# APR 422 FALL 2021 - FINAL PROJECT CLIENT BRIEF

**CLIENT: Royal Caribbean Cruise Line (RCCL)**



You have been challenged by the marketing team at Royal Caribbean Cruise Lines to help them increase their bookings and brand share after a devastating shut down caused by the global COVID-19 pandemic. They offer the following information to inform your strategic planning:

Since their launch in 1968, Royal Caribbean Group has grown to be the world’s second-largest cruise company (behind Carnival), operating four global brands: Royal Caribbean Cruise Line (RCCL), Celebrity Cruises, Azamara and Silversea Cruises. They are known for offering exceptional service, innovative ships, a variety of itineraries (over 1000 destinations on all seven continents), and value-based pricing across all brands.

The RCCL brand operates 26 ships offering nearly 90,000 berths, including the brand’s newest vessel, Symphony of the Seas (the world’s largest ship with a capacity of 9,000 passengers and crew). Competing in the premium segment, RCL offers the most affordable pricing of the RCI brands, appealing to families with children of all ages, as well as older couples, by offering a casual ambiance incorporating a variety of activities and entertainment venues at a relatively affordable price. Because of their ability to deliver extensive and innovative product offerings at an excellent value to consumers, RCCL is well positioned to attract a wide variety of consumers to cruising as well as bring loyal repeat guests back for their next vacation.

When considering the 4P’s, RCCL offers:

**PRODUCT:** RCCL operates more ships than any other cruise line, including the majority of the “mega ships” (accommodating 5,000 or more passengers). Each one offers unique features, including a growing number of innovative entertainment options and dining experiences. See <https://www.royalcaribbean.com/cruise-ships> for more information.

**PRICE:** RCCL is in the premium price category. Pricing varies based on cruise length, cabin choice, destination and time of year, but at an average price of $3,000 for a 7-day cruise for two, they are more expensive than some brands and less expensive than others in their category. RCCL’s direct competitive set includes:

* Carnival Cruise Line
* Disney Cruise Line
* Holland America Line
* Princess Cruises
* Norwegian Cruise Line
* MSC Cruises
* Costa Cruises

Additionally, all cruise lines compete with land-based vacation providers such as Disney Parks and Las Vegas, as well as all-inclusive resorts like Sandals and Beaches. Moreover, these land-based competitors have had a distinct advantage during the COVID-19 pandemic, which forced cruise lines to cease operation for over a year.

**PLACE:** RCCL offers cruises to all seven continents, with North America representing 47% of their cruise guest sourcing, Europe at 25%, and Asia/Pacific representing 24%. The other 4% of passengers originate in Caribbean ports. See <https://www.royalcaribbean.com/cruise-destinations> for more information on their departure ports and cruise destinations.

**PROMOTION:** RCCL and their ad agency (J. Walter Thompson) have developed a series of successful strategic branding campaigns over the years, including “Get Out There”(2000-2008), “The Nation of Why Not” (2009-2011), “The Sea is Calling (2012-2015), and “Come Seek” (2016-2019). They have also supported major pricing promotions (e.g. WOW sale, 60% off Second Guest) at various times to lure both new and previous customers to book another cruise vacation with RCCL. For a sampling of their past TV commercials, visit: <https://www.ispot.tv/brands/A28/royal-caribbean-cruise-lines>.

***🡪 Due to the pandemic, RCCL now wants to promote their enhanced safety protocols and “Cruise With Confidence” guarantee, which allows guests to cancel their cruise vacation for any reason up to 48 hours prior to sailing, and receive full credit toward a future sailing.***

**TARGET AUDIENCE:**  Cruise tourism has undergone tremendous growth over the past decade, with the number of ocean cruise passengers worldwide increasing from 17.8 million to 30 million. While a broad spectrum of consumers choose to cruise for a variety of reasons, RCCL is most interested in focusing on Adults 35-49 with children and seniors aged 55+ (who have made up a sizable percentage of their business in the past) for their first post-pandemic campaign. Additionally, the majority of their bookings are made by travel agents (vs. direct booking through RCCL’s website) – so they need to consider this important target audience as well.

The motivations for choosing a particular cruise line (and ship) varies based on the target audience, with parents looking for family adventure and memorable experiences, and seniors focused on dining options, ports of call and pricing. Although these two target segments have dominated RCCL’s bookings in the past, *given the COVID-19 pandemic, the question now is who will be most willing to book a cruise in 2022?* RCCL is interested in your research and insights about the psychographics of their likely consumers in the coming year (risk takers, optimists, value seekers?), as well as how and where RCCL can best communicate with these audiences about their new safety protocols and Cruise with Confidence guarantee. The goal is to capitalize on these consumers’ drivers and minimize their barriers to book a cruise vacation with RCCL in 2022 and beyond.

**BUSINESS CHALLENGE:**  **THE COVID-19 PANDEMIC**

The COVID-19 pandemic has had a devastating effect on Royal Caribbean. When the industry was shut down in March 2020, RCCL’s stock price dropped from $132.32 per share to a low of $19.25 in early 2021. Also, bookings dropped dramatically, resulting in a $4.5B loss in 2020 following a profit of $896.8 million in 2019. Despite RCCL’s “Cruise with Confidence” offer, uncertainty about when the cruise lines will start sailing again (combined with concerns about exposure to the COVID-19 virus while on board) is holding many consumers back from placing future bookings. Contributing to this hesitation is the ***requirement of a $500 non-refundable deposit per booking, with final payment due 90 days prior to sail date.***

RCCL’s marketing team understands that you can’t buy your way out of a crisis, so a 100% advertising approach won’t effectively address their primary business challenge. To turn things around, a strategic blend of *paid* (e.g., advertising, sponsorships, endorsements, etc.), *owned* (e.g., website enhancements, email campaigns to loyal customers, etc.), and *earned* (e.g., positive press and blog coverage and social media conversations) channels will be essential to calm consumer fears and get future bookings back on track. RCCL needs to first convince consumers that their financials are solid. Fortunately, their stock price has recently risen to over $80, and they have enough capital to withstand their current revenue losses through the end of 2023. To address virus-related concerns, they need to communicate to consumers that they are implementing enhanced protocols in virus prevention, detection and response that are informed by the recommendations of world-class experts in public health and science. Lastly, they need to assure consumers that can expect the same quality experience in terms of service, dining, entertainment and safety from RCCL once cruising is allowed to resume.

RCCL’s focus on ensuring consumers’ expectations of stability, safety and a quality experience will boost their ability to compete with other cruise lines (and land-based vacation alternatives) to attract new customer bases. Whether this strategy will be enough to rekindle traveler demand now that cruise lines have begun to resume operations remains to be seen. On a positive note, a recent CLIA survey indicated that 74% of previous cruisers are likely to cruise again in the next few years and two thirds are willing to cruise within a year. Even more promising is that 58% of non-cruisers say that given the heightened attention to safety, they are likely to consider a cruise vacation in the next few years. Given this scenario RCCL has established the following objectives for 2022:

**BUSINESS OBJECTIVE:** Increase bookings by 15% by the end of 2022. *This will require overcoming consumers’ concerns about investing a $500 non-refundable deposit to secure their reservation, and full payment 90 days in advance.*

**MARKETING OBJECTIVE:** Increase market share by 10%. *This will require promoting RCCL’s advantages over their competitors (innovative ships, extensive ports of call, quality experience, safety protocols, Cruise with Confidence, etc.)*

**COMMUNICATIONS OBJECTIVES:** Add 500,000 new potential customers to their email subscriber base, increase RCCL website visits by 25%, and generate 5 million (positive) social mentions about RCCL by the end of 2022.

**CAMPAIGN BUDGET:** $25M for January-December 2022