

# The Impact of the New Crown Epidemic on the Cruise Industry

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## Abstract

**The New World epidemic has brought a huge negative impact on the international cruise industry. Cruise ships have been suspended worldwide and large cruise companies have been seriously damaged. However, with the control of the epidemic and the improvement of the cruise structure, the cruise industry will still recover and develop rapidly. The following is the text of a normative discussion of this issue.**

## Keywords

**New Crown Epidemic, Cruise Industry, Opportunities and Challenges.**

## 1. Introduction

The Covid-19 epidemic in 2020 will undoubtedly be a huge challenge for the cruise industry. Although it has entered the post-epidemic era, the global epidemic situation is still not optimistic, and most cruise companies are still facing the dilemma of stopping flights. The cruise industry is one of the most active and rapidly developing industries in the modern tourism industry. In the post-epidemic era, how to realize the economic recovery of cruise tourism and promote the more stable development of cruise industry in the future is the topic to be discussed in this paper.

## 2. Body

### 2.1 Definition of Cruises and Cruise Holidays

Cruises were originally means of transport for transporting goods or passengers. Until the early 1900s, some cruise ships began to provide passengers with limited amenities, such as room and restaurant services. In the middle of the 20th century, air travel was booming. In order to increase competitiveness, cruise companies began to develop the concept of cruise holidays.

Cruise holidays began to flourish in the 1980s, which attracted a lot of cruise companies to join in, and invested in building more luxurious facilities, richer programs, and more displacement of cruise ships, making the cruise into a luxury sea resort. Cruise ship is called "destination without destination", "floating resort on the sea", is an indispensable part of the world tourism and leisure industry. Cruise travel has become an important part of the international tourism industry. According to statistics, in 2006, the total passenger volume of global cruise transportation has reached millions. Modern cruise ships are tourist, just like mobile hotels, which have all kinds of entertainment facilities on board, and are tourist destinations. The industry is very large in Europe and the United States. There are 300 to 400 cruise ships sailing every day to more than 100 countries and regions in the Caribbean, the Bahamas, Bermuda, Alaska, Hawaii, the Gulf of Mexico, the Mediterranean, Northern Europe and so on.

### 2.2 The influence of new crown epidemic on domestic and foreign cruise industry

Cruise is not only a way of travel, but also a form of enjoying life, providing quality services for a large number of tourists. Germany mayer shipyard, shipyard Finn candy of Italy is a cruise ship manufacturing industry, basic operating cruise the world come from the hand of the two yards, and royal Caribbean carnival of the United States is the world's two biggest carriers, cruise lines have been flourishing in recent years, development is getting better and better. But this year we met a world event -- new outbreaks, outbreaks have huge impact tourism, the epidemic has been spread faster than expected, infections in a sharp rise in every day, has a huge impact on shipping market, especially with the outbreak of diamond princess events, is to let the cruise industry's prospects are grim. The

cruise industry has a history of nearly 200 years, and 2020 will be the first year since World War II that global cruise ships will be grounded. Even the world's three biggest cruise lines have struggled during the industry shutdown. Cruise lines with no revenue are losing money every day, and even the big ones have had to borrow to stay afloat during the industry's winter.

As the operating body of cruise tourism, cruise companies have lost their income source after the large-scale shutdown of global cruise, and major cruise companies are in a state of continuous loss. Financial statements of the world's three largest cruise groups show that by the third quarter of 2020, Carnival Group, Royal Caribbean Group and Novi Regent Group had net losses of US \$8 billion, US \$4.4 billion and US \$3.3 billion respectively. It is expected that the average monthly cash consumption in the fourth quarter will be US \$530 million, US \$270 million and US \$175 million respectively. According to incomplete statistics, at least 7 cruise companies have declared bankruptcy in the state of continuous loss. Under the epidemic, local cruise ships "China Taishan", "Gulangyu" have been suspended so far, according to the Bohai Ferry 2020 semi-annual report data, "China Taishan" Bohai Cruise Co., Ltd. in the first half of 2020 net loss of 34.2316 million yuan, has exceeded the enterprise in 2019 annual net profit of the loss

The number of Chinese-funded cruise ships, including the five-year-old Bohai Sea cruise "Zhonghua Taishan", is increasing, and the product coverage is also getting wider. In addition to cruise companies, cruise ports have also been significantly affected by the outbreak. Taking domestic coastal cruise ports as an example, berthing business is the main source of income for cruise ports. After cruise ships stop sailing, the revenue sources associated with berthing, such as ship supply, ticketing service, advertising business, etc., also stagnate, and the comprehensive income of cruise ports is almost zero. However, the cost of cruise port enterprises will not drop significantly due to the decrease in berthing volume. As an asset-heavy enterprise, the depreciation cost of cruise terminal is unavoidable, and the daily operation and maintenance cost of the terminal is also relatively fixed. For domestic cruise port enterprises, because most of them are state-owned enterprises (or state-owned assets holding), they will not take measures such as layoffs and salary cuts to deal with the reduction of their main business, and it is difficult for them to reduce their management costs as much as international cruise companies. On the one hand, there is a sharp decline in revenue; on the other hand, there is no proportionate reduction in costs. For years, ports relying solely on the berthing business of cruise ships have been burdened with great operating pressure due to the lack of berthing volume. Under the COVID-19 epidemic, the operation of cruise port enterprises has suffered more serious impact.

### **2.3 The state of the cruise market in China**

Over the years, the operators in China's cruise tourism market are mainly international cruise companies. Under the circumstance that international cruise cannot resume sailing as soon as possible in a short period of time, relevant domestic enterprises have been building up their strength and looking forward to exploring the progress of cruise tourism in the "Chinese road" under the condition that the domestic epidemic is effectively controlled. In addition to the Star Tour ocean-going ship "Gulangyu", which will be delivered in 2019, Blue Dream Cruises took over the original diamond cruise ship "Huihuang" and renamed it "Blue Dream Star" and completed the shipyard renovation. In 2020, China Merchants Shekou and Virgin Cruises will establish a joint venture, the original Virgin Cruises under the "Virgin Sun" as the assets of the joint venture, plans to fly the five-star red flag operation. Costa Atlantic was officially delivered to China Ships Carnival Cruises Co. Ltd.

Because of the Diamond Princess incident, people have formed a fear of cruise ships, which has exposed a lot of problems. First is cruise to deal with emergency disposal ability is not enough, the ship can provide medical equipment co., LTD., unable to cope with a wide range of diseases of emergencies, the second is the structure problem, in general, most cruise cabin is airtight, due to the cruise ship generally use central air conditioning system and ventilation system, the entire cruise air is interconnected, cruise the toilet of negative pressure system is interlinked, then with virus aerosols, is likely to spread through these channels.

### 2.4 We have acted accordingly

However, with the control of the epidemic, the leisure service sector has a clear trend of recovery. Overall, the cruise tourism consumption market has great resilience and demand. According to data from China Cruise Industry Development Report (2020), cruise bookings in 2021 are expected to increase by 40% compared with 2019, according to data from booking website CruiseCompete, of which 11% are from tourists who have cancelled their travel plans in 2020. According to an online survey of more than 4,600 cruise passengers by cruiseCritic.com, 75 percent of those surveyed plan to resume the same trips as before after the outbreak is over, with some even saying they will take more trips once the outbreak is over. Swiss banking giant UBS reported that 76 percent of cruise passengers chose to change their tickets rather than get a refund. States that this is a cruise consumer demand temporarily hide not disappear, puts forward higher requirements on cruise ship operation, Chinese cruise industry development report (2020) pointed out that the influence of COVID - 19 outbreak, the global cruise and port health and epidemic prevention system to further improve, tourists and the crew of the epidemic prevention consciousness, improve the safety consciousness, the safety of the cruise, epidemic prevention ability is also facing a higher request.

### 2.5 A vision of the future

Despite the impact of the epidemic on the cruise market, the consumer demand is still very high, and the cruise industry has a development history of nearly 200 years, which is a way for many people to enjoy life. Cruise ships and planes, trains and other vehicles, are intensive crowd public places, the risk is not bigger than the former two, and compared with other means of transport, the cruise have a more complete separate medical facilities and medical personnel, especially the cruise can discharge the suffering of eastlands, so more suitable for older seniors and family outings. That is, you can play in public places, or you can go back to the independent cabin to rest without being disturbed. The journey is relatively comfortable, without disturbing each other, and each takes what he needs. Major cruise, LNG liquefied natural gas (LNG) ship and aircraft carrier is known as the shipbuilding industry of the pearl of the three, and in 2018 the Chinese group in China with Finn candy's shipyard in Italy and the United States of carnival corporation signed a major cruise together 2 + 4 of the contract, to build the first chinese-made large ship, marked the our country also started to enter the major cruise market. Shanghai Waigaoqiao Company took over this task. In view of the cause of the outbreak, it is also constantly improving the cold air ventilation system of the cruise ship, which shows that our country is very optimistic about the prospect of the cruise industry.

## 3. Conclusion

So while the new outbreak of crown to the international cruise industry development has brought the unprecedented negative effect, but the market still is favored, because consumers have very high enthusiasm and the recognition on a cruise or, a lot of people want to try that everything on the ship's entertainment experience, and with the outbreak of controllable slowly, economic recovery, tourism has been recovery, the overall demand is still very high, not only such, cruise the cold air system is improved, the crew's safety awareness has been improved.

We can actively introduce policy guidelines to promote the recovery of the domestic cruise industry. In addition, we should actively cooperate with the implementation of policies to prepare for the landing of domestic airlines. In addition, we should formulate comprehensive policies for the cruise industry at the national level to encourage the development of the whole industrial chain. Therefore, although it has caused a huge impact in the short term, the cruise industry will continue to develop and make steady progress in the long term.

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