# **ITINERARY DEVELOPMENT**



## **OUR OBJECTIVE: PROFITABILITY OPTIMIZATION OF CCL SHIPS**

#### Which ship should go where and for how long?

#### **Home Ports**

- Where do we want to <u>source our</u> guests from?
  - ✓ How much of our capacity do we want to allocate to each market (e.g. South Florida, West Coast, US vs Europe, etc)?
- What are the <u>risks we want to</u> <u>manage</u>? (economy, currency, contract with ports, berth preference)

#### **Itineraries**

- How diverse should our itineraries be?
  - ✓ Cruise length
  - ✓ <u>Destinations</u>
- How can we design itineraries balancing costs, revenue and marquis value?
  - ✓ Costs: fuel, port costs, head taxes, etc
  - ✓ Marquis value: yield in ticket price based on itinerary attractiveness
  - ✓ Non ticket revenue: shore excursions...

80+ main itineraries

## Current

20+ homeports

#### **Destinations**

- What are the <u>most attractive</u> <u>destinations</u> for our guests?
  - ✓ Pre & post cruise evaluations
  - ✓ ....
- & the most attractive destinations for CCL?
  - ✓ Costs
  - ✓ Shorex revenue
- How can we improve destinations?
  - ✓ New destinations
  - ✓ New attraction: a la Mystic Mountain in Ocho Rios
  - ✓ Or simply delivering a better experience so a destination is also "acceptable" for non shorex guests; e.g. Belize



# **ITINERARY DEVELOPMENT PROCESS**

Financial performance metrics



Consumer Insight



Sister-ship Profitability

- Net ticket revenue
- Net OBR
  - Bar
  - Casino
  - Gift Shops
  - Shorex
  - etc.
- Normalized fuel costs
- = Gross Margin / sailing

- Preference
- Satisfaction

#### Per ALBD:

- Net ticket revenue
- Net OBR
  - Bar
  - Casino
  - Gift Shops
  - Shorex
  - etc.
- Normalized fuel costs
- = Gross Margin / sailing



## FINANCIAL PERFORMANCE/ SAILING = TICKET + OBR - FUEL COSTS

Ship profit

= Sum of

Itinerary(ies) revenue

**FUNCTION OF:** 

**Ticket revenue** 

+

**Shorex Pre Sales** 

+

**On Board Revenue** 



FUNCTION OF: Guests profile

Attractiveness of destinations (pre sales and guest satisfaction)



**FUNCTION OF:** 

**Guest sourcing Destination development** 

Itinerary(ies) cost

**FUNCTION OF:** 

Fuel

**Port Costs** 

Shipping Handling expenses related to destinations



**FUNCTION OF:** 

Speed, distance, time in port vs at sea, ....



FUNCTION OF: **Destination, itinerary sequence** 



# 2 SHIP ITINERARIES WITH VERY DIFFERENT PERFORMANCE

# Financial performance

### Consumer Insight

Bahamas	
Sun	HOMEPORT
Mon	Fun Day at Sea
Tue	Fun Day at Sea
Wed	<b>Port Canaveral</b>
Thu	Nassau
Fri	Freeport
Sat	Fun Day at Sea
Sun	HOMEPORT

Lower fuel cost

Higher shorex revenue

Poor guest feedback

### Eastern Caribbean

Sun **HOMEPORT** Fun Day at Sea Mon Fun Day at Sea Tue **Grand Turk** Wed Thu **Half Moon Cay** Fri Freeport Sat Fun Day at Sea Sun **HOMEPORT** 

Higher ticket revenue

Same On Board Revenue

Higher fuel cost

Higher gross margin

Guests' favorite place to visit Half Moon Cay



# **METRICS TO REVIEW FOR SAME SHIP/DIFF ITINERARIES**

- How do the occupancy levels vary between Bahamas and Eastern Caribbean?
- How about the net ticket revenue?
- On board revenue?
- Total net revenue?
- How does the fuel cost compare?
- Lastly what is the gross profit?
- What makes the guests happier on a port by port basis?



# TAKEAWAYS...

- Itinerary development goals:
  - Optimize fleet profitability
  - Strategic capacity movements (East vs West Coast)
  - Focus on guest sourcing (example do we add capacity to home ports with attractive "drive market" guest sourcing?)
  - Enhance itinerary diversity (same old?)
- Itinerary evaluation process:
  - Financial
  - Consumer insight
  - Internal benchmarks

