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STRATEGIES / INVESTIGATIONS / SPECIAL REPORTS



THE BIG QUESTION

03/10

The recent launch of Royal Caribbean's 6,296-passenger Oasis of the Seas—the largest cruise ship afloat—has led many to ask, how big is too big? **MARGOT DOUGHERTY** climbs aboard to try the Oasis on for size and investigates its impact on the environment and the future of cruising

Special Report **NO ROOM FOR ERROR**

As the U.S. government works to tighten airport security, Barbara S. Peterson reports on what is needed to keep terrorists off our planes **P. 50**

“**D**IP, DIP, SWIRL, AND shake it!” An enthusiastic young woman leads an unlikely dance troupe around a wood floor streaked with multicolored lights. “Now slap. Slap!” Her motley tribe of a dozen men and women stick out their right hips and give them a well-timed thwack, looking intent—and a little goofy—as they try to nail the steps from a *Hairspray* routine. A small crowd has gathered here in Boleros, a bar and lounge on Royal Caribbean's *Oasis of the Seas*, to watch their progress. Across the way, a digital ticker tape blinks the day's news outside a karaoke bar. Down a stone thoroughfare, you can buy gold chains by the yard and have a slice of

pepperoni pizza or a cupcake with icing the shape of Marge Simpson's updo. You can upgrade your camera equipment at the photo shop before sitting down for a freshly pulled draft at Ye Olde Pub, which has a Victorian-style gas lamp outside its door. There's little you can't do here on the Royal Promenade of the world's largest cruise liner—except perhaps believe that you're on a ship.

Long gone are the days when travelers boarded oceangoing vessels solely as a means to an end—to get from the Old World to the New and, if things didn't work out so well, maybe back again. When the advent of the Jet Age removed the imperative of transatlantic voyages, cruise lines rejiggered their vessels, morphing first into floating hotels that would sail from port to port and then, more recently,



The Ombudsman **OUTBACK OUTRAGE**

A travel agent leaves a couple stranded **P. 58**

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Digital tools for luxury values **P. 56**

into destinations in and of themselves. "Twenty years ago there was a dining room and a show, a lounge, a sundeck, and your stateroom, which had no balcony," says naval architect and Royal Caribbean executive vice president Harri Kulovaara. "The number of options provided on ships has changed very much, and size has been an enabler in this evolution." This slow build has crescendoed with Royal Caribbean's *Oasis*, which can accommodate nearly 8,500 passengers and crew and is 40 percent larger than Royal Caribbean's Freedom class ships, which set the bar for size just four years ago. At 222,000 tons, *Oasis* is the biggest cruise ship ever.

"A larger footprint gives us the opportunity to create even more options and features for our guests," explains Adam Goldstein, Royal Caribbean's president and CEO. Or, otherwise put, *kaching*. The extra width of the ship, for example, allowed for a central atrium and inside cabins with balconies under an open sky, creating more premium real estate to sell at a premium price: Tickets for a seven-day Caribbean cruise on *Oasis* range from \$1,249 for an inside cabin (no balcony) to \$7,609 for a double-decker loft suite with an ocean view. The central atrium is also the site of one of *Oasis*'s biggest marketing draws: its Central Park, a "neighborhood" with a walkway that winds around plant beds and past numerous opportunities for passengers to spend. There's a white Carrera marble cube of a Coach store, a wine bar, and several premium restaurants which, at an extra \$20 or \$30 per head before wine or booze, can end

up significantly adding to your final bill. (On average, 25 percent of a cruise line's profits come from onboard sales and shore excursion fees, so the more opportunities a ship offers guests to spend money, the more it adds to the bot-

tom line.)

For my four-day cruise in early December, I book an inside cabin with a balcony overlooking Central Park. It is a cheerful, compact room with blond-wood accents and a pillowtop mattress. A small sofa faces the flat-screen TV, there's a fridge and ample closet space, and the bathroom is tiny but sufficient. As for the balcony, it is 60 feet from a bank of balconies on the other side of Central Park and not particularly enticing: Sitting in full view of the ship's major thoroughfare, I find it hard to dispel the idea that I am in a condo complex.

Despite the number of passengers—4,700 on our sailing—*Oasis* never feels crowded. Touch-screen maps at the elevator banks make orientation and getting from one place to another simple. The specialty restaurants are normal size, even intimate (the fanciest, 150 Central Park, seats 70), which makes for pleasant dining—assuming you can get a reservation. "I don't like the fact that you have to reserve everything," says Gail Churinetz, who arrived on board with her husband to find that many of the specialty restaurants—or "pay per chews," as the couple calls them—are already sold out to passengers who booked online. Most of the reaction on my cruise, however, is decidedly enthusiastic. "Awesome!" says Brad Constant, whose *Oasis* voyage is his twenty-second with Royal Caribbean. "I've sailed every class of ship they have, and *Oasis* blows my mind. I love the disco, the bars, the shows, the food."

Reactions such as this are what Royal Caribbean was banking on in 2006, when it shelled out \$1.4 billion for *Oasis* and simultaneously commissioned a sister ship, *Allure of the Seas*, which sets sail later this year. While only three percent of Americans are cruisers, many of them are repeat customers who book multiple trips a year. "It's a niche market, but the numbers are increasing," says Janet Brashear, an industry analyst at Sanford C. Bernstein. "We predict 3.3 percent penetration next year." But the revenue derived from each cruiser has come down: in Royal Caribbean's case, from \$224 a day in 1999 to \$169 in 2008. So economies of scale would suggest that gathering more people on a single vessel and saving on fuel and operating costs was a good gamble. If Royal Caribbean is worried about the global economy going into free fall in the meantime, it's not letting on. "We felt this ship would do very well for us under any economic circumstanc-

BIG AND BIGGER

Cruise ships have swelled more than 50 percent in just a decade



2000 Voyager of the Seas
138,000 tons 2,700 passengers*



2006 Queen Mary 2
150,000 tons 2,650 passengers*



2006 Freedom of the Seas
158,000 tons 4,370 passengers*



2009 Oasis of the Seas
222,000 tons 6,296 passengers*

*Maximum occupancy

TIME LINE

Sea Change

Milestones in the evolution of the cruise ship, from bare-bones steam-powered paddle boats to the high-tech leviathan *Oasis* of the Seas



1867

Paddle steamer *Quaker City* operates the first foreign leisure cruise from America. Passenger Mark Twain describes the trip as a "picnic on a gigantic scale."



1840

Cunard's 63-passenger *Britannia* provides the first regular transatlantic steamship service. Charles Dickens dubs the 207-foot vessel "a gigantic hearse with windows on the sides."

1907

Sister ships *Mauretania* and *Lusitania* debut the first unified electrical system at sea. The system powers everything from the highly anticipated brass-cage passenger elevators to a mechanical potato peeler in the galley.

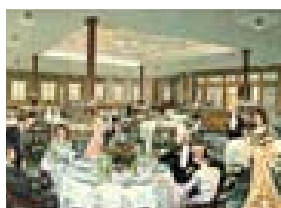
<1929

As steerage passengers dwindle under strict new immigration laws, ships are refitted to accommodate more business and leisure travelers. The White Star Line launches an affordable new "tourist third cabin," designed to appeal to the middle class.



1849

To compete with Britain's Cunard Line, the U.S.-based Collins Line launches *The Atlantic*, which carries 100 passengers and features a barber shop, a gentlemen's smoking room, and bath-rooms with hot water.



<1905

The Hamburg-Amerika Line hires César Ritz to put a Ritz-Carlton dining room on *Amerika*; Ritz handles passenger services on all of its luxury liners.

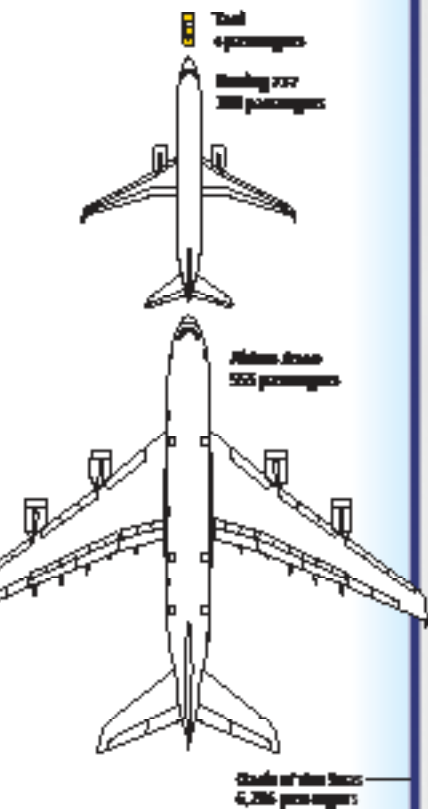
1912 >

The White Star Line unveils the *Titanic*, the first ship to feature a tiled salt-water swimming pool, Turkish baths, a gymnasium, and a squash court.



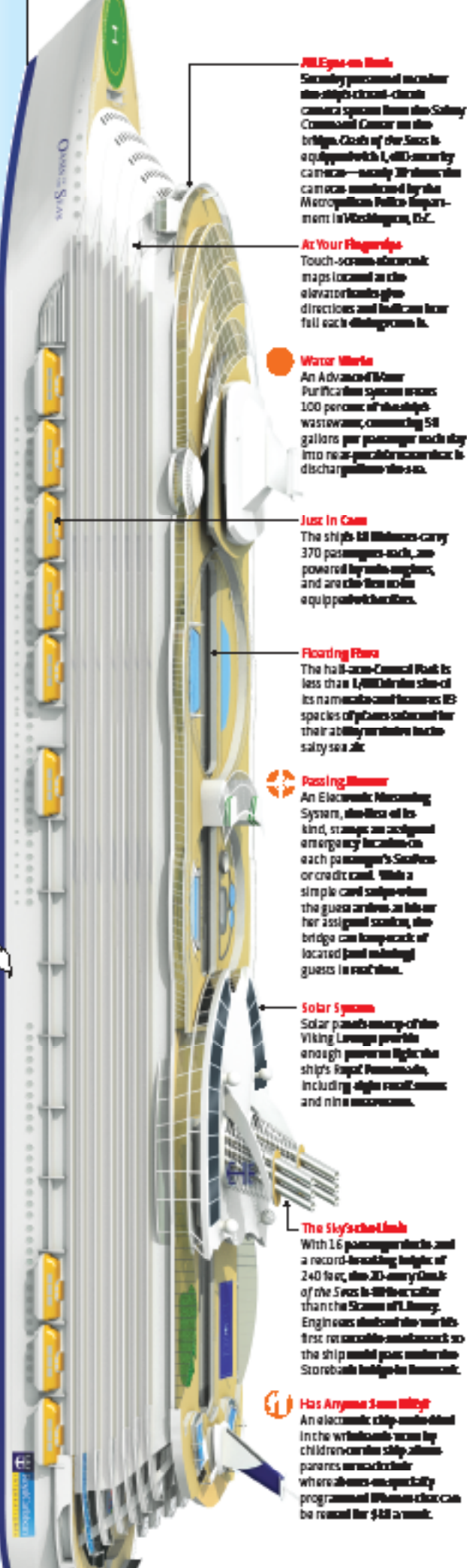
All Decked Out

A closer look at what makes Oasis of the Seas the first of its kind



BLIND LIVERY
Something 1,347 feet, Deck of the Seas is as long as almost the Airbus A380, 1.35 times, and nearly 3x New York City is as.

Command Deck
To accommodate the record number of passengers, Royal Caribbean built a new command in four levels to satisfy the Deck of the Seas. It has 88 check-in counters, 12 security screening counters, and 27 immigration kiosks, and the cruise line announced a 25-minute curb-to-ship boarding time. A boarder down the center of the vessel allows the crew to board new passengers while those coming from a cruise are off disembarking. This is also the start of boarding and disembarking procedures have been set.



es,” says Goldstein. “When you build an asset to perform for a 30- to 50-year period, you know it’s going to face economic ups and downs. We’d have preferred she be born into healthier circumstances, but even in these times she’s been a phenomenal draw.” *Oasis* does seem to be exerting its own gravitational pull: According to travel agent Linda Allen, the ship shows strong sales well into the future for its Caribbean itinerary, a route that includes stops in Haiti, St. Thomas, Sint Maarten, Jamaica, the Bahamas, and two ports in Mexico.

MORE THAN ANYTHING, it seems, *Oasis* is hellbent on keeping its passengers occupied, with 21 restaurants, four pools, two surfing simulators, countless bars, a casino, a zip-line, and a spa offering acupuncture and Botox, among other treatments. There’s a Vegas feel to the ship, where time and reality are suspended. Central Park isn’t at all like the real thing, but it’s a pleasant spot to amble through, with most of its 12,000 trees and plants labeled and described. The Coney Island-inspired Boardwalk has a carousel of hand-carved horses and a homey feel. For all the sophistication of the tasting menu at 150 Central Park, and the surprisingly good buffet at the Windjammer, my favorite restaurant is the Boardwalk’s Seafood Shack, for salads, burgers, and outrageously good sweet potato fries. The water show at the Aquatheater, a Cirque du Soleil sort of arrangement, is impressive. But, bottom line, if I’m on a boat, I want to feel like I’m on a boat, so my go-to place becomes the Solarium, on the forwardmost sections of decks 15 and 16, where the enormity of the ocean surrounds you and you can read in a lounge chair or sip a cocktail while losing yourself in an uninterrupted horizon.

WHILE BEING THE LARGEST cruise ship on the planet allows for all manner of revenue-producing amusements, it also puts a bull’s-eye on the bow of *Oasis* in eco-terms. Cruise lines have a poor environmental record that includes dumping waste where they shouldn’t and endangering fragile reefs with unmonitored effluents. Royal Caribbean racked up close to \$30 million in fines for illegally dumping chemicals and hazardous materials in the late 1990s. Since then, the company’s behavior

has been less egregious, although it has been cited for air and water pollution violations in Alaska over the past two years.

"We understood from the start that the world would be looking at this ship with a magnifying glass," says Goldstein. "In every area, our goal was to do better than ever before." To that end, he hired Jamie Sweeting away from the environmental advocacy group Conservation International to head up Royal Caribbean's environmental programs. "The size of the vessel allows us to do things we haven't been able to do on other ships," Sweeting says. "We expect the reduction in the carbon footprint to be in the region of 30 to 40 percent over ships built a dozen years ago."

The technological improvements aiding in energy and waste conservation on *Oasis* are evolutionary rather than revolutionary—incremental advancements on the innovations of previous vessels. "On a large new ship, you don't want to have a lot of teething problems with new technology," says Kulovaara. *Oasis's* hull is coated with a slick material that prevents organisms from attaching themselves and adding drag. The bulbous bow reduces resistance. Three rotating Azipods, propellers that increase maneuverability by pulling the ship rather than pushing it, save energy.

A \$40 million system of advanced waste purification (AWP) turns all the ship's toilet and gray water (collected from sinks, showers, and laundry) into municipal-grade water, which is clean enough to discharge into the ocean without risk of contamination. The AWP, similar to others in the fleet but larger, treats roughly 60 gallons of the stuff per passenger per day, up to 1,500 metric tons. Solid wastes are screened out, dried in a centrifuge, and incinerated. The ash is "landed" rather than discharged. "That's excellent," says Marcie Keever, director of the Clean Vessels Campaign for Friends of the Earth, an international environmental organization. "Exactly what they should be doing."

Some innovations, like the 14,000 square feet of solar panels that feed *Oasis's* electric grid, are still in a testing phase. "They aren't providing a large portion of the electricity," says Kulovaara, "but we believe it's a developing technology, so we wanted to install it. There's little long-term experience of solar panels in the marine environment, dealing with saltwater and wind, which is very different from on land." LED and compact fluorescent lights supplant incandescent lighting in most of the ship, and dimming systems further lessen the electric load.

"We take environmental stewardship seriously," says Captain William Wright. "We recycle, we separate, we don't throw anything overboard. Our policies are way more strict than what's required by law." I'm sitting with him in his tidy office on the bridge, and he prints a letter from the secretary general of the International Maritime Organization (IMO), which praises *Oasis* as a vessel that "encapsulates the very best ideals that IMO promotes." Wright reads the letter aloud. "It doesn't get much better than that," he says.

"The IMO has been behind the times when it comes to sewage treatment and air pollution standards," counters Keever. "They need to step up just as the cruise industry does. They can praise *Oasis of the Seas* all they want for not throwing anything overboard and recycling, but that's what everyone here on land is doing. That's easy. They need to continue to take the hard steps, like installing shoreside technology, converting and using cleaner fuel." *Oasis* uses low-sulfur diesel and has the underpinnings for the plug-in capability that Keever champions; it would allow the ship to run on electricity rather than fuel when in port. But the ports it visits aren't yet equipped for the requisite load.

Labadee, a peninsula on the north shore of Haiti, is the only landfall we make on my trip. It is a sort of fantasy island stopover for Royal Caribbean passengers; the cruise line spent \$50 million to expand the beach and facilities and to build a pier that would accommodate its new behemoth. The port was spared in the earthquake that struck a month after my visit. With the blessing of the Haitian government, Royal Caribbean ships were calling on Labadee within a week of the quake, offloading supplies along with passengers. The cruise line pledged \$1 million in humanitarian relief to Haiti.

On the day I visit, passengers fan out for the roller coaster, a zip-line, Jet Ski outings, or a cabana on a private beach (all for an extra fee). An approved group of vendors sell artwork, clothes, and trinkets. One of the Haitian employees I speak with says that his salary of \$300 a month is ten times the average wage. It's written into his contract, he says, that "the day I'm buried, they'll pass my job to my brother." Haiti receives \$6 for each cruise passenger, and the numbers take on new meaning given the Brobdingnagian size of *Oasis* and, later this year, *Allure*. "We're probably making the most significant foreign investment of any country and industry," says Goldstein. This year, when the need is more desperate than ever, passenger ships will call on Labadee 250 times. Assuming that the money actually does go to

NUMBER OF CRUISE PASSENGERS IN 1998:

5.67 MILLION

NUMBER OF CRUISE PASSENGERS IN 2008:

13.05 MILLION

INCREASE:



NUMBER OF NEW CRUISE SHIPS ENTERING SERVICE 2007-2010:

30

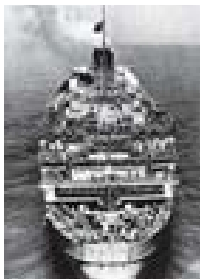
NUMBER OF NEW BERTHS ON THOSE SHIPS: **73,562**

INCREASE IN BERTHS:



1940 >

Cunard launches the world's largest ship, the *Queen Elizabeth*. That same year, it and its sister vessel, the *Queen Mary*, are pressed into service to carry troops. **Hitler offers a large cash reward for the ships' destruction**, but both survive the war intact.



1998

Princess Cruises' *Grand Princess* becomes the world's largest cruise ship, with a 2,600-passenger capacity, marking **the debut of vessels that are destinations unto themselves.**



< 2009

Royal Caribbean's *Oasis of the Seas* becomes the **world's largest cruise ship**, with a capacity of nearly 6,300 passengers.

1965

As air freight becomes more popular, shipbuilders begin to focus on passenger vessels, ushering in the age of the modern cruise ship. **Four major cruise lines are born** within seven years: Princess (1965), Norwegian (1966), Royal Caribbean (1968), and Carnival (1972).

1977 >

The Love Boat premieres, and for the next ten years shows America that a cruise vacation is a voyage to romance, cocktails, and sunny ports. Princess Cruises' *Pacific Princess* is cast in the title role.



2004

The *Carnival Valor* is the first cruise ship to offer **wireless Internet.**

2008

Royal Caribbean debuts the *Independence of the Seas*. With 4,375 passengers and a main street lined with shops and restaurants, it's **a floating town** and, briefly, the world's largest cruise ship.