



### Article Title

Room occupancies: cruise lines out-do the hotels

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### Abstract

The cruise industry, which is essentially a North American phenomenon, is the most successful and fastest growing sector of the tourism industry. This paper seeks to describe how cruise lines go about managing their cabin inventory with regard to the acceptance and cancellation of reservations, collection of deposits, and dealing with no shows, overbooking, over-sales, upgrades, auctions, and walks (with compensation). Individual as well as group bookings will be analyzed.

### Methods

The authors interviewed three Revenue Directors, one Reservations Manager, one Customer Service Supervisor, and the President of a large travel agency that deals exclusively with cruises, from four different companies to get broad representation. Interviews averaged 1 h per interview, and were followed by numerous telephone enquiries for clarification, when needed. On the hotel side, 20 hotels were surveyed, 10 by personal interviews, seven by telephone interviews, and three hotels mailed back printed questionnaires. To get a representative sample of the hotel industry, 11 of the hotels selected were small (around 200 rooms), seven were medium-sized (between 300 and 600 rooms), and two were large (more than 800 rooms).

### Results

Based on what has been discovered in the literature search, surveys of cruise lines and hotels, the authors advance 13 reasons why the North American cruise industry has out-performed the hotel industry in average occupancies. These reasons can be grouped into three categories: (a) inherent structural advantages, (b) idiosyncratic market conditions, and (c) proactive management initiatives.

### Conclusion

The authors conclude by noting that the cruise industry has clearly out-performed the hotel industry in the area of room capacity management. Cruise lines have a longer booking window, require full instead of 1-day deposits, have instituted longer cancellation deadlines,

have less than one-fifth the no-show rate of hotels, have no early departure or holdover problem, maintain waitlists, seldom walk their guests because they do not overbook for no-shows, and when they have to displace passengers, they offer generous compensation by way of silent auctions.