

Marketing Plan

Royal Caribbean Cruise Line



Marketing Background:
Business Review/ Situational Analysis

Company and Product Review:

The Royal Caribbean is an exotic option for a family or couples vacation with headquarters in Miami, Florida. They are the second largest cruise company, equipped with 38 ships. Originally the companies focus was strictly in the North American cruise market, but currently they are expanding to include international sourcing in the United Kingdom, Germany, Norway, Italy, Spain, Singapore, China, Brazil, and Australia. The company's goal is to provide a vacation that one has daydreamed about a thousand times. Royal Caribbean has three separate destination options, traveling either to Alaskan destinations, Caribbean and Mexico destinations, as well as European destinations. Cruises in general have become more popular and widely accepted as a different alternative for a family, or couples vacation. Cruises as a whole cater to all sorts of people creating a large consumer basis that is not focused in on one specific demographic.

Target Market Statement:

The current target market for Royal Caribbean, as stated above, is regardless because they are trying to target everyone. They want their services to accommodate everyone. If it had to be narrowed down, it seems as though they are more heavily targeting families, parents, and kids looking for a different kind of vacation, as well as couples that are looking for a romantic getaway. Target ages would be 25-54, male and female.

Sales and Market Share Analysis:

According to (<http://www.cruisemarketwatch.com/blog1/>), the Royal Caribbean has a 27% global market share making it the second biggest cruise line, next to Carnival. The Royal Caribbean's gross profit from 2009 was 2.9 Billion.
(<http://investing.businessweek.com/research/stocks/financials/financials.asp?ticker=RCL:US>)

Product Awareness and Attributes:

The Royal Caribbean is an established global brand, putting them second in its market. Although the company is well established, The Royal Caribbean wants to increase their awareness by increasing market penetration, diversifying their customer base, and increasing the amount of information about their company generated at local travel agencies. They have various attributes, consisting of; state-of-the-art cruise ships, luxury, variety of itineraries to various destinations, vast array of onboard activities, dining and entertainment, etc.
(<http://www.scribd.com/doc/12812329/ROYAL-CARIBBEAN-CRUISES-LTD-10K-Annual-Reports-20090224>)

Pricing:

The cost is affordable, ranging from \$699.00 - \$1,500.00 per person, which includes sea travel, accommodations, meals and entertainment, not including flight.

Competitive Analysis:

- Carnival Cruise Lines
- Aida Cruises
- Cunard Line
- Disney Cruise Lines
- Oceania Cruise Lines
- Princess Cruise Lines
- Costa Cruises
- Holland American Line
- Norwegian Cruise Line

Demand Analysis:

Cruises have always been popular for an alternative vacation, but because of the decline in our economy, cruise lines in general have had to incorporate discounts on their services to keep the demand strong. Royal Caribbean is expecting a rise in demand this year.

Problems and Opportunities:

Problems:

Ranked second in their market:

Carnival Cruise Line is the largest global operator of cruise ships.

Could face a decline in revenue due to an increase in fuel prices:

As oil prices continue to increase, it will eventually raise the cost to go on a cruise.

Increasing fuel prices will pose a major threat to both the company and the customers.

Poor Economy:

With the declining economy people are spending their disposable income on more practical needs. People are being more cautious with their money and are cutting back on expenses.

Low presence in European market:

Although the Royal Caribbean Cruise Line has a strong market position, it does not have a strong presence in the European markets where there is a high growth in population.

Severe Competition:

There are several cruise lines that offer similar services. Other vacations spots that offer leisure and activity are also competitors.

Uncontrollable weather conditions:

The company operates in an industry where weather is an uncontrollable factor for the company and the guests. It is exposed to any and all weather conditions and has no control over it.

Opportunities:

Demographic Trends:

Leisure travel, especially cruises, is becoming a very favorable trend. According to (www.docstoc.com), baby boomers are believed to generate higher levels of income and spend more on recreation and leisure than any other population segment.

Creating partnerships with other brands to strengthen the overall cruise experience:

As the cruise ship industry continues to grow, it increases the demand for more onboard services. Enhancing the quality of onboard services will result in attracting new customers.

Expand to European market:

Expanding its market will allow them to gain a stronger customer base.

Marketing Plan

Sales Objectives:

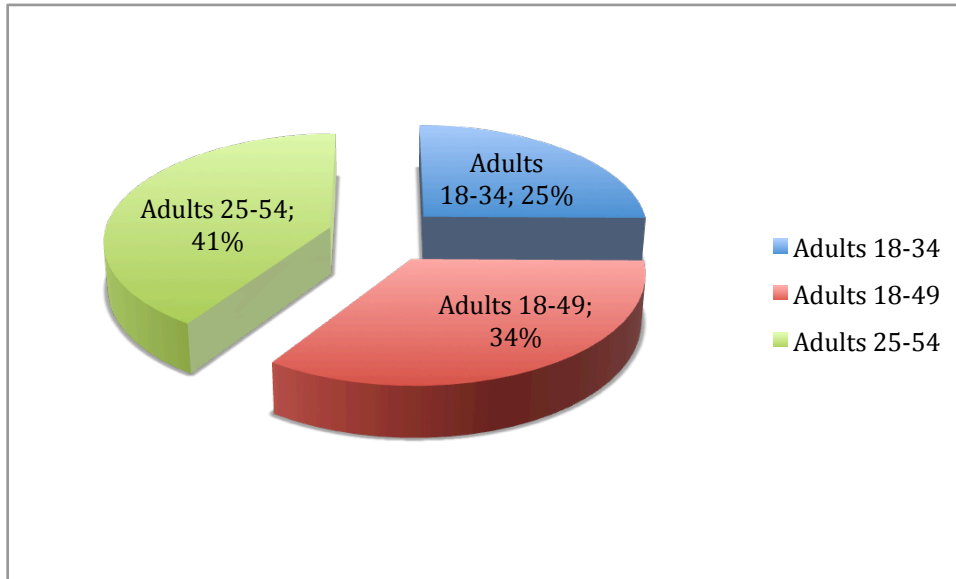
- Increase awareness about Royal Caribbean Cruises in the European market
- Increase the market share by 10%
- Increase the gross profit by 15 million

Target Market:

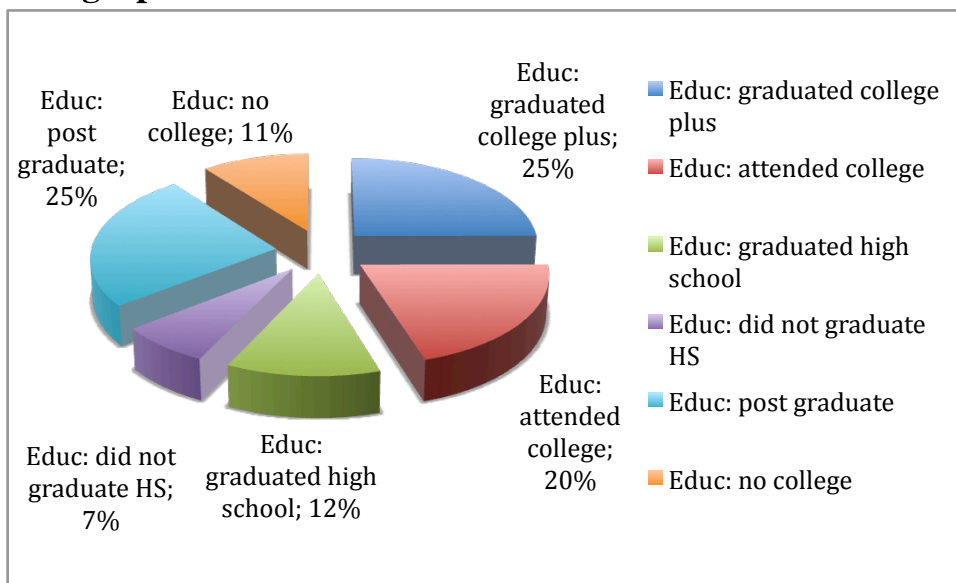
Our target market for the Royal Caribbean is adults ages 25-54. According to the 2008 MRI Consumer Research report, this market currently is 5% more likely to go on a cruise than other age groups. They most likely have graduated college or plus with an average income of \$75,000-\$149,999. Majority of the cruise goers are married with children ages 6-17. These people most likely are family-oriented and want the kids to enjoy the vacation just as much as the adults. They lead a busy life at home and want their vacations to be relaxing. They like to get the biggest bang for the buck, and seek out discounts.

Roy Hutchison, 41 and Tina Hutchinson, 40. Roy is a business partner making \$100,000 salary while Tina is a stay at home mom with their two children Grace, 7 and Thomas, 11. The Hutchinson's are a very active family, always running back and fourth between the kids various activities. Tina is involved with the PTA group at the kid's school. Grace takes ballet lessons while Thomas is a baseball player. Roy and Tina are both physically active at their local gym. On the weekend they like to relax and spend time together as a family.

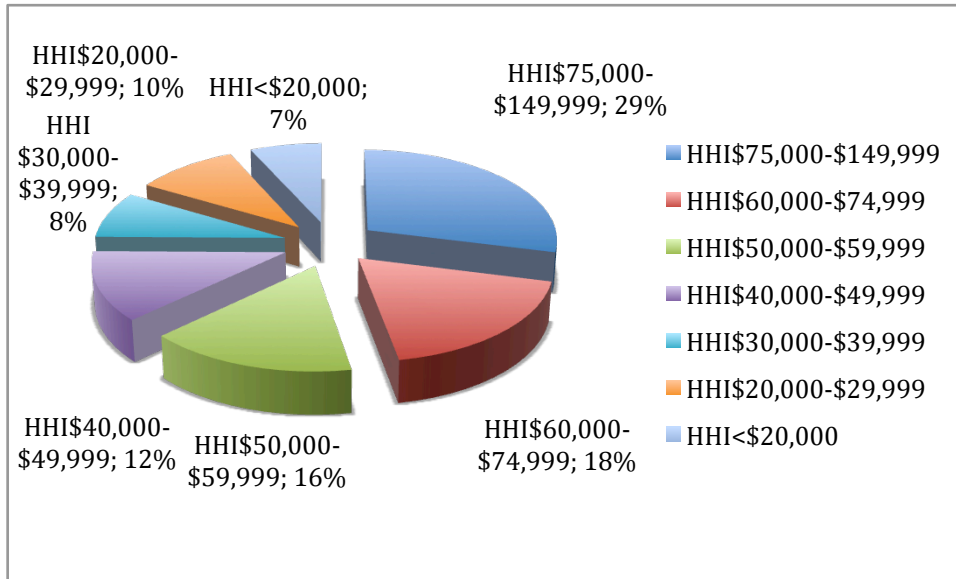
This graph illustrates the likelihood age of cruise goers



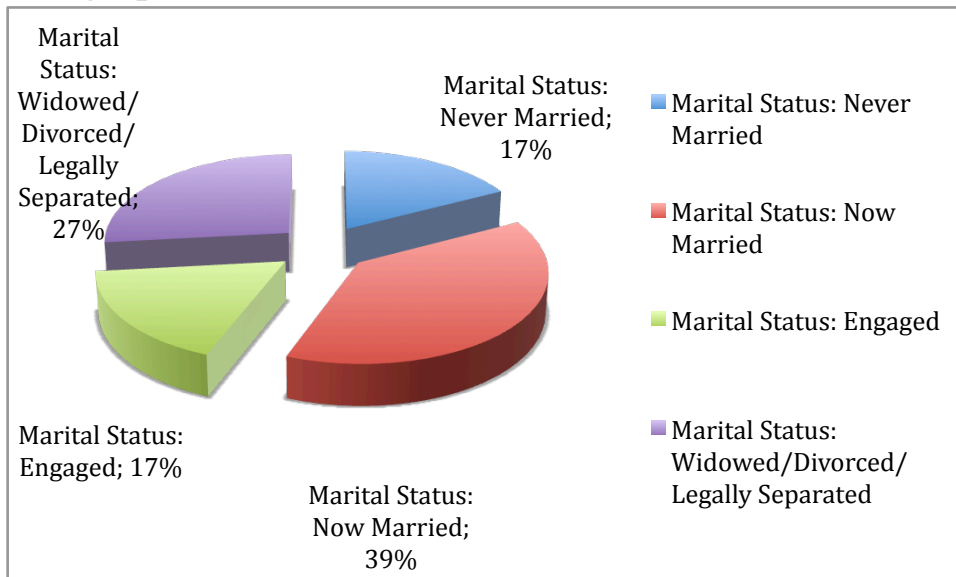
This graph illustrates the likelihood education level of cruise goers



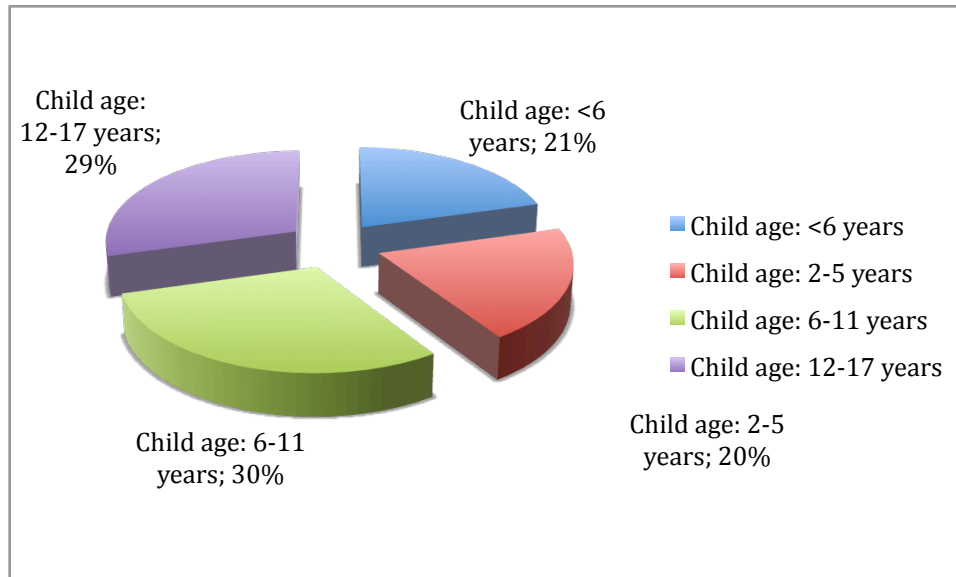
This graph illustrates the likelihood of household income of cruise goers



This graph illustrates the likelihood of marital status of cruise goers



This graph illustrates the likelihood of the average age of children of the cruise goers



Marketing Objectives and Strategies:

In order to reach our goal to increase awareness in the European market, we plan to implement better relations with travel agencies in Europe so they can inform potential customers about the Royal Caribbean Cruise Line.

In order to reach our sales goal of a 10% increase, we will develop the following cost effective strategies. We will increase the frequency of advertisements for each destination during a two-month time period prior to that destination's peak season. We will also increase sales by increasing advertisements, specifically targeted at adults ages 25-54.

In order to reach our goal of increasing the gross profit by 15 million, we will develop the following cost effective strategies. We will increase the frequency of advertisements, which will lead more people to choose Royal Caribbean Cruise Lines as their vacation spot.

Positioning Strategy:

The Royal Caribbean offers a family fun vacation that includes entertainment, food, leisure, and exploration all in one place for any age. We want the target audience to view the Royal Caribbean Cruise Line as an affordable way to make your dream vacation become a reality.

Marketing Mix Implementation:

The Royal Caribbean Cruise Line is in a crowded market segment that would benefit greatly from a new marketing mix. An increase in awareness is needed to capture new cruise goers and also keep current cruise goers coming back for more. Not only does the Royal Caribbean need to increase awareness throughout North America, they also need to create attention in the European market solely to increase their customer base. We want our message to portray that choosing Royal Caribbean for your exotic getaway will encompass all of your desires to complete a vacation of your dreams. The advertisements should illustrate an atmosphere of leisure and relaxation combined with entertainment, food, and activities for all ages. We recommend using a mix of traditional and non-traditional media to reach the target audience. We will implement advertising through television, magazines, direct mail and social media.

Television advertising is crucial for the Royal Caribbean because they will benefit greatly by the impact of sight, sound and movement. It can also illustrate a picture perfect scene that allows the viewer to visualize them self on the vacation. Television offers the ability to utilize both flighting and pulsing techniques. According to the 2008 MRI Consumer Research, to reach our target audience it would be beneficial to insert advertisements into the following channels; Travel Channel, BBC, Bravo, CNBC, and Discovery.

Magazine advertising is also vital for the Royal Caribbean advertisements. Magazines have excellent color reproduction to portray the vibrant scenic views each cruise offers. It allows an opportunity for longer reader exposure to the ad message. Magazines also have a long shelf life with the opportunity for repeat exposure. Magazine advertisements continue the communication value that is relative to television advertisements. According to the 2008 MRI Consumer Research, some recommended magazines for advertising placement that are frequently read by cruise goers are *Better Homes & Gardens*, *Bon Appetit*, *Conde Nast Traveler*, and *The New Yorker*.

Direct mail pieces are also important because it is inexpensive and builds a high frequency. It has a high degree of geographic, demographic, and buying behavior selectivity. Direct mail gives the ability to build frequency through multiple mailings that can be a variety of sizes, shapes, and forms. Direct mail pieces can be beneficial to customers as promotion pieces that include coupons, discounts, and valued packages.

Social media offers an alternate source for people to obtain information about the Royal Caribbean Cruise Line. It also provides a space to create buzz and to let people share feedback and stories about personal experiences.

Marketing Plan Budget and Calendar:

Our budget to implement a new marketing mix for the Royal Caribbean Cruise Line is \$50,000,000. Our biggest chunk of money will be used for high-quality commercials, followed by high-resolution magazine advertisements and lastly direct mail pieces. We will spread this out throughout the year by focusing in on the specific cruise destination that is at its peak for its season. This technique will be used for television only. For example, it is recommended to take an Alaskan cruise during the months June – August because that is the peak season in Alaska. We would advertise the Alaskan cruise 2 months prior to the peak. This same pattern would be used for each specific cruise destination. Therefore, we will be using a mixture of both pulsing and flighting techniques.

Over a 12-month period magazine advertisements will be frequented evenly throughout. We want the advertisement to be constant throughout the whole year because there is always a cruise destination that is available at all times.

Direct mail will be sent out to potential new cruise goers that fit into our target market. The direct mail is based more on how each person responds, and if they want to build a relationship with the Royal Caribbean.

Sources:

2008 MRI Consumer Research

www.docstoc.com

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<http://investing.businessweek.com/research/stocks/financials/financials.asp?ticker=RCL:US>

<http://www.cruisemarketwatch.com/blog1/>