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ANALYSIS OF THE WORLD CRUISE INDUSTRY

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Abstract

The paper explores the causes and consequences of dynamic growth on global cruise market. Research objectives are to determine the new trends in cruising and to identify challenges and opportunities facing the cruise industry in the future. The findings show that there is a growing demand from all the world source markets, especially from the Asian market; cruising to all the regions is present, an increasing number of ships are located in the Asia-Pacific region, developing new cruise destinations; cruise ships are getting bigger; all creating a positive impact on the global economy. The increased demand, environmental, social and cultural impacts on visited destinations present many challenges to cruise lines and to destination communities.

Key words: *cruise industry, trends, cruise destination, challenges*

1. INTRODUCTION

The cruise industry had a dynamic growth over nearly 40 years, created in the beginning by demand from North America but more recently by growing demand from Europe and the rest of the world, China and Australia in particular. The companies increased the number of ships and berths on the market and enriched their supply with the introduction of newer and larger ships that can offer a big variety of on-board activities.

At the beginning of the 80s there were slightly less than two million cruise passengers, at the end of 80s there were four million passengers, end of 90s nine million, and in 2017 nearly 27 million cruise passengers. According to estimates in 2018, there were 28.2 million and in 2019, 30 million passengers are expected on cruise lines internationally (Cruise Lines International Association (CLIA), 2019 Cruise trends & Industry Outlook). The findings show that the cruise industry continues on a growth trajectory. The paper explores the causes and consequences of dynamic growth of demand for cruises, changes in the supply and demand, identifying trends, new source markets and cruise regions as well as challenges and opportunities facing the cruise industry in the future. The research was conducted on the basis of available secondary data sources.

The cruise industry has a huge potential to continue the growth and develop new cruise regions. The rapid growth of the tourism industry represents an opportunity to contribute to the economic development of places and countries visited but it also opens up the question of sustainable development, environmental impact and carrying capacity.

2. CRUISE INDUSTRY OVERVIEW

Since 1980, the demand for cruising worldwide has increased from 1.8 million passengers to 26.75 million in 2017. Over the period 1980 - 2017 demand for cruising has risen by annual growth rate

7.5%, while mainly land-based tourism has risen by annual growth rate 4.9% (from 285.9 million in 1980 to 1.32 billion tourists in 2017).

Table 1 International arrivals and the number of cruise passengers in the world, 1980 – 2017

Year	Tourist arrivals in mil.	Annual growth rate (%)	Cruise passengers In mil.	Annual growth rate (%)
1980 – 1985	285,9 – 327,2	2.3	1,8 – 2,8	7.7
1986 – 1990	338,9 – 458,2	6.2	3,3 – 4,5	6.4
1991 – 1995	463,9 – 565,5	4.0	4,92 – 5,67	2.9
1996 – 2000	596,5 – 681,3	2.7	6,5 – 9,72	8.5
2001 – 2005	680,3 – 802,0	3.3	9,92 – 14,47	7.8
2006 - 2010	846,0 - 952,0	3.0	15,11 – 18,8	5.6
2011 - 2017	983,0 - 1326,0	5.1	20,6 – 26,75	4.5
1980 – 2017	285,9 – 1326,0	4.9	1,8 – 26,75	7.5

Source: Calculated from World Tourism Organisation (1995). Yearbook of Tourism Statistics Vol. 1 & Vol. 2 (1995). Madrid: UNWTO; World Tourism Organisation (2002). Yearbook of Tourism Statistics 1995 – 1999, 1. Madrid: UNWTO; World Tourism Organisation (2001). Tourism Highlights, 2001 edition. Madrid: UNWTO; World Tourism Organisation (2007). Tourism Highlights, 2007 edition. Madrid: UNWTO; World Tourism Organisation (2012). Tourism Highlights, 2012 edition. Madrid: UNWTO; World Tourism Organisation (2018). Tourism Highlights, 2018 edition. Madrid: UNWTO; Ban, I. (1998). The World Cruise Market (II). Economic Thought and Practice, 7 (1); 10.G.P. Wild (International) Limited and Business Research & Economic Advisors (BREA) (2007). Contribution of cruise tourism to the economies of Europe, 2007 edition. Brussels: European Cruise Council; World Tourism Organisation (2007). World Tourism Barometer, 5 (2). Madrid: UNWTO; G.P. Wild (International) Limited and Business Research & Economic Advisors (BREA) (2012). Contribution of cruise tourism to the economies of Europe, 2012 edition. Brussels: European Cruise Council; G.P. Wild (International) Limited and Business Research & Economic Advisors (BREA) (2018). Contribution of cruise tourism to the economies of Europe, 2018 edition. Brussels: Cruise Lines International Association (CLIA) Europe;

The dynamic growth of demand for sea cruises has prompted companies to invest in the construction of new and larger ships. With the introduction of new, larger ships, companies are increasing the number of berths on the market and enriching their offer. Passengers are offered a wide variety of itineraries around the world ranging from two days to three months, but also the choice of the most modern equipped and designed ships.

Table 2 Cruise ships by size, 1997 - 2017

	1997		2007		2017	
	No ships	GT % share	No ships	GT % share	No ships	GT % share
Up to 20.000 GT	111	19	92	6	64	3
20.000-50.000 GT	66	36	69	17	62	10
50.000-80.000 GT	35	43	53	29	63	21
80.000-100.000 GT	-	-	31	22	46	20
100.000-150.000 GT	1	2	24	26	56	33
150.000 GT +	-	-	-	-	16	13
Total	213	100	269	100	307	100

Source: Institute of Shipping Economics and Logistics (ISL) (1997). World Cruise Fleet Development. Shipping Statistics and Market Review, 41, (7), p. 38; Institute of Shipping Economics and Logistics (ISL) (2007). World Passenger and Cruise Shipping. Shipping Statistics and Market Review, 51 (8), p. 41; Institute of Shipping Economics and Logistics (ISL) (2017). World Passenger and Cruise Shipping. Shipping Statistics and Market Review, 61 (8), p. 6 & 15

Over the last twenty years the size of cruise ships has changed significantly. In 1997 cruise ships were up to 80,000 tons, with a capacity of up to 2,000 passengers, except Carnival Destiny, a Carnival Cruise Line. It was the first ship with over 100,000 gross tonnages (GT), built in 1996 (Peručić, 2013, p.39).

Cruise ships were getting bigger and their number has been increasing on yearly basis. During 2007 there were 24 cruise ships in the fleet and in 2017 there were 72 ships of over 100,000 GT of which 16 ships over 150,000 GT (table 2).

Table 3 Ten biggest cruise ships in 2017

Ship name	Cruise line	Gross tonnage	No. passengers	Year built
Harmony of the Seas	Royal Caribbean International	226,963	5,496	2016
Allure of the Seas	Royal Caribbean International	225,282	5,400	2010
Oasis of the Seas	Royal Caribbean International	225,282	5,400	2009
MSC Maraviglia	MSC Cruises	171,598	4,500	2017
Anthem of the Seas	Royal Caribbean International	168,666	4,180	2015
Ovation of the Seas	Royal Caribbean International	168,666	4,180	2016
Quantum of the Seas	Royal Caribbean International	168,666	4,180	2014
Norwegian Escape	Norwegian Cruise Line	165,157	4,266	2015
Norwegian Joy	Norwegian Cruise Line	165,157	3,900	2017
MSC Seaside	MSC Cruises	160,000	4,140	2017

Source: Ward, D., (2017). *Cruising & Cruise Ships 2018*. London: Berlitz Publishing, p. 47

The leading cruise corporations invest in large ships. The largest ship in 2017 was Harmony of the Seas of Royal Caribbean International (built in 2016, with 226,963 GT). During 2018, the company launched a new ship of the same class Symphony of the Seas, with a 227,700 GT, which took over the title of the world's largest ship (Ward, 2017, p.47). Royal Caribbean International today has four ships of the same class (Symphony of the Seas, Harmony of the Seas, Allure of the Seas and Oasis of the Seas), with approximately the same tonnage and number of passengers.

According to the orderbook (updated January 15, 2019) 125 ocean ships are on order in the 2019 - 2027 period. The average size is 90,536 tons, the total number of berths is 269,498 and the average capacity is 2,227 passengers. The total value of ships on order is \$69.8 billion, the average price/berth is \$259,100 and the average cost is \$577 million. From 125 ships on order 32 are expedition ships (size 4,900 – 30,000 GT), eight coastal ships (size 5,148 – 15,812 GT); 57 ships are over 100,000 GT (21 over 150,000 tons, 9 over 200,000 tons). Seven ships are China/Asia market dedicated vessels (size 135,000 – 204,000 tons) and 25 LNG powered vessels (140,000 – 200,000 tons + Ponant 30,000 tons) (Cruise Industry News, Cruise Ship Orderbook). The increasing number of expedition ships confirms the growing demand for this type of cruises.

Table 4 The 15 top ranking cruise shipping companies 2017

Owner/Operator	Country	No. ships	GT (1000)	Berths	GT-% share	Average age
Carnival	USA	103	8959	229,655	43.0	13.6
RCCL	USA	39	4410	107,811	21.2	14.3
NCL Group	USA	25	2077	50,475	10.0	11.7
MSC	Switzerland	14	1520	40,396	7.3	9.8
TUI Group	Germany	16	940	24,166	4.5	19.8
Genting Group	Malaysia	9	681	16,420	3.3	19.7
Disney Cruise Line	USA	4	426	8,520	2.0	12.0
Viking Ocean Cruises	Norway	4	192	3,712	0.9	1.2
Silversea Cruises	Italy	9	183	2,864	0.9	20.8
Cruise & Maritime Voyages	UK	5	169	4,628	0.8	50.7
Fred Olsen Cruise Line	Norway	4	125	3,785	0.6	35.2
Phoenix Reisen	Germany	4	124	3,154	0.6	30.2
Louis Group	Cyprus	4	98	3,940	0.5	33.2
SkySea Cruise Line	China	1	72	1,778	0.3	21.7
Windstar Cruises	UK	6	56	1,234	0.3	27.9
Others		60	794	21,980	3.8	27.0
Total		307	20827	524,518	100.0	17.2

Source: Institute of Shipping Economics and Logistics (ISL) (2017). *World Passenger and Cruise Shipping. Shipping Statistics and Market Review*, 61 (8), p. 9

Four large corporations dominate the cruise market. They account for 81,5% of the total gross tonnage and the total number of berths. Two leading global corporations - Carnival Corporation and Royal Caribbean Cruise Lines have over 64% of the total gross tonnage of world cruise ship fleet, followed by NCL Group with 10 % and MSC with 7.3% (Table 4).

The purpose of business consolidation was to enter in the new attractive regions/destinations and new source markets. Business consolidation brought numerous benefits to cruise lines, such as: access to finances, technology and information, entrance to international markets/distant regions, possibility of diversification of cruise market segments by adding different brands and expansion of growth trajectory. Today, all regions are included on cruise itineraries.

Table 5 Three largest corporations and their brands

Carnival Corporation	AIDA Cruises Carnival Cruise Line Costa Cruises Cunard Line Holland America Line P & O Cruises P & O Cruises (Australia) Princes Cruises Seabourn
Royal Caribbean Cruises	Azamara Club Cruises Celebrity Cruises Pullmantur Cruises CDF Croisiere de France Royal Caribbean International
Norwegian Cruise Line	Norwegian Cruise Line Oceania Cruises Regent Seven Seas Cruises

Source: Ward, D., (2017). *Cruising & Cruise Ships 2018*. London: Berlitz Publishing, p. 130

At least 14 new companies are lined up to enter the cruise industry in the next two years. Their plans range from billion-dollar new vessels entering the mainstream market to smaller ultra-luxury ships and even retirement homes at sea. Among the new operators to enter cruise industry are The Ritz-Carlton Yacht Collection, Virgin Voyages, Scenic Luxury Cruises, Mystic Cruises, Zen Cruises (target the Indian source market), CTS (for China market), Grupo Vidante (Mexican operator), Pampa Cruises (will sail in South America year-round), Blue World Voyages (offering active lifestyle cruising), Storylines (a residence cruise ship concept), Cruise Retirement (a retirement lifestyle at sea, with a residence ship concept) (Cruise Industry News, 14 New Operators to Enter Cruise Industry in Next 2 Years).

The data suggests that new operators will mainly offer cruises with smaller ships tailored to specific market segments. The Ritz-Carlton Hotel Company LLC and Virgin Voyages should be singled out as companies with strong brand that have been successfully doing business for many years. The Ritz-Carlton Hotel Company LLC, operating five-star resorts and luxury hotels worldwide, launched The Ritz-Carlton Yacht Collection. The Ritz-Carlton Yacht Collection will offer voyages on the three custom-built yachts starting in 2020. Each yacht will feature 149 suites, and accommodate up to 298 guests (The Ritz Carlton Yacht Collection). Virgin Voyages is the cruise line company launched by Virgin Group founder Sir Richard Branson. The maiden ship is The Scarlet Lady will be geared toward adults, as an 18-year-old age requirement will be held in order to board (Virgin Voyages).

3. THE LEADING REGIONS/DESTINATIONS

Geographical expansion of the cruise industry is rising. The markets that were previously just symbolically represented today are very much present. The Caribbean is still the largest sailing region, representing approx. 40% of the worldwide cruise market.

The share of the Asian-Pacific cruise region increased from 8% (2013) to 15.7% (2017), and the Mediterranean decreased from 19.6% (2013) to 13.6% (2017) (Table 6.). Cruise lines reposition some of their ships to regions that they want to develop as source markets and new regions/destinations. They are enriching the offer, offering new itineraries to their faithful travellers and at the same time creating a new market and contributing to the popularisation of cruising and the development of new ports of call and port of embarkation. Today, short cruises are offered, cruises lasting several days, several weeks or more than a few months, thematic cruises, cruises around the world, expedition cruises, etc. There is almost no region today that passengers cannot visit on one of these trips.

Table 6 Major Sailing Regions in the 2013 – 2017 period (% share) (total bed-days)

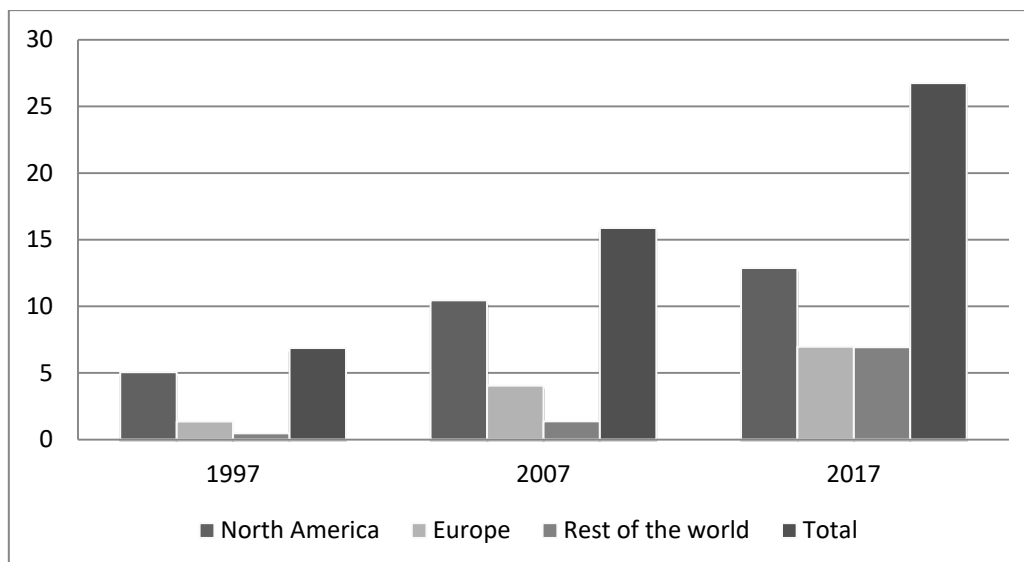
Region	2017	2016	2015	2014	2013
Caribbean	38.9	38.4	39.9	42.2	39.5
Asia/Pacific	15.7	13.5	10.4	9.1	8.0
Mediterranean	13.6	16.1	17.9	17.7	19.6
North/West Europe	9.0	9.2	8.5	9.0	9.4
Australia	4.3	4.3	3.0	2.3	2.9
Alaska	3.9	4.0	4.1	4.2	4.6
West Coast	3.3	3.7	4.2	3.5	2.2
Canary Islands	2.0	1.9	2.3	2.1	2.0
South America	2.0	1.5	2.6	2.6	3.3
Trans-Atlantic	1.3	1.4	1.4	1.4	1.6
Bermuda	1.2	1.5	1.2	1.2	1.1
Canada/New England	1.2	1.0	1.1	1.1	1.3
Indian Ocean/Red Sea	1.2	1.2	1.0	1.0	1.4
Hawaii	0.9	0.9	1.0	1.0	1.2
Africa	0.5	0.5	0.5	0.6	0.6
Panama Canal	0.5	0.4	0.5	0.5	0.7
Domestic Waterways (U.S.)	0.3	0.3	0.3	0.3	0.3
Antarctica	0.1	0.1	0.1	0.1	0.1
World	0.1	0.1	0.1	0.1	0.1

Source: Cruise Industry News (2019). Annual Report 2019. Available at: <https://www.cruiseindustrynews.com/annual-cruise-industry-report.html>, (Accessed on March 3, 2019)

The most popular cruising area among the cruise passengers are Caribbean and Mediterranean. In recent years Asia's region has become the area with biggest growth in cruise sector. The cruise industry has been quick to respond to the demand for cruise travel in Asia by delivering cruise ships with facilities and experiences tailored to Asian travellers. Expansion of the cruise market in Australia and other new world destinations in also noted.

4. SOURCE MARKETS

The cruise industry has enjoyed dynamic growth motivated initially by demand from North America and more recently by growing demand from other regions, especially Europe, China and Australia.



Source: Compiled from World Tourism Organization (2003). *Worldwide Cruise ship Activity*. Madrid: UNWTO, p. 27; G.P. Wild (International) Limited and Business Research & Economic Advisors (BREA) (2013). *Contribution of cruise tourism to the economies of Europe, 2013 edition*. Brussels, p. 11; Cruise Lines International Association (CLIA) Europe; G.P. Wild (International) Limited and Business Research & Economic Advisors (BREA) (2018). *Contribution of cruise tourism to the economies of Europe, 2018 edition*. Brussels: Cruise Lines International Association (CLIA) Europe, p. 10

Figure 1 International demand for cruises 1997 – 2017 (in million passengers)

Although the number of cruise passenger from North America increased from 5.05 million to 12.87 million in 1997- 2017 period, the region's relative share of the total market has declined from 73.5% in 1997 to 48% in 2017. Over the same period, Europe market share increase from 19.8% in 1997 to 26% in 2017. The largest changes are recorded in the "Rest of the world" category; the number of cruise passengers increased six times (from 0.46 to 7 million) and almost equalled the number of passengers from Europe. "The Rest of the World" has seen the most significant growth in both passenger numbers and market share (Figure 1).

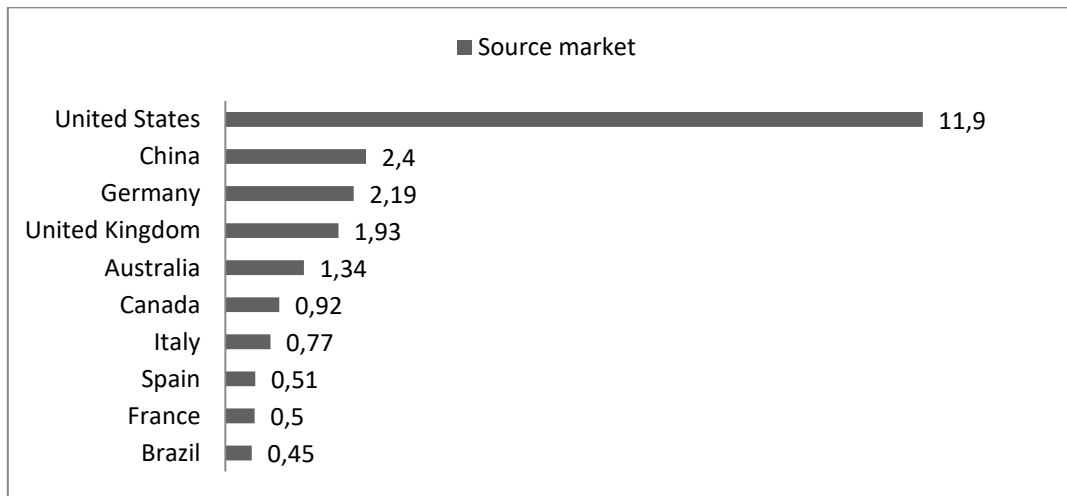
Table 7 International demand for cruises 2013 to 2017 (in million passengers)

	2013		2014		2015		2016		2017	
	No. pax	% share	No. pax	% share	No. pax	% share	No. pax	% share	No. pax	% share
North America	11.75	55.5	12.04	52	12.00	52	12.26	49	12.87	48
Europe	6.36	30	6.39	27	6.46	28	6.79	27	6.96	26
Asia	1.21	5.7	1.69	7	2.06	9	3.37	13	4.06	15
Australasia	0.84	4	0.99	4	1.13	5	1.37	5.5	1.44	5.5
Rest of the world*	1.02	4.8	2.24	10	1.42	6	1.37	5.5	1.43	5.5
Total	21.18	100.00	23.34	100	23.06	100.00	25.15	100.00	26.75	100.00

*Rest of the world, includes Mexico, South/Central America, Africa, Middle East, Other

Source: G.P. Wild (International) Limited and Business Research & Economic Advisors (BREA) (2018). *Contribution of cruise tourism to the economies of Europe, 2018 edition*. Brussels: Cruise Lines International Association (CLIA) Europe, p. 10

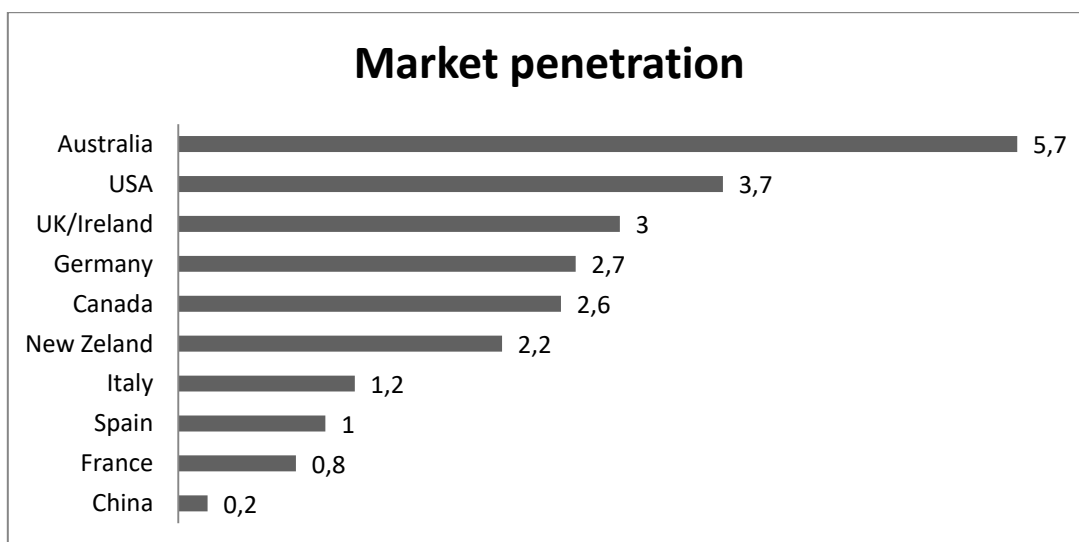
During the last five years the largest growth in demand is recorded from the Asian market and now accounts for 15% of the market share. Significant growth in demand was recorded in Australia and New Zealand, with a share of 5.5% in 2017, as did the share of passengers from Rest of the World.



Source: Cruise Lines International Association (CLIA), 2019 Cruise trends & Industry Outlook. Available at: <https://cruising.org/news-and-research/research/2018/december/2019-state-of-the-industry> (Accessed on: November 23, 2018)

Figure 2 Top 10 source markets 2017 (passengers in millions)

A number of 22.91 million passengers were sourced from the top 10 countries in 2017 which accounts for 86% of global cruise passengers. The United States with 11.9 million passengers was the largest source market, accounting for 45% of global cruise passengers. The following two countries are China and Germany, accounting for 17% of global passengers with a total of 4.59 million passengers. The United Kingdom and Australia had 3.27 million cruise passengers and accounted for 12% of global passengers. Top five source markets generated 19.76 million passengers, about 74% of global cruise passengers.



Source: Cruise Lines International Association (CLIA) Australasia (2017). Cruise Industry Ocean Source Market Report – Australasia 2017, p. 2. Available at <https://www.cruising.org.au/Home> (Accessed on November 3, 2018)

Figure 3 Market penetration 2017 (%)

Australia achieved a population penetration rate 5.7%, followed by USA market with 3.7% and United Kingdom/Ireland with 3% market penetration. China, country with 1,4 billion people (National Bureau of Statistics of China, 2019) and only 0.2% market penetration, records high growth rates of cruising demand over the last 5 years and has a great potential for future growth.

5. TRENDS, CHALLENGES AND OPPORTINITIES

According to Cruise line International Association (CLIA) (Cruise Lines International Association (CLIA), 2019 Cruise trends & Industry Outlook), cruise lines are faced with new challenges, new cruise travel trends:

- Instagrammable cruise travel - With onboard connectivity, cruise passengers are filling Instagram feeds with diverse travel experiences both onboard and on land;
- Total restoration - Cruise lines are offering total wellness experience
- Achievement over experiences – Vacationers are looking for experiences beyond sightseeing
- On-board smart tech - Cruise lines have adopted technology for cruise travellers in order to provide a highly personalized travel experience
- Conscious travel - The cruise industry is more conscientious than ever, working to local destinations to local cultures, landmarks and to minimize environmental footprints
- Access is the new luxury - Travellers are setting sights on destinations that were previously out of reach – some only accessible now by cruise ship – from the Galapagos Islands to Antarctica
- Gen Z at sea - They prefer experiences over material items and are seeking out travel.
- Off peak adventures - Cruising offers some once in a lifetime experiences during colder months including excursions to see the Northern Lights, visiting a penguin colony and touring European Christmas markets
- Working nomad - Combining work with leisure time is on the rise.
- Female-Centred Cruising – Creation of female-centred itineraries based on interests and connecting women with other women;
- Going solo - Solo traveling is rising in popularity. Cruising allows for solo travel without the worry of arranging a ton of details to connect with other travellers.

Cruise lines are successfully adapting to new travel trends delivering cruise ships with facilities and experiences tailored to travellers' needs.

The rapid growth of the cruise industry and increasing number of ports/destinations in itineraries represents an opportunity to contribute to the economic development of the places and countries visited but it also opens up the question of sustainable development, environmental impact and carrying capacity.

There are many studies conducted by cruise lines that deal with economic impact of cruising tourism on local economy. According to study „The Contribution of the International Cruise Industry to the Global Economy in 2017“ (Cruise Lines International Association (CLIA), 2018) cruise tourism generated an estimated \$134.0 billion in total output of goods and services throughout the global economy during, an increase of 6.3% over 2016. As a result of the production of this output, 1,108,676 FTE jobs were required, an increase of 8.5% over 2016. The workers who were employed in these jobs were paid \$45.6 billion in income, a total that accounts for an 11% increase over 2016. But still, cruise tourism development, particularly that of large and mega ships, has negative impacts on visited destination and its development. Cruise companies invest in technology development to decrease the negative impact to the least possible extent. The two major ocean cruising companies, Carnival Corporation and Royal Caribbean Cruises,

posted dedicated annual sustainability reports. Seven companies, namely Norwegian Cruise Lines, MSC Cruises, Disney Cruises, Thomson Cruises, Star Cruises, Genting and Silversea, published some limited information on sustainability (Jones et al., 2016, p.278).

Ports of call are the most important part of any cruise. They provide experiences to passengers and economic benefits to local destination. Impacts can be traced to three drivers, which all stem from the scale of visitation during a condensed period (World Tourism Organization and Asia-Pacific Tourism Exchange Center, 2016, p.38):

1. The development and operations of the physical berthing and tendering of cruise ships at the destinations;
2. The visitor flows of cruise passengers within the destination; and
3. The relationships among players in the value chain when conducting activities related to calling on destinations and resulting visitor flows.

The impact of visitors' flow of cruise passengers within destination is different for each destination, for example island, small town, major city etc. It may lessen its attractiveness and favour among other segments of tourists, who find less authenticity in a mass-scale cruise destination and have unfavourable experiences of overcrowding when sharing their visit with thousands of cruise passengers (World Tourism Organization and Asia-Pacific Tourism Exchange Center, 2016, p.52). Many destinations today are faced with problem of overcrowding, quality of sociocultural experience, cultural degradation and community disruption.

The economic, social, cultural and environmental impact of cruise tourism has been studied very little. For this reason, many island destinations do not have the tools to establish strategies and policies to manage cruise tourism in an efficient manner (Mc. A Beker, 2016, p.3). Numerous cruise tourism destinations also seek strategic options to match the growth of demand with sustainable development. Some authors wonder whether the major players in the cruise industry are taking proactive measures to ensure a sustainable future for cruise tourism while preserving cruise destinations (Brida & Zapata Aguirre, 2008). Not only in developed markets, but also in regions that were previously symbolically present on the world maritime cruise market, due to increased demand, the issue of sustainable tourism in ports / destinations is opening up.

According to Klein (2011, p.114) while it is easy to think about sustainability in terms of shipboard operations, when considering the interaction of cruise tourism with local communities the concept of responsible tourism may be more useful. Ban et al. (2018, p.120) point out that the problems of passenger concentration can be alleviated and gradually eliminated by proactive action and co-operation of all stakeholders including cruise lines and by demand management. Sustainable development of destinations is only possible with a responsible approach to cruise tourism.

6. CONCLUSION

The finding provides a historical overview of cruise tourism development and outlines the trends on worldwide cruise market: rapid growth of cruise tourism, business consolidation, increasing the size of ships, expansion of cruise fleet, diversification of cruise market segments, developing new regions and new source markets, fast - growing Asian market, low market penetration on the most developed cruise source markets etc.

The cruise industry had a dynamic growth over nearly 40 years, created in the beginning by demand from North America but more recently by growing demand from Europe and the rest of the world, China and Australia in particular, increasing 7.5% annually since 1980. Asia's region has become the area with biggest growth in cruise sector and promises great possibilities of future growth. Four large corporations dominate the cruise market. They account for 81.5% of the total gross tonnage and the total number of berths. The growth encouraged investments in larger ships;

the size of ships and the number of ships has increased on a yearly base. According to orderbook 125 ocean ships are on order in the 2019 -2027 period. Increasing capacity allowed cruise lines to expand to new regions and source markets. Today, all regions are included on cruise itineraries.

Cruise lines are faced with many challenges. The biggest challenges for the industry are to continue to build demand, delivering new brands, attractive itineraries, diverse travel experiences both onboard and on land, new ports of calls to attract new passengers and ensure repeat passengers. Cruise lines depend on ports, on their unique experience and attractions for passengers. Rapid growth of cruise tourism often causes overcrowding, cultural degradation and community disruption on visited destinations. Numerous destinations seek strategic options to balance growth of cruise tourism with sustainable development. Environmental, social and cultural effects on visited destinations present many challenges to cruise industry, ports and local governments. In future they will have to work together more effectively to achieve responsible approach to cruise tourism. Social and cultural impacts on visited destinations will present many challenges to industry and to destination communities and local governments. The findings of this paper show that increasing research efforts have to be allocated to responsible cruise tourism.

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