

The cruise industry performance indicators

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Abstract: The article examines the indicators of the efficiency of cruise transportation. The influence of economic factors on the development of cruise transportation in the conditions of the COVID-19 pandemic is considered. Indicators for evaluating the effectiveness of cruise transportation were proposed and their implementation was carried out in the conditions of the decline in transportation after the pandemic period.

Keywords: indicators, effectiveness, pandemics *COVID-19*

The topic of this work is performance indicators, also known as key performance indicators (KPI). They are used in cruise industry and in maritime business in general.

The purpose of this research is identification of key performance indicators relevant to the multi-service cruise industry on the example of “Heritage Expedition”, cruise company based in New Zealand.

This work is relevant to its time, because of the COVID-19 pandemic and its devastating effects on all areas of human activity. Pandemic has caused stagnation in the tourist and entertainment business. Those businesses are only now beginning their road to recovery. After almost two years of no activity, cruise companies have planned their first post-pandemic cruises for 2022-2023 and are in desperate need of an assessment of their success.

But to assess relevant performance indicators for the multi-service cruise industry, it is important to understand that the maritime industry has a specific standard of key performance indicators (KPIs). They are divided into three levels, which are mathematically connected: group key performance indicators (group KPIs), key performance indicators (KPIs) and performance indicators (PIs). [2] Performance indicators (PI) are the basis of the KPI system. They are used to calculate all KPIs and SPIs. With a clear understanding of PIs, how they are measured and their units of measurement, it is easy to generate accurate reports and correctly benchmark the fleet against industry standards.

This system is called BIMCO Shipping KPI and is a global shipping tool for defining, measuring, and reporting operational performance. [3] The KPI system is used to compare ship performance against industry standards and potentially identify where her efficiency could be improved. The BIMCO Shipping KPI system was first developed by several major shipping companies in 2006 and continues to be refined every year. The last changes and improvements to the system took place in 2021. [4 p. 267]

Performance indicators are divided into organizational, financial, and processual. [5] Certain key operating metrics used in the cruise industry to measure operating performance are calculated using the following revenue and cost drivers.

The company "Heritage Expedition" is good example of calculating key performance indicators. Heritage Expeditions was founded in 1985 to raise awareness and preserve the natural world through responsible expedition travel. [6]

The first relevant indicator is cruise passenger days, calculated as the number of passengers carried in each period multiplied by the number of days of the respective cruises. For example, “Heritage Expedition” has managed to increase its passenger numbers at a compound annual growth rate (CAGR) of ~5.3% since 2020, and the number of passenger cruise days was 5.7% since

2020. During this period, the growing demand for cruise vacations and the company's loyalty programs played an important role in increasing the number of passengers. But during and after the pandemic, these indicators decreased significantly.

A second performance measure specific to the cruise industry is Available Passenger Cruise Days, or APCD. This key performance indicator shows a measure of a cruise ship's throughput. It represents double cabin accommodation multiplied by the number of cruise days per period. [7] Available Passenger Cruise Days (APCD) is used to calculate unit revenue, unit cost and vessel occupancy. A unit means one client vacationing on a cruise. Between 2020 and the beginning of the pandemic, the capacity of the "Heritage Expedition" also increased by ~5%.

The third metric used by cruise lines is Occupancy. It is calculated by dividing the cruise days of passengers by APCD. That is, by dividing the first indicator by the second. A percentage above 100% indicates that there were more than two passengers in some cabins. An increase in occupancy is positive for the company as it leads to increased revenue at slightly higher costs and thus improves margins. [7] The increase in margins has a positive effect on the portfolio of cruise liners. The occupancy rate of the "Heritage Expedition" is increasing. However, Heritage Expedition's 2020 occupancy rate was 104.7%, lower than Carnival Corporation's (CCL) 105.1% and Norwegian Cruise's (NCLH) 109%.

Hence, in addition to the main KPI-standards of sea transportation, cruise companies also use three other additional and specific performance indicators to determine the success of their business.

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Роль анализа финансового состояния в системе управления денежными потоками предприятия

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