

# Covid-19 And The Cruise Industry

## An interview with Trey Hickey, GDS Operating Partner, Part 1

*Trey, where does the cruise industry go from here?*  
**Jaime Rogel, President, Mexican Travel Agent Association**

There is no doubt that the Covid-19 crisis remains extremely challenging especially in the Americas. Unfortunately, the recovery will be even more complex for travel and especially for the cruise industry.

But there is good news for brands willing to take the right actions during this critical recovery phase: the rewards can prove transformative, propelling them into the ranks of true international leaders. Indeed, in traditional Chinese, the spelling for both "crisis" and "opportunity" are derived from the same phonetic symbols.

In recent history, major events like 9/11, the Brazilian financial crisis in 2012 and the emergence of China as the worlds largest outbound leisure market have presented similar opportunities as Covid-19 does now. Looking back, some brands like MSC, in South America, and RCCL, in Asia, responded well in the face of crisis's and expanded into new leadership positions while others took a back seat. And so, yet again, the world of cruise is an open-door on the cusp of another evolutionary period.

*What will lie in the aftermath of Covid-19?*  
**Steve Snell, former COO, AIG Asia**

Past crisis's reveal that recoveries are "moments of truth," - critical inflection points, - that either position cruise companies for a strong bounce-back and years of continued sourcing diversification gains, leading to expanded global market share—or leave them exposed to a more limited path of one-dimensional growth within traditional core markets.

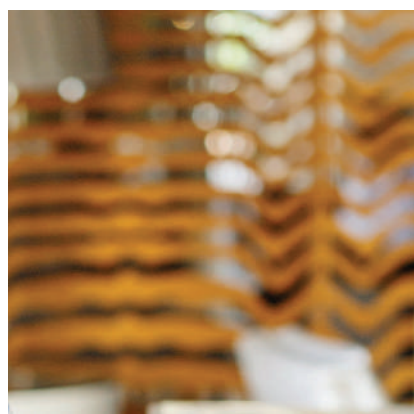
Often late to acknowledge a crisis or other difficult situation and playing from a defensive posture, some cruise brands seek the least risky and most direct route back to pre-crisis normalcy, landing on a reassuringly familiar perch where they hope to revert back to a "business as usual" position.

Few companies are able to go the other way, having anticipated and effectively responding to the crisis, they are prepared to play offense during the upturn, often taking leadership roles in markets formerly controlled by others.

While some brands prefer to take a wait-and-see approach, others - albeit risky - gain from being first movers especially when they are working in unison with the full local eco-systems in which they operate; that includes, governments, ports, tourism boards and the travel trade. Genting Groups recently launched deployment from Taiwan exemplifies this this type of leadership.

Strong companies use recovery as an opportunity to test, learn and innovate; to reevaluate what customers want, and how to provide it; to begin normalizing revenue streams and to make critical changes to how they are organized and how they work. No doubt it is a demanding task, requiring intense local and international leadership focus and creative vision.

Nevertheless, the results of strong companies historically speak for themselves. These companies outperform their peers, and the separation is most pronounced during the recovery. Even as the cruise industry maintains its current pause, these changes are already taking place behind the scenes in various parts of the world and will cause significant positive disruption for years to come.



the field to identify opportunities, and operate "aggressive tactical measures" with the right teams in place to secure the near-term revenue line and increase the speed and metabolism of their salesforce.

In some markets like Brazil and Germany, there is also a clear move toward virtual selling in B2B. This move has proven highly successful for certain brands and our Partners who have invested in technology. But in other markets like Japan and Taiwan, upending traditional norms and the importance of face-to-face meetings and personal relationships can be easily underestimated.

Some companies have made the pivot to virtual B2C selling far more effectively than others, but laggards should hesitate no longer in the B2B back-office, booking automation, CRM and customer service environment investments. Forward looking companies are resetting their commercial models and realigning resources, using automation and inside sales to reduce costs and boost effectiveness.

*With so many lay-offs being reported in the press, will cruise lines become less attentive to international markets than in the past?*  
**Jyotin Dosi, Chairman, Gem Travels, India**

While some companies stagnate, the crisis has, in fact, begun to produce massive experimentation, leading to more creativity, new businesses and bespoke solutions. All companies should seize the opportunity to prioritize speed and entrepreneurship over bureaucracy.

To think globally and be fast is hard, and will require introduction of an insurgent culture either from inside companies or from outside. At this extreme moment, as business leaders look to maintain their current dynamism into the post-pandemic world, the time is right to identify which shifts in talent should persist as enduring sources of competitive advantage.

Career insiders understand the workings of their company, they know their brands inside and out, but they often lack proximity to the customer especially across the wide spectrum of diverse global markets. Simply continuing to apply "Anglo/American logic" and extrapolating that across the world is clearly yesterdays antiquated approach for brands that truly want to be global.

**Trey Hickey**  
 Partner, GDS  
 Singapore



*How do you see the cruise consumer and passenger sourcing shaping up?*

**Dilson Vercosa, VP LATAM, American Airlines**

Customer and consumer expectations and demands are undoubtedly changing, prompting leading companies to adapt their operating models. More profoundly, despite the difficulty of predicting how customer behaviors and preferences will evolve over time, the crisis has made one thing undeniably clear: the future is digital and the future is in the globalization of brands.

With financial pressure mounting, some brands will zero-base sales & marketing spend, will completely withdraw from non-core markets and will take an axe even to highly profitable areas for the sake of preserving capital. From the ashes of many short term decisions by some, savvy brands and their wide-eyed teams will lie in wait and respond opportunistically.

*What are your thoughts on the cruise B2B space?*  
**Regina Weinmann, Board of Director, Prime Pulse, Germany**

Similar trends are emerging in the B2B world. Again, the recovery presents an opportunity to gain—or lose—significant market share depending on how effectively companies respond to the very hard-to-predict customer demand and changing travel agent landscape.

The winners tend to focus on protecting the most strategic customers, facilitating and quantifying real-time intelligence from



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