

# INDUSTRY WEEKLY DIGEST

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## CAN LUXURY HOTELS DO CRUISES?

Following certain luxury hotel brands, including **Ritz Carlton**, announcements to diversify and to move into the cruise line sector, many have asked does it work and if so, what do we need to think about?

In this digest, **Marco Ciraulo** explores these questions and examines the differences to be considered by potential operators between the two sectors.

Have a great weekend!



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# LUXURY HOTELS ARE PENETRATING THE CRUISE SHIP MARKET – CAN THEY MAKE IT WORK?

**MARCO CIRAULO**

Capitalizing on knowledge obtained in the luxury hotel industry, hotel groups may easily fall into the trap of making assumptions that cruise ships are just floating hotels, and one might be able to apply the same business model, service, product proposition and people management strategy which had proven successful in the past for those organisations to another: Cruise ships.

Having personally spent working many years on both sides of the table it has been clear that both the soft- and hardware will be quite different from what the hotel organization already has in place. Cruise ships are so much more than a floating hotel and there is no one way of identifying what the product proposition might be.

For some passengers, the hardware is the product, for others it might be the destination, the entertainment, the innovative food and beverage offering, the social aspect and any combination of the above! The cruise ship customers and crew are not just a captive audience, but also one which needs to be nurtured and looked after 24/7. The land-based hotel guest tends to have more flexibility and the option to find alternative options during a holiday, especially if things don't go quite to plan. Hence, besides an impeccable product and service experience, the cruise line needs to focus on the employee's ability for social interaction beyond what is commonly offered in luxury hotels and emphasise their recruitment and training beyond what luxury hotels are currently offering.



## FURTHER READING:

[What the Cruise Lines Can Teach the Hotel Industry - Insights from Two People who have been CIOs in Both Industries](#)

[MSC Cruises unveils plans for ultra-luxury ships](#)

One might think that a well-established corporate culture and organisational DNA can be carried over easily from the luxury hotel business into a new cruise ship venture. However, the dynamics of working on a cruise ship, the crew compensation packages, work schedule and work life balance requires a different type of crew member, often motivated by economical needs, more than career aspirations. Recruitment tends to come from the developing countries and secondary labour markets. For the traditional luxury hotel brands, it will require transforming their existing company culture to accommodate a new type of talent pool.

With an already seasoned and successful hotel operation in place, the corporate cultures and processes the organisation is used to will have to adjust and the organisation will need step outside their comfort zone to engage and attract an employee profile they are not used to dealing with, without alienating the “luxury hotel traditionalist”.