

# THE Next GENERATION

By Fred Gebhart

Climbing walls. Outdoor spas. Naked passengers. Blogs. MIG fighter flights. All-night port calls. The list of cruise industry innovations grows with every rendition. Cruise lines are happy to talk about

After the Boomers pass through, Gen X and then Echo Boomers will be buying cruises, based on entirely different expectations and demands

what's new, less happy to talk about why so much is new.

Like land-based resorts, cruise lines have discovered that customers in different age groups have different expectations, look for information in different places, and respond to different marketing cues. But where resorts and hotels have largely sussed out what distinguishes Baby Boomers from Generation Xers and Echo Boomers, cruise lines are learning Generational Marketing 101.

"Cruise lines are still thinking in terms of demographics and psychographics," said generational marketing consultant Phil

"Resorts are way ahead because they, some of them anyway, are marketing to generations, not to specific ages. Baby Boomers have responded to the same cues since they started buying and they will respond to the same cues until the day they die. GenXers

"There are dramatic differences between the generations and there are more generations than ever before. What makes one generation happy may infuriate another."

— Maddy Dychtwald, Age Wave



Goodman, president of San Diego-based Generographics. Demographics measure age and income, psychographics track personality traits and preferences.

and Echo Boomers follow the same pattern. Cruise lines that don't start marketing to generations are going to fall even farther behind their competitors on land."

Who really cares? Cruise ships are full, resorts are full, even RV parks are full.

Anybody who wants to keep those numbers healthy should care a lot, Goodman said. The long-running boom in travel is all about demographics, not savvy marketing. Baby Boomers are the biggest generation on record, nearly 77 million strong. The oldest Boomers are hitting 60, the youngest are 42. Those are prime years for both business and

## LINE TARGETS GEN **X**ers

Keep a sharp lookout. London-based Stelios Haji-Ioannou aims to do to Carnival, Royal Caribbean, and the rest of the cruise industry what Herb Kelleher did to American, United, and the rest of the legacy airline industry.

Two ships, easyCruiseOne, 170 passengers, and easyCruiseTwo, 100 passengers, may not seem like a threat to an industry with 350,000 berths that expects to carry 15.1 million passengers this year. But Southwest Airlines didn't seem likely to roil the comfortable world of airline profits back in 1971.

"What sets us apart from the rest of the cruise industry is flexibility," explained easyCruise marketing director Paul Ellerby. "We can give our passengers anything from two nights on board to 14 nights. We have unbundled the cruise product and let the customer choose what they want to do and what they want to pay for."

Where discount airlines simply slash costs and fares, easyCruise takes a more surgical approach. It is going after the 20 to 40 year-old Generation X market; no passengers under 14 and no special facilities for oldsters. Not even Disney Cruise Line, with its focus on the Disney experience, has set its sights on a single generation.

"The average age for cruisers in the UK is 53.5 years old," Ellerby said. "Our average age is 33, but you have to remember that we do not carry children. We are the one cruise line that truly focuses on the young adult market and young adults are who we carry."

The young adult market is one that easyCruise owner Stelios (he prefers the single name) knows well. He targets GenXers with 15 easyGroup companies selling everything from air travel (easyJet) to cell phone service (easyMobile) to job placement (easyJobs), movie tickets (easyCinema) and watches (easyWatch). The twin keys to Stelios' empire are brilliant orange livery and easy — as in cheap, simple, and as many frills as the customer is willing to pay for. Whatever the product, Stelios unbundles the elements and sells exactly what customers want to buy.

Take cruising. The total cost of an easyCruise voyage is not much different from a discounted mass market package. But instead of paying one price covering accommodation, meals,



and activities on board, easyCruise prices them separately. The basic rate for summer, starting at \$13 per double cabin per night, covers accommodation, period. Everything else, from meals to housekeeping services and fresh linens more than once every few days, costs extra.

"Our customers are independent fun seekers," Ellerby explained. "They are willing to pay, but they absolutely do not want to pay for things they don't use. Whether you use the climbing wall or not, you are paying for it in your ticket. The savvy traveler realizes that. Our customers want good value for their money and they want to buy what they want, not what a cruise line decides to give them."

There is no ballroom on easyCruise, no pool, no spa, no captain's cocktail party. There are only two restaurants and minimal shore excursions. The vessel is transportation and relaxation, not destination.

"It's an interesting concept with appeal for the more independent types of travelers," said Scott Knutson, Carnival's senior vice president of sales for the Southeastern U.S. "But it is not the same experience as a cruise vacation. It is more focused on the destination than on the ship."

easyCruise's real focus is on ports in the Mediterranean, the Caribbean, or a Brussels-Antwerp-Rotterdam-Amsterdam river itinerary. Ships spend long hours in port, typically early afternoon to early morning. Departure rarely comes before 4 am and can be as late as 8 am. The idea, Ellerby said, is to give passengers time to sample as many restaurants, beaches, sports, clubs, and other onshore entertainment as their bodies and budgets allow. And when the average passenger age is 33, they can sample a lot.

Does that kind of generational marketing have legs? Ellerby says it does. So does Stelios, who has signed letters of intent to build two ships in Greece with an option for a third. The first delivery is slated for 2009. Until then, Ellerby said, easyCruise is hunting for partners. The line's second vessel, easyCruiseTwo, is a joint venture between easyCruise and Holland-based Boonstra River Line.

"We are bringing in never-before cruisers," Ellerby said. "There is just not enough independence with other cruise lines to attract these kind of customers. We give them choices." — F.G.

leisure travel, so it's no surprise that occupancy is trending up across the board.

The crunch comes when Boomers start slacking off on travel. There are only 46 million GenXers, barely 65% of the Boomer market. Any travel seller who doesn't start bringing that next generation into the picture now will be out of customers and out of business in very few years.

That's because the next generations are already buying, Goodman said. Boomers are signing most of the credit card slips, but they aren't making the buying decision when it comes the fastest-growing segment of the cruise market, families. Hard to believe? Wander the nearest supermarket or computer game outlet. The Boomer who pays the tab

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has veto authority, but the kids and grandkids are picking the products.

**Decision Makers vs Purchasers**

Cruise lines have recognized the power shift by adding more kid-friendly and young adult-attracting features—think rock climbing walls, different kid clubs for different-aged kids, and adults-only spa areas. Marketers who are not actively courting those younger decision makers are already losing market share even as their absolute numbers rise.

One solution is to focus on a specific generation. British operator easyCruise is targeting GenX “fun seekers” (see sidebar, on page X). But most cruise lines are trying to be all things to all generations without ever using the G word.

“Our product appeals to children of all ages,” said Alice Norsworthy, senior vice president of marketing for Royal Caribbean Cruise Line. “The appeal of a climbing wall or a FlowRider goes beyond any age range.”

Carnival is taking a similar tack.

“We need to work on the overall product, not tailor that appeal to any one age group,” said Scott Knutson, senior sales vice president for the Southeastern US.

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“Younger passengers like their independence and adventure. Independent activities like jeep rentals appeal all ages, not just to a certain subset.”

Marketing to particular personalities or attitudes is a step in the right direction, said Maddy Dychtwald, vice president of San Francisco-based consultants Age Wave. But generational marketing

<b>GENERATIONS</b> BY THE NUMBERS			
<b>Generation</b>	<b>Born Between</b>	<b>Age</b>	<b>Size</b>
<b>Senior</b>	1915-1935	71-91	55 million
<b>Forgotten</b>	1936-1945	61-70	28 million
<b>Baby Boomers</b>	1946-1964	42-60	76.5 million
<b>Generation X</b>	1965-1976	30-41	46 million
<b>Generation Y/Echo Boom</b>	1977-1994	12-29	72 million

*Source: Generographics, www.Generographics.com*

is more cost-effective.

“There are dramatic differences between the generations and there are more generations than ever before” in the traveling public, Dychtwald said. “What makes one generation happy may infuriate another.”

Baby Boomers, born between 1946 and 1964, want luxury and don’t care what it costs. If they don’t get what they want, expect loud complaints.

Generation X, born between 1965 and 1976, are more concerned with convenience, excitement, and technology. If it isn’t fun and good value, Xers aren’t there.

Echo Boomers, born between 1977 and 1994, grew up with technology.

Woe betide the hotel or cruise ship that can’t support the techno-oriented lifestyle they enjoy at home.

**Selling the Generations**

All three generations share a common trait: Whatever they want, they want now. Today’s consumers grew up in

good economic times. They have high expectations and low thresholds for denial. Say “I can’t” and they’re more likely to walk than compromise.

The most successful retailers already segment marketing by generation. In Kansas City, Mark Comfort drove his Cruise Holidays franchise to the top of the chart by targeting customers with

very specific media selections. He relies heavily on radio, including a weekly “Vacation News” show every Saturday.

Radio is so effective, Comfort said, because it is so specific. Different generations have distinct music preferences. Regardless of chronological age, musical tastes revolve around bands and songs that were popular during the formative teen years.

Other radio stations focus on GenXers and Echo Boomers. Using specific stations lets Comfort target specific segments without spending on other segments that are less likely to respond to a particular pitch. A sweet deal might lure Xers while a luxury deal targets Boomers for the same ship. Pitch “great price” and both groups will likely tune out.

That kind of market segmentation suits cruise lines. Big lines are using big ships to offer something for everyone, from once-exotic amenities like cell phone access and wireless internet to boxing rings (RCCL) and bowling alleys (Princess). Smaller lines with smaller ships are exploiting market niches based on destination or cruise style such as coastal Vietnam (Cruise West) and paddlewheel steamboats in coastal Alaska (American West Steamboat Co.).

Whatever their expectations, Boomer, GenXer, and Echo Boomer all expect a cruise that fits their own needs and other generations be damned.

“It’s because you can stay connected now. We’ve had clients who work on their computers in the morning and then spend the afternoon with family.” ☞