

Travel Trade®

Oceania Executives Say Agents Are Key Factor in Line's Success



Travel agent support has been a key factor in four-year-old Oceania Cruises' success, Oceania president Bob Binder said during the Travel Executive Forum sponsored by the Host agency America's Vacation Center/American Express.

Binder appeared with Oceania chairman and CEO Frank Del Rio.

Bob Binder

'We are creating innovative products, and customers and agents are responding to that.'

"We are a small player in the marketplace and we really rely on agents — and they have supported us," said Binder, who added that agent support has a lot to do with Oceania delivering a product that agents are proud to present to their clients.

"And clients come back and tell their friends," he said. "We

are creating innovative products and customers and agents are responding to that."

Binder added that Oceania is not "priced out of the marketplace" and thus provides agents with a great value proposition to present to their clients.

In response to questions from agents, Del Rio said that Oceania's value proposition is "near luxury at near premium prices. That makes us unique in the marketplace."

The Oceania product he said is unique because it is upper premium — incorporating most of the attributes of a luxury cruise at a price point you would expect for a premium line.

"It really resonates in the market," said Del Rio.

So much so, that it is being copied, noted the Oceania co-founder.

"You see some outright theft of our brand distinction and it really bothers me at a personal level to see that kind of thing in the industry."

Tools for Agents

Binder discussed the tools for agents available from Oceania. These include online resources and training that includes monthly Webinars.

These resources complement the 10 regional sales directors who work with agents to put together a marketing plan that can be a "real ticket to success."

Binder said that Oceania plans to launch a new Web site in March 2008 with an expanded agent section and many new tools for Home Based agents, whom he called a growing force in Oceania sales.

Del Rio also talked about the weak dollar vs. euro and noted that the exchange rate can be a key sales point for agents, pointing out the advantage of seeing Europe on a cruise that is prepaid in U.S. dollars — such as Oceania cruises in the Mediterranean, Aegean and Northern Europe.

The weak dollar rate is great for consumers on a cruise because everything but incidental expenses is covered in dollars before clients leave, said Del Rio, who noted that on a recent trip to Venice, he paid the equivalent of \$24 for a cup of coffee — in a typical café, not a high-end eatery.

"That goes to show you the costs Americans face in Europe unless they are traveling on a cruise where most expenses are paid for already, and all expenses on board are in U.S. dollars," he noted.

But the weak dollar/strong euro is a double-edged sword for cruise lines, said Del Rio, because operating costs go up. And, the strong euro exacerbates already sky-high fuel prices.

Noting that there is a lot of talk about whether cruise lines will implement fuel surcharges, Del Rio said that Oceania is doing everything it can to reduce its exposure to rising fuel costs.

"It is a challenge."

One agent asked whether Oceania Cruises and NCL will merge now that both lines are owned by Apollo Management.

Del Rio said there are no plans for a merger.

"We operate in different sectors of the market and I don't see that there are significant cost synergies to bring the companies together. We are independently run with a common parent."

Oceania is constructing two new 1,260-guest mid-size cruise ships at Fincantieri in Italy for delivery on Sept. 30, 2010 and July 30, 2011, with an option for a third vessel to be delivered on May 30, 2012.

The new Oceania Class ships will feature 630 staterooms and suites, 50% larger on average than the Regatta Class; 98% of all guest accommodations will feature oceanviews and 95% will have private teak verandas. The vessels will be 782 feet long, 105 feet wide, with a draft of 24 feet, and will accommodate 1,260 guests on 11 guest decks.



Frank Del Rio