

INSIDE VIEW:

CREATING EXPERIENCES THAT HAVE NEVER EXISTED BEFORE

**A conversation with Lisa Bauer,
Senior Vice President, Royal Caribbean International**

by

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As Senior Vice President for Hotel Operations, Lisa Bauer is part of Royal Caribbean International's senior management team. She is in charge of most of the things that make up a guest's cruise experience - - entertainment, dining, shopping and accommodations - - across the RCI fleet. I had the opportunity to speak with her during Allure of the Seas' inaugural voyage.

Allure and her sister ship, Oasis of the Seas, are the world's largest ships. While RCI is proud of this fact, it was not the objective in building these ships. "We all sat down and said here are the possibilities; here

is what we would like to do to create this basically unparalleled experience. As we started saying 'this is what we would like to do with dining; this is what we would like to do with entertainment,' the ship kept getting larger and larger. The intent was never to make the ships the size they are but when we started getting excited about the possibilities - - the Aqua Theater and the carousel - - the ships ended up the size they did because of all of the guest experiences that we wanted to put onboard."

"It was really about how do we create experiences that never have existed before. We thought: 'what

will we do that is different? You look at the Aqua Theater, it has never been done on a ship; adding a carousel; adding a zip line on a ship.... The fact that there are now 26 different dining options.... It was about the variety and the choice versus the size."

The aim was to raise people's level of expectation as to what a cruise experience could be. "That was certainly what we hoped to do. It was a transformative jump really. We have elevated [the cruise experience] to where we don't think it can really be rivaled at least any time soon by us or any one else."

Even though Oasis of the Seas met with critical and public acclaim when it when into service in late 2009, RCI did not stop the creative process. "One of the things that we really wanted to do was to give each ship its own personality just as between Freedom of the Seas and Liberty of the Seas. So we really worked hard on what elements could we add onto Allure that would distinguish her."

As a result, Allure premiered in December 2010 with new features. This included adding new dining venues including a Brazilian steakhouse, a Mexican restaurant and a hot dog stand on the ship's Boardwalk. With regard to entertainment, Allure was given a different set of shows including a version of Chicago: The Musical instead of the version of Hairspray that is featured on Oasis. Allure also debuted RCI's new relationships with such well-known brands as Starbucks, Guess and Dreamworks Animation.

RCI guests also were a source of improvements. "We read every single comment card that comes in, all the suggestions, all the requests and things like that. So on Oasis we got some feedback on the location of the electrical outlets and as a result of that we moved them up on this ship. We added some extra shelves. So a lot of your feedback went into the changes."

Together Oasis and Allure require over 12,000 guests per week to sail at full capacity. However, the international awareness the ships have achieved is of benefit here. "On any given week, somewhere between 65 and 70 percent of the guests are from North America, the rest are globally sourced. So we are not having to fill them just from the local markets and that makes a big difference."

Furthermore, the ships are helping to expand



Lisa Bauer

the cruise market. "What surprises me is how many first time cruisers we have. I am hoping that by what we have done with these ships, we are introducing people to cruising for whom it was never in their consideration set. Then they go home and tell friends and family."

Public interest in the ships not only means that it is easier to attract passengers but that RCI can charge more for a cruise on Allure or Oasis than could be charged for a cruise on another ship following the same itinerary. "The product that we have created has such demand that that drives the pricing. This is what the guests are saying they are willing to pay for it."

"Because these ships do command a premium, we make sure value for the price paid is there. For example, we do not charge for the zip line; we do not charge for any of the Dreamworks experience - - the 3D movies, the character meals. We added another free food outlet on the Boardwalk. We are working very, very hard to ensure that we include as much as possible in the experience to begin with."

There are some parts of the experience, however, for which there is an extra charge such as the specialty restaurants, the spa and the Starbucks. The reason there is an extra charge for these things has to do with the notion that the cost of these features should be borne by the people who use them rather than by everyone on the ship. "If we had to include everything that was



Allure of the Seas

onboard, the ticket price would go up and everybody would be paying for what some people want to do. One of the things that we hold very true to is if you want a cheeseburger, you can go to the Windjammer and get one for free; you want a specialty one, you can go to Johnny Rockets. If you want a soft serve ice cream cone, you can get them free at the pool deck; if you want to buy one, the option is there. Like the steak in the dining room, we offer a very nice steak but if you want to go to Chops, you can. For guests who want to spend more there are those options but it is people's choice to do that. You can get an experience that is comparable that is included in the ticket price. We try to stay very, very true to that."

The Pre-existing fleet.

While the level of experience being provided on Oasis and Allure is placing pressure on other cruise lines to enhance their offerings, it also places pressure on RCI to upgrade its pre-existing fleet. "Because [Oasis and Allure] are doing so well, it is giving us additional funding to go back and take a lot of the great attributes that we have put on these ships and start to roll them back across the fleet. Freedom and Liberty for example, are getting so many of the great elements of this ship - - the nursery, the Cupcake Cupboard, the digital signage, the WiFi, the outdoor movie screens, the Dreamworks experience. Liberty is getting Saturday Night Fever as a production show. Freedom is getting the Britto Gallery. Obviously, I cannot create Central Park on those ships but we can take things that the guests have

really liked and try and make them brand icons rather than just Oasis/Allure icons."

These upgrades will not be limited to RCI's mega-cruise ships of the Freedom and Voyager classes but will include the line's medium size and smaller ships. "We are trying to add as many of the elements as we can. So, for example, Radiance of the Seas, when she goes into drydock and Splendor of the Seas, when she goes into drydock, are getting a number of the key things that create a more consistent brand experience."

In addition, RCI is depending upon its people to help ensure brand consistency. "If you are a crew member in the dining room, we have the same expectations of you if you are on Vision of the Seas or on Oasis. It is the same standards of personalized service no matter what position you have. What makes our brand consistent is our people and that is what I hear from our guests. It is the consistent Gold Anchor service."

RCI will also be making some improvements to its pre-existing fleet that are not on Oasis or Allure. "We have been very intrigued with what NCL has done with the studios [on Norwegian Epic]. So as we start to go about revitalizing the ships in the fleet, we are looking for opportunities to add some single rooms. It won't be in large quantities but when we do go and look at the ships it is something we are interested in."

Oasis and Allure will also affect the deployment of the pre-existing fleet. Take Liberty of the Seas as an example. For the last few years, that ship has been sailing out of Miami primarily on itineraries that

are similar to the ones now being done by Oasis and Allure. Rather than have her compete with the new ships, RCI will "send her to Europe for the summer. That is fantastic because then we introduce that great product to Europe and even more people will experience it."

When she returns from Europe, RCI will use her for short cruises out of Florida "which hopefully will get a lot of incentive groups. [Also] people who are not willing to commit to a week to try cruising might try a four day on an amazing ship like Liberty. It grows the category, it grows the cruise market."

What about the rumors that Liberty may be coming to New York to do the itineraries now being done by Explorer of the Seas? "We have not made any changes beyond the Spring of 2012. We are still chatting. Right now the focus is on putting her into Europe and coming back and doing a 5-5-4 schedule."

Going Forward

Throughout the last decade, RCI has been in an almost constant state of building and launching new ships. However, no new ships are now on order. "We are always looking at what the next thing will be but right now we are concentrating all of our time and our capital dollars in taking some of the best things that we have introduced on Oasis and Allure and rolling them back through the fleet. So in 2011, the big thing that we will be doing is the renovations on Freedom, Liberty, Radiance and Splendor. That will keep us busy through next year for sure. We are always looking at what is going on out there but as of right now the focus is on trying to bring some of the new things back to the other ships."

And as for Oasis and Allure, will they spend all their time in the Caribbean? "When we took delivery of Voyager of the Seas back in 1999, we said that we could not imagine that Voyager would ever leave South Florida. In 2011, four of the five Voyager class ships will be in Europe as will two of the three Freedom class ships. So for the very, very foreseeable future, Oasis and Allure will remain in the Caribbean. But beyond the foreseeable future, never say never because the ships go where there is demand for them. "