

innovations

Focusing on innovation in the global cruise industry

Getting ships sailing again from an agency perspective



Special Report
International Cruise Ship Industry

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The 'Queen Mary 2' seen manoeuvring at Valparaiso in better times. Photo credit: Inchcape

A leading ship's agency and service company is set to aid cruise ships back into service, following the pandemic.

"Inchcape has been ahead of the curve on key responses to the Covid-19 pandemic and to embrace change for a better future both for cruise lines and destinations," claimed Inchcape Shipping Services (ISS) Global Sector Head for the Cruise Industry, Grant Holmes.

Cruise industry veteran and entrepreneur Holmes joined ISS in 2014 to develop a comprehensive cruise strategy to harness the company's global port agency network.

Based out of Dubai, before the pandemic, he came in to spearhead ISS' global Cruise Solutions team, overseeing around 9,000 cruise calls per year. In addition, the team handles consultancy, shore excursions, ground handling, surveying, crew logistics and bunkering services worldwide.

Talking about the effects of the pandemic, Holmes said; "2019 was one of the best years ever for cruise. And 2020 was widely projected to be an even better year. Then came Covid-19 and by mid-March the pandemic had paralysed the sector. Inchcape Shipping Services stepped up to repatriate passengers and help with technical calls."

With passengers safely home, ISS started crew repatriation working closely with cruise lines and port authorities, subsequently exploring possibilities for economical layup and anchorage on a global scale. Most ships have been dormant ever since, apart from some low-capacity blue cruises in Europe in the summer and fresh activity in Asia.

Most cruise lines are not planning to restart services until spring at the earliest given global health concerns, and most likely 2022 on any significant scale. CLIA members invoked a voluntary no-sail order until 31st December, but the actual start date will be later, and for US operators it will likely be Florida or southern states only in the beginning, with calls to private islands and perhaps the Bahamas, with limited capacity.

Cruise lines will need to pilot Covid-19 protocols to generate confidence, with an estimated 50% capacity initially. There will be quarantine for joining crew, social distancing, masks, crowd limitation and full sanitisation.



Grant Holmes, Inchcape Shipping Services Global Sector Head for the Cruise Industry Photo credit: Inchcape

Robust HACCP- and USPH-based protocols were fortified since Norovirus was brought under control, so cruise operators are well prepared to go the extra mile on sanitation, Holmes thought.

For destinations, the priority used to be security, but is now moving to health threats post-Covid-19. Those dependent on cruise tourism will have to build trust through strict protection measures. Protocols must be in place both for port operations and excursions, including attraction sites and transportation means.

For example, the Vanilla Islands Indian Ocean region have asked ISS to develop a system of health management that can be applied to whatever potential cruising health threats emerge in future. Ship audits are also considered to be an essential element to maintain optimum preparedness.

Holmes believed that consumer trust will return reasonably quickly, however 2021 will be a transitional year. "Cruise lines themselves did not lose trust. A significant number of passengers opted for vouchers instead of refunds for cancellations in 2020 – which extended up to 75% for niche operators – showing there is a lot of pent-up demand.

"Passengers on pilot cruises in the summer felt safe in their on board bubble, but the biggest issue is travel itself and getting to the ship. With

the constant generation of fear-based news in the mass media, people have been scared to leave their front doors,” he warned.

With every crisis comes an opportunity. As an industry, cruise needs to seize it. The industry needs to reinvent itself, initially focused more on the allure of the sea, nature ashore in wide open spaces, on board offerings and private islands.

Mega ships should focus on private islands and marquee ports with sufficient capacity, and not over-crowd them, Holmes said. Smaller destinations can be accessed by more sustainable niche operators in the discovery, luxury and expedition sectors.

There is a clear desire and trend to sail on smaller ships, which is evident in the growth of the luxury and expedition segments that offer a more customisable, personalised service, with unique opportunities for discovery in more remote places on Earth.

Inchcape continues to help emerging destinations with operational compliance and advancing sustainable solutions in the Middle East, Southeast Asia, Central America, the Caribbean, Africa and elsewhere.

Building cruise solutions

When Holmes joined Inchcape in 2014, his task was to develop a comprehensive strategy to harness ISS’ global network. Although the company had pockets of expertise, Inchcape was underutilised in the cruise sector.

He set out to understand cruise lines’ commercial context, what they wanted and expected of a shipping agent. Industry contacts told him they wanted more than a standard agent – one that could provide greater business insight and help in developing itineraries and solving destination-based issues – which is why ISS has focused on the full gamut of ‘Cruise Solutions’. Many agents are not always aware of the bigger picture.

ISS has now grown from around 4,000 cruise calls in 2014 to approaching 10,000 calls in 2019 – representing around 10% of the global market.

Inchcape is pro-actively developing initiatives to support the industry in four key areas – sustainable cruise tourism development, holistic itinerary management (especially extended

voyages and new destinations), crew logistics and business intelligence.

Holmes said that he believed this was a great formula. “We have become the go-to company for anything out of the ordinary and emerging markets, where I believe sustainable cruising has a promising future. We are literally developing new cruise markets for the first time in Africa, the Middle East and India, and then serving them.”

Centre of Cruise Excellence

ISS’ new Centre of Cruise Excellence (CoCE) will be launched in the first quarter of this year. The centre will be based in Mumbai, and aimed at consolidating Inchcape’s position in providing deep insight supported by the publication of weekly intelligence reports.

These reports will feature everything from security warnings, health warnings, travel warnings, political reviews and port and marine updates to travel and tourism reports covering airports, airlines and holidays worldwide.

The CoCE will include an itinerary management division, crew logistics management, cost control, feasibility, clearance, risk assessment and planning, as well as a hull survey and inspection service and measuring the quality/quantity of bunkers.

ISS employs Master Mariners, technical professionals and teams that can cover multiple topics from marketing destinations, spacing in terminals for optimised operations to equipment and services provision.

Holmes pointed out that “with global ISO compliance, nobody else in the cruise industry has this kind of footprint. Our intelligence and consultancy services can especially benefit more niche cruise lines that have recently downsized.”

Another rationale for setting up the CoCE was to introduce a disbursement accounting (DA) process. Inchcape has streamlined the Cruise DA process to make life easier for the cruise lines, which are somewhat nuanced in their accounting processes.

ISS’ approach is to apply the most efficient model possible for each respective cruise line regardless of size. The company has trained people accordingly, to enable them to understand each line’s invoicing, how to manage

discrepancies and to ensure swift payment and cash flow.

Crew logistics hub

Building on its crew logistics expertise – the company transferred a total of 98,000 crew during 2019 across all shipping sectors – the new Inchcape Cruise Crew Desk provides a 24/7 hub service for logistics and support with a single point of contact.

Covid-19 has emphasised the need for immediate crew repatriation, which can be complex and involve multiple agents.

Cruise lines with fewer people in the office may no longer have the resources to handle this. If it happens again, ISS can provide everything they need at the global scale – and are the only company doing it in such a way, targeting 60,000 crew transfers from the first year of launch, Holmes explained.

Inchcape's approach has changed massively over the last few years. ISS is now a strong cruise company with a strong cruise culture. Dedicated cruise POCs (Points of Contact) are now available in the Americas, Europe, Asia/Pacific and MESAA (Middle East, Southeast Asia and Africa) focusing on regional strategy. The CoCE's role is to ensure ISS delivers at a strategic level with consistency and full accountability.

Holmes summed up by saying that “recovery is just a question of timing and I am optimistic for the future, especially for 2022 when we are likely to see a full recovery. There are plenty cruise fans out there who can't wait to get back on a ship.

“The key thing for our industry is to come back and get things right from the outset in regards to health management, operational efficiency and sustainability. Inchcape will be there all the way,” he concluded.

ISS - a potted history

Although Inchcape Shipping Services (ISS) was only founded in 1993, it can trace its origins back to 1847.

In that year, two Scottish merchants from Campbeltown, William Mackinnon and Robert Mackenzie, met in Calcutta to form a general merchant type partnership, Mackinnon Mackenzie & Company (MMC).

Some nine years later, MMC was incorporated in London with a capital of £35,000, of which MMC invested £7,000, thus becoming agents for the new shipping line - Calcutta & Burwah Steam Nav Co (C&B) - and also won a contract from the East India Co to carry mail between Calcutta and Rangoon.

In 1862, C&B raised £400,000 to float the company under the name of British India Steam Nav (BI).

Ten years later, Archibald Smith, a William Mackinnon & Co, Glasgow staff member, together with a Calcutta Mackenzie employee, formed an agency to operate as BI agents and general traders. With the opening of the Suez Canal in 1869, BI ships were able to sail into the Mediterranean and a trunk link was established between London and India via Suez.

In 1874, James Lyle Mackay, who in 1911 became the first Earl of Inchcape, joined MMC's Calcutta office and became the heir to the Mackinnon empire after the death of Mackenzie in 1893.

In 1914, BI merged with P&O with Lord Inchcape at its head.

Fast forward to the 1950s. The Inchcape family now had controlling interests in MMC and in 1958, the diverse Mackinnon Group was reorganised, re-merging as Inchcape & Co.

Between 1960 and 1980, the company continued to expand significantly through several acquisitions, which continued into the early 1990s.

ISS was launched to manage the company's worldwide shipping operations, which at the time were a loose federation of ships agencies, bringing them into an integrated international network.

In 1999, to boost its growing motor trade, Inchcape sold ISS to Electra Investment Trust.

Seven years later, Electra sold ISS to Istithmar, a major UAE investment house, which is where we are today.