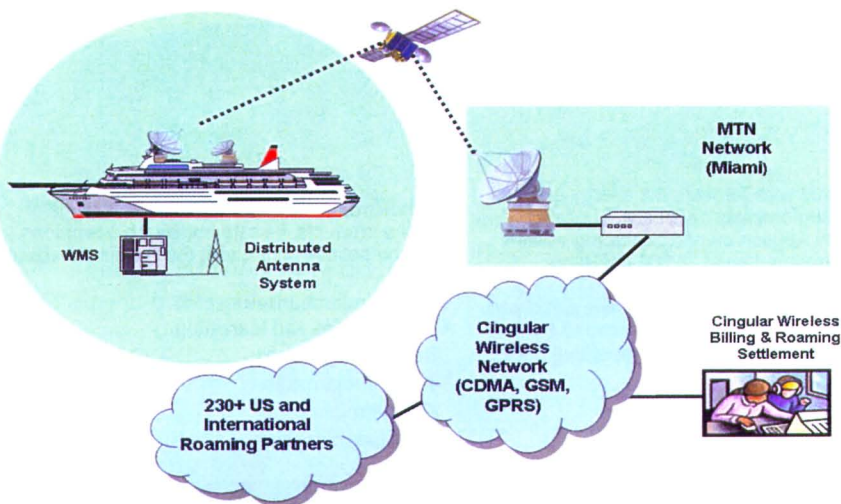
David Stanley, VP of Fleet Operations – Revenue at RCI says, "We offered mobile phone service on select ships for several months as a trial prior to making it available fleet wide. What we found was that most users on our ships are aware of the etiquette surrounding mobile phone use." David added, "RCI uses a combination of methods to ensure that mobile phone users don't disturb other passengers. For example, Cruise Staff introducing entertainment remind guests to turn their phones off or to silent."

With less than a year of usage on most ships it is still too soon to draw conclusions about how the service will impact the industry in general, but patterns of how passengers will use mobile phone service on ships are starting to take form.

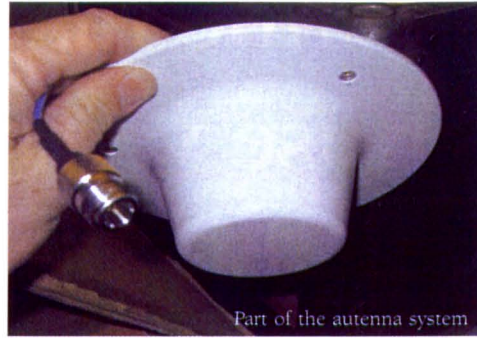
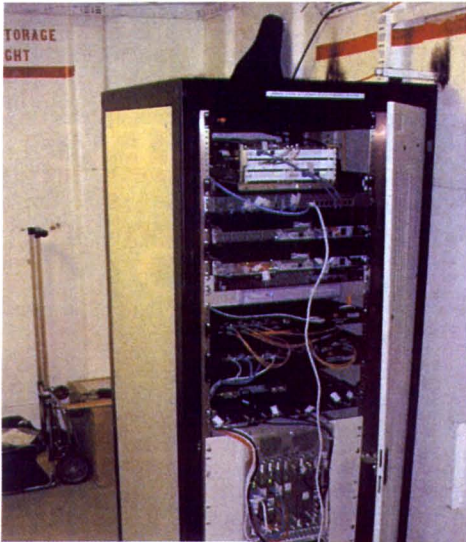
David Kagan, CEO of Maritime Telecommunications Network (MTN), which as part of a joint venture with Cingular Wireless offers mobile phone service on several cruise lines including RCCL, Celebrity, Holland American Line and Island Cruises, reports that "our experience of operating this service over the last year indicates that passengers are embracing this technology. Usage of cabin phones doesn't appear to be changing, but use of mobile phones is definitely growing."

What was a novel concept for cruise ships only a year ago, has now become a 'must have' service for cruise operators in a highly competitive market.

Wireless Maritime Service



Network diagram



The satellite connection on cruise ships is generally based on C-Band technology which is available on a global basis. Ferries generally use a Ku-Band satellite system which operates on a regional basis and while Ku-Band requires a much smaller satellite dish onboard than C-Band, Ku-Band connectivity is subject to signal degradation due to weather conditions such as rain and excessive cloud cover.

The biggest difference however isn't in the technology; it's in the differing market conditions. Most mobile phone plans in the American market place come with nationwide calling included so the concept of 'roaming' is in diminishing usage. A few years ago all North American users were accustomed to paying for roaming out of their home network. Today roaming in the US and Canada has all but disappeared. Europeans on the other hand are more accustomed to the idea of roaming out of their home networks. When using their mobile phones on a cruise ship or ferry passengers are inherently roaming internationally.

Some things to consider regarding roaming on ships include that many Americans do not have international roaming capability enabled on their calling plans unless they request it. Another point is that many users in the European marketplace use pre-paid mobile phone services (approx 50% in the UK as an example), which do not generally support international roaming. While there are emerging standards to allow pre-paid users to roam, for the moment it's not the norm.

As mobile phone service becomes an expected service on cruise ships and longer-range ferries it becomes important to assess what features and functionality users will gravitate towards over time. It's widely believed that data services will grow in usage dramatically over the next couple of years but what data service is used for will likely vary greatly from one market to another. For example, Web-surfing from hand-held devices hasn't really taken off; SMS (short message service or text message) is used extensively in many parts of the world, but only minimally in the North American market.

As the cost declines, e-mail service on Blackberry and similar devices using GPRS data technology is no longer exclusively the busi-

“Managing how passengers use their mobile phones without disturbing others will be important.”

ness tool of senior executives and usage of these devices is growing rapidly.

Kagan of MTN says that “we offer GPRS data service on all the ships where WMS provides mobile phone service. For the moment the majority of the traffic on our systems is voice, people making and receiving phone calls on their mobile phones, but we're confident that data services will be very important going forward.”

Offering mobile phone service on cruise ships and ferries is definitely not a one-size fits all endeavour.

C&F

Zebras and horses

Zebras and horses may appear to be similar in many ways, but there are fundamental differences between them. The same can be said for offering mobile phone service on cruise ships and ferries.

Mobile phone service has been offered on some European ferries for a couple of years. While the general idea is the same as the service offered on cruise ships there are a couple of key differences.

The American market is divided almost equally between two cell phone technologies, GSM and CDMA. This means that ships that carry primarily American passengers will have to support both types of service, effectively doubling the expense to install the service and requiring a complexly separate electronic infrastructure and a different set of roaming agreements. Europeans all use the GSM protocol so the ferries in that market only need to support GSM.

