Globalisation of Cruise industry

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Abstract

Globalisation of cruise industry is emerging as one of the locus point in the tourism sector across the world. Due to the increased attention on the cruise business and its effect on the overall economy, this paper will thoroughly focus on the analysis of the cruise industry and the accelerative thinking of the worldwide cruise markets. In the paper, there will be deep analysis and exploration of various fragments within globalization such as McDonaldization, Americanization, as well as de-territorialisation. Throughout the paper, different sections will look at the importance as well as downsides of these different sub-divisions experienced in the process of global cruise globalization. In conclusion, there will be an attention on the future trends and performances expected in the cruise industry, in addition to the reflection on what has already happened in the cruise industry and the current status of the industry.

Key words: **Globalisation, Americanization, Internationalisation, Flags of convenience as well as Neoliberal Globalisation**

Introduction

Tourism is becoming a rapidly growing sector in the global economy, offering various avenues. Globalization can closely be connected to a great amount of concepts. In the Tourism sector, as CLIA, (2004) puts it, Globalization can vividly be referred to as the way of linking uneven as well as imbalanced growth with the relationships of power to create new tourism destinations, communications and global developments. According to CLIA, (2004), globalization has greatly enhanced the application of neoliberal systems; where free as well as opens market have emerged across the world thus creating economic globalization as well as the international communication between diverse cultures and diligences, all this through the help of

technology. Cruise industry is increasingly becoming marked up with rapid enlargement of ports as well as new-fangled ships that remain to contribute to the evolution of the industry (Wood, 2000).

According to Chin (2008) globalization can result to enormous benefits as well as downsides to diverse categories of businesses. Since early 2000s, as stated by Dwyer and Forsyth (2008) the emergence and growth of the cruise industry has been guided by various elements like internationalization, neoliberalism and flags of convenience, which have had a lot of impact to the growth and development of this sector.

Globalisation of Cruise

According to Mamun (2013), it is evident that the global cruise industry has evolved up to become one of the rapidly globally growing sector, with a massive number of around twenty million estimated to have taken cruise vacation back in 2013. According to Bloom (2013) the leading top three market leaders in this industry are the Carnival Corporation, Royal Caribbean international as well as Star cruises who own 50% 24 % and 13% of the world cruise market consecutively.

One key special aspect of the cruise industry as noted by Schwartzman (2001) is the fact that in this industry, globalization is not only focused on where the cruise ships are ending but also where the customers are normally coming from across the globe. So, as Wood (2000) notes in his study, the more customers continue to opt to use the cruise in their journeys' the more there is an increased feeling of internationalization within this sector. To tap more of these upcoming opportunities cruise lines are beginning to own more brand globally.

Mamun (2013) claims that with more upcoming destinations for instance Asia, it can be said that the global cruise industry will continue to experience a rapid global growth. There a large number of consumers using cruise services across the world. Being the key holders to opening new ideas, destinations as well as innovations, the augmented number of consumers has to change with time as per the consumers' demands thus causing all the cruise lines to be open up to new ideas, destinations as well as innovations (International Transport Workers' Federation, pp.52, 2013).

Americanization of the cruise industry

For some time now, the global cruise industry is progressively becoming more affected by the Americanization of culture. Craig, Douglas and Bennet (2009) states that the American culture is progressively growing its influence on other European cultures across the globe, a factor that is in a huge way impacting on the operations of the cruise industry. As Babski (2014) identifies, the impact of Americanization is highly influencing the cruise industry, with over 34% of the cruise market global deployment trends on the Caribbean coming solely from North America.   .

Cruise industry, is a sector that has been highly affected by the Americanization process. In this industry, as noted by Craig, Douglas and Bennet (2009) Americanization in the Cruise industry has been manifested by the amplified use of entertainment values like the use of televisions, Cinema as well as music in cruise ships. Initially, as noted by Craig, Douglas and Bennet (2009) there was no such practice evidenced onboard in the cruise ships, however, due to the rapid penetration of the Americanization influence in the industry, cruise ships are largely embracing the use of these materials and cultural values on almost all board cruise ships.

Cruise Market Watch (2013) states that Americanization has in a huge way enhanced the creation of global uniformity in the sector, as the industry is currently beginning to blend different cultures into one. This has led to circumstances where there are no leaders or followers in the industry in the 21st century (Coles and Hall, 2008). Through Americanization, the global cruise industry has become so focused on the effort of promoting the cruise ship as its own feature.

Disneyfication

According to the market watch (2013) Disneyfication serves as another crucial part of the Americanisation influence as its helps in the creation of a sense of a "novel" place that can have no relation to any other land or space as it gives the feeling of a special experience. According to the Coles and Hall (2008) Disneyfication theming in the cruise industry has attracted a lot of tourist who have been eyeing for a way to spurt from their real life working experience; as it offers them a chance to have a vacation full of fun experience as well as the feeling of relaxation whenever they go on a holiday. However, Coles and Hall (2008) also note that Disneyfication has created a lot of cruise ship resistance from different regions such as Venice, where the locals fear that the cruise ship passengers coming to their towns and regions may end up eroding the traditional culture they have been used to.

De-territorialisation

As noted by Babski (2014) the modern development experienced in the cruise ships has created a very unique scenario whereby the cultures as well as communities which used to take a center stage on the people's existence are being rendered less important. Supporting the Babski literature, Hrvole (2010) states that with the new trend in the cruise ships, where there is a

multimillion venture into novel, more ground-breaking and interminably-bigger vessels offering multi-story errands centers, eateries, as well as espresso bar and taverns.

As Hrvole (2010) continues to explain, the provision of various services in the cruise ships such as eateries has created a uniform platform where the customers can enjoy their vacations without any cultural barriers. Cruising News, (2012) also notes that with the ability to carry out a wide variety of entertainment services such as on the oasis of the seas, and other facilities like pools, theatre as well as casinos, the cruise industry has to a large extent managed to create de-territorialisation as it has allowed many tourist a chance to stay on the cruise ships as it was an-all inclusive in its own rights.

Flags of convenience

Flags of convenience refer to the country's in which different cruise ships are registered under. According to the Reeve (2012), the flags of convenience have been under existence for a very long time, but it is only in the beginning of the 20th century, that it got linked to the globalization of the cruise industry in an attempt to decrease the charges that was being charged to access the cruise services then. For instance, as noted by Brida and Zapata (2008) various destinations such as the United States of America have high cost labour though it has extremely high security standards. According to Reeve (2012) the cost of making and regulating a ship in such areas with high cost labour could not create the superlative probable profit as well as the economies of scale for the cruise line business. International Transport Workers' Federation, (2013) notes that the issue of cost has forced the international corporations in the cruise industry to choose various endpoints like Bahamas as well as Panama, which were known for their low labour cost to serve as the flags of convenience as the condition in these regions could allow the

cruise lines to reduce their cost on income taxes, employment cost due to the conducive labour laws that were existing in these regions.

According to Mamun (2013) flags of convenience in a huge way allows the cruise lines to lower their cost of operation in the international labour market, thus creating a very conducive working environment to the cruise line crews. However, as noted by Dehoorne, Murat and Petit-Charles (2008) to some length, the cruise ships have been critiqued for being retitled as floating sweatshops, due to their extended hours, lack of day off, little time off as well as stringent working environments.

According to Mamun (2013) this has to some degree created a huge opportunity to the cruise organization in general. As indicated by Reeve (2012) cruise lines can opt to utilize these settings to create a wealth of opportunities so as to lower their cost of operation. For instance, as Dowling (2006) notes, the employment of the cruise lines crew can come from various different nations such as the Philippines, who may send their hard earned wages back to their families in Philippine, however, for the cruise industry, this can be termed as cheap labour.

Neoliberalism

Going by the definition from Duffy (2013) neoliberalism can be termed as the act of lowering the trade barriers, lifting of regulations so as to enhance the enactment of free markets. The global cruise market and the neoliberalism are closely connected, simply because, in the current era, the cruise ships are becoming economic neoliberal cocoons. According to the Bloom (2006) the universal cruise organization are speedily coming up with new ways in which to tap new markets, build brand consciousness as well as market their ships as floating resorts. Wood (2006) states that the economic effect of cruise organization can largely be questioned because,

nowadays, with the increased modification in the international cruise industry, majority of cruise ships are becoming neoliberal stations.

Brinda and Zapata (2010) also recognize that there has been a lot of assumption adjoining the matter of security of state of open trade as well as free market. According to them, there is largely a huge weakness on the international governance in the cruise industry. As noted by Cohen and Cogen (2012) the increased privatization in the industry, in addition to lack of strict regulations, there is an increased governance threat in the global cruise industry. This put the future of the globalization of the cruise industry at a very vulnerable position. Bloom (2006) also notes that the lapse in the governance may be force the cruise industry to liberalize the regulations in the sectors, a factor that may end up making it harder for the cruise lines to trade openly.

McDonalization

As stated by CLIA (2004) the global cruise industry has increasingly been experiencing a huge increase of passengers since the beginning of the 21ˢᵗ century. The now mass market cruise vacations are showing signs of McDonaldization. According to Hjalagar (2007) the gigantism of the cruise industry generates rivalry between cruise lines and while the reputation of cruise breaks intensifies, the aptitude to keep up with the demand increases also. Klein (2011) states that the cruise organizations have a consolidated organization, however the true decisions are made by the clients themselves; this can generate a continuous universal rivalry between cruise firms which can produce global homogenization

The Cruise Industry Competition

Threat of New Entrants

(Hrvole, pp.43, 2010) states that Cruise industry key player's faces low threat from the new entrants due to the numerous barriers of entry and exit related with the tremendously high cost of acquiring or retailing a lone cruise ship. Additionally, as stated by (CLIA, pp.27, 2013) there is huge amount of capital required to preserve and fare a voyage line, with a pivotal impact on various characteristics and approaches related to structural and administration issues. McFadden (2013) states that equally, the bargaining supremacy and ability to take advantage of economies of scale existing in the in the modern cruise industry are also largely affected by the proportions of the market in twofold dissimilar and opposing ways. For instance, as noted by (Hrvole, pp.43, 2010) the presence of a small number of shipbuilders and technology inventors in this sector has in a huge way forced the cruise firms to agree to take the huge prices and costs presented to them; secondly, the large number of dealers of ship apparatus, fuel and food products permits them to snip for the best prices.

Bargaining power of buyers

McFadden (2013) states that the bargaining power of buyers is low across the industry. However, with the rapid growth in the industry, new firms are penetrating in the marketing, creating a competitive environment, that Bloom (2013), anticipate that it will progressively increase the bargaining power of buyers.

Threat of Substitutes

As mentioned above by Bloom (2013), Cruise industry is dominated by three main firms. There is one key factor that has reduced the threat of new entrant in this industry. According to Jaakson (2004) the huge capital requirement, not only for the initial startup cost, but for the growth and development of the firms are so huge, such that the new firms are getting it hard to effectively compete with the three- well established firms. Jaakson (2004) also notes that the three- already established firms have created a huge barrier by investing into more innovative and modern ships equipped with modern equipment to enhance customers' comforts, thus reducing the chances of emerging firms to introduce competitive substitutes.

Bargaining power of suppliers

According to Bloom (2013) Cruise industry is dominated by three main players as noted above. These three firms are Carnival Corporation, Royal Caribbean international as well as Star cruises. Being the main players as stated by Reeve (2012) these firms have enjoyed a huge bargaining power, as the numbers of people who want to access to the cruise services continue to augment. Bloom (2013) notes that the three firms, enjoy the advantage of having the hugely needed modern equipment's, such as well-equipped ships, a factor that is allowing them to have a huge bargaining power to the industry.

Rivalry between current competitors

According to Jaakson (2004) Cruise industry is dominated by three key firms that are increasingly competing for the customers across the globe. As noted by Bloom (2013) the rivalry between these three firms is with time increasing, as the look to outdo each other when it comes to the provision of modern ships. All the three firms are largely competing on the provision of luxury, premium and contemporary services. (CLIA, pp.24, 2004) claims that because of the

high intensity of rivalry in this industry, there has been high rate of marketing operations, innovation and brand image as they serve as the vivacious basics in such a modest profitable setting.

Recommendations

One of the important factors the cruise industry must keep up to date with is the rapid change in technology. As Royal Caribbean (2014) states, this sector is largely being influenced by the technology change, so for cruise lines to keep up with the market changes, they have to invest heavily on the adoption and application of the newly emerging technologies. This will be the only way the company's will have a better opportunity to stay viable as well as to run more ably.

Additionally, the industry must put a lot of effort in the line of environmental conservation, to ensure the cruise lines have become as environmentally friendly as possible. As Torres (2002) notes, this is because the future of the cruise industry is at the hands of consumers, and with time, the consumers are increasingly becoming environmental sensitive. So, to get the support needed, all the cruise lines ought to uphold good environmental measures.

Conclusions

On the short term period, the ever rising prices of fuel, existing economic downturn as well as the increasing diverse armed conflict in addition to the political instability across the globe, the cruise industry is becoming direly affected. In spite its exponential growth, the short term basis of this industry is on the edge as the key factors of the economy are worsening on a daily basis. For the last ten years, many cruise line firms have been ordering new as well as innovative ships annually. However, this was only viable when the world economy was stable.

With the current economic downturn, the dollar is depreciating thus becoming more unfavorable in the exchange rate. This has forced many cruise firms to begin cutting back their fleet as well as reviewing their demand plan down. If not keenly checked, this trend may cut short the progress of this key promising global industry in the world.

With the increased competition, Cruise firm companies should begin focusing on more emerging market such the evolving Asian markets. Other crucial countries such as the Middle East, Brazil, Greenland Amazon as well as the Antarctic regions, correspondingly offer very promising cruise market for the upcoming industries in the sector.

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