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## Caribbean Basin

### HRI Food Service Sector

## Get Onboard: North American Cruise Opportunities 2005

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**Report Highlights:**

This is an updated report of the Get Onboard: North American Cruise Opportunities 2001 report.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Miami [C11]  
[C1]

This report was prepared by the Caribbean Basin Agricultural Trade Office, Miami in conjunction with the Office of Agricultural Affairs, U.S. Embassy, Ottawa.

In 2004, North American cruise lines spent approximately \$905 million on food and beverage purchases in the United States. Cruise line food and beverage purchases are rising as rapidly as the number of cruise line passengers. In 2004, there were over 8.1 million passenger embarkations at U.S. ports, a nearly 14 percent increase from 2003. Market opportunities exist for food and beverage products that remain fresh for the duration of a cruise, meet the unique packaging and disposal requirements, and differentiate themselves from current onboard offerings.

### **Black Tie Optional: The Changing Demographics of Cruise Passengers**

Cruises, once enjoyed predominately by people of older generations and the leisure class, are increasingly becoming mainstream vacation options for families and couples and singles of all ages. Cruises are valued for their level of quality and service, their wide range of activities, and their unique experience. The average cruise passenger satisfaction rate is at ninety percent or higher, varying slightly for each cruise line. Despite the increase of cruise passengers in the past five years, the industry has barely tapped its potential (just 16 percent of the U.S. population has taken a cruise). The industry anticipates a 10 to 20 percent growth in cruise passengers over the next 3 to 5 years.

During 2004, the North American cruise industry added eight cruise ships. Over the next two years, an additional 20 to 30 ships will be added to the cruise fleets to meet the increasing growth of cruise passengers. Fleet expansion includes larger and more innovative amenity-filled vessels. Onboard amenities designed to attract new passengers include the following: Internet cafes, coffee houses, karaoke, pool parties, spa services, baby sitting, sports and fitness activities and children's activities, in addition to the more traditional night clubs, casinos, dancing, and shopping. Since onboard dining is an integral part of the overall cruise experience, cruise lines are offering more international flavors, spa cuisines, Michelin- style cuisines, children's meals, and are catering to dietary and health preferences. Wine tasting, cooking classes, and other decadent events such as pastry chef competitions are frequently becoming onboard features.

### **Are Your Products Seaworthy?**

In a competitive industry where a "late delivery" means that the ship has already left the port, where packaging materials remain onboard until reaching a port of call, where a chef is not able to run to the corner store to pick up last minute items or products to replace others that may have gone bad, dependability, quality and freshness take on an added meaning.

Considerations for product suitability for the cruise industry include the following: the supplier's dependability in timing of delivery and ability to deliver large quantities; quality and consistency of the product and the manufacturing facility; the product's ability to stay fresh for the duration of the cruise; price; disposal of product waste and packaging; products that will differentiate one cruise ship from another. Additional concerns include ease of training staff to use the product and suppliers that provide in-house training on product use.

Cruise lines load 95 to 100 percent of their food needs at their port of debarkation. While they cannot wait for late shipments, they require suppliers that guarantee on-time delivery. Additionally, while the average cruise is six and a half days long, foods that will remain fresh for the entire cruise are a must. Food deliveries to the ships while en route are usually limited to highly perishable products such as fresh produce and herbs.

Cruise lines must obey strict regulations on disposal of waste products. Cruise lines are allowed to incinerate certain waste products, while the remaining waste products must be carried onboard until reaching a disposal center. Therefore, cruise lines prefer food and beverage products with limited waste or packaging. For example, pre-cooked bacon with little grease waste developed for the U.S. Navy is frequently being used in commercial cruise lines. As the cruise industry blossoms, cruise ships are searching for ways to differentiate themselves to attract passengers. Food products can be used to provide this distinction. For example, cuisine from a well-known Miami restaurant, "Joe's Stone Crabs" is featured on one cruise line.

Unskilled labor and high turnover rates are major concerns of the cruise line industry. Products that require little training to prepare and serve are extremely attractive. For example, a coffee maker that produces latte, Cuban coffee or cappuccino at the press of a button is much more attractive than a machine that requires the operator to measure inputs and learn how to prepare the different products. In-house training provided by the food/beverage supplier is important. Cruise lines are often more receptive to products for which training in food preparation is provided. Examples of training include: portion control (e.g. teaching the kitchen staff how to resourcefully cut a roast in order to increase the number of servings) and food safety.

For the most part, North American cruises lines source their food and beverage products from the United States. Ship chandlers/distributors consolidate container loads of products for delivery to the ships. For departure from a non-U.S. port (e.g. Canada and Mexico), containers are sent in-transit from the U.S. to an international port for en route pickup. In this manner, products are not considered exports and therefore only require U.S. documentation.

The Caribbean is the most popular cruise route for North American cruise lines, accounting for 43 percent of cruise destinations. Other popular destinations include Alaska, Hawaii, New England, Quebec City, Mexico and Panama. The Vancouver, British Columbia to Alaska route has also become very popular in recent years. About half of the cruises departing the United States leave from Florida ports. Other popular U.S. ports include New York, Seattle, Los Angeles, and San Francisco.

### **Getting Onboard: Entry Strategy**

A U.S. company must be able to clearly demonstrate the competitive advantage of their product(s). For example, a company must consider the following: What services distinguish the new supplier and product from competitor suppliers and products in the market? How much money will the new product save the cruise line over the product they are currently using? What packaging waste advantages does the product offer?

U.S. suppliers can introduce their product(s) directly to the **cruise line purchaser** or to a **ship chandler, distributor or broker**, who will then in turn make product presentations to the cruise line purchaser. The **purchasing managers** or the **directors of food and beverage operations** of cruise lines are the key decision makers when it comes to buying food and beverage products, although they will often consult with the chef and hotel operations staff before making a final decision. Ship chandlers and distributors are companies that purchase, consolidate, and deliver goods directly to the port of debarkation. Brokers deliver products to the ship chandler or distributors rather than directly to the cruise lines.

The term ship chandler refers to a company that provides a number of services to one or more cruise line, including procuring all supplies, developing menus and even providing personnel management. If a cruise line has a ship chandler, the majority of the products will be sourced through a chandler rather than directly by a cruise line. Distributors who supply food and beverage products for more than just the cruise line sector also supply products directly to the cruise lines that do not work with a chandler. In addition, brokers, who are manufacturers' representatives, will source products for ship chandlers and distributors. The cruise line purchasers, ship chandlers, and large distributors are all genuinely open to, and interested in new products and encourage product presentations.

Joe Copeland, Vice President of Program and International Sales at Smart & Final/Henry Lee, a major ship chandler/distributor, suggested the following procedure for introducing a new product: *Take a cruise. Look in the kitchen and find out which competitor products the cruise line is using and how they are using it. Ask questions. Find out the advantages and disadvantages of the product. Find out what could make the product more attractive. Then ask your company, "Can you modify your product to incorporate their needs? What advantages does your product offer? Can you clearly demonstrate the advantages to them?" If so, prepare your presentation and begin knocking on the doors of the cruise line purchasers and ship chandlers.*

### **Charting the Course: The Bidding Process**

The majority of the food and beverage products purchased by cruise lines enter through a somewhat complex bidding process. **Bidders** are **ship chandlers, distributors and brokers**.

The bidders are typically bidding on a product delivery price to the port of debarkation, not the price of the item. The price for most products is negotiated directly between the cruise line purchaser and the manufacturer, prior to the bidding process. However, sometimes the cruise line will not specify a specific brand in their bid. In this case, the price of the item is actually determined in the bid itself. For example, if a cruise line needs a particular seafood product and a price has not yet been determined with a seafood distributor, the seafood distributors and brokers will bid on the price of that item.

The contract year for most dry goods and alcoholic beverages begins in the fall, which coincides with the beginning of the main cruise season. Non-dry good bids are offered throughout the year. Most contracts are for one year, although they may vary from six months to two years. Produce is bid at product cost plus a service fee since pricing varies dramatically throughout the year. Cruise lines audit the produce supplier to check that prices charged reflect actual costs. For example, a cruise line may bid out their meat contract in January, poultry in February, produce in March, and seafood in April. The ship chandlers or bidders usually specialize in one of these product categories, although some of the larger suppliers such as Sysco and Walton & Post increasingly offer a wider range of products. Sysco, for example, owns two of the largest produce suppliers for the cruise industry.

### **Expanding the Fleet: The Industry Consolidates**

In addition to the increasing growth in passengers, the cruise line industry is following the global trend of consolidating. The largest four cruise lines, Carnival Cruise Lines, Royal Caribbean Cruise Line Limited, Norwegian Cruise Line and Princess Cruise Line, account for 85 percent of the North American cruise industry food sales. Carnival now owns Cunard Line Limited, Holland America Line, Costa Crociere Spa, Costa Cruises, and Windstar. Almost all

food-purchasing contracts are for the entire Carnival group. Some smaller cruise lines are reportedly discussing grouping together for a greater purchasing power.

Ship chandlers are consolidating as well. Apollo Ship Chandlers, Inc. is the largest U.S. company that solely supplies the cruise line industry. Other ship chandlers distribute to additional areas in the food service sector such as hotels, restaurants and institutions. These distributors, such as Cheney Brothers Food Service, Smart & Final/Henry Lee, and SYSCO are rapidly expanding their product lines and distribution centers to more fully supply the food service industry nationally and internationally.

### **Take Part in a Show: Major Cruise Line Trade Shows and Conferences:**

The Marine Hotel Association Conference and Trade Show is the only show that concentrates solely on food and food equipment and the cruise line purchasers of these items. It is held at the end of April every year, usually in Florida. Approximately every third year the exhibit moves to the west coast. For more information, visit their web site at <http://mhaweb.org>.

The Seatrade Shipping Convention is the grand exhibition for the cruise line industry. It covers everything from shipbuilding, to on board dry-cleaning services, to tourist board exhibitors hoping to entice cruise lines to use their country as a destination. Food companies usually represent a small percentage of the exhibitors. The convention is the first week of March in Miami Beach, Florida. For more information concerning the convention, visit their web site at [www.cruiseshipping.net](http://www.cruiseshipping.net). For cruise line news, listings and links, visit Seatrade's web site at [www.cruise-community.com](http://www.cruise-community.com). Additionally, porthole is a cruise magazine for both businesses and consumers. Visit their website at [www.porthole.com](http://www.porthole.com).

### **Forget Your Semaphore Flags: Contact Chandlers and Purchasing Managers**

#### **Chandlers (ship chandlers, distributors and brokers):**

A-ONE-A Produce & Provisions, Inc. - Distributor

1351 NW 22<sup>nd</sup> Street

Pompano Beach, FL 33069

Tel: (954) 917-7272 Fax: (954) 917-8864

Type of products: Fresh fruits & vegetables, dairy products

Currently supplies: most major cruise lines, directly and through ship chandlers

Contact: Oscar Sotolongo, Director, Cruise Ship/Export, email: [oscars@aonea.com](mailto:oscars@aonea.com)

Apollo Ship Chandlers, Inc. - Ship Chandler

1775 NW 70<sup>th</sup> Avenue

Miami, FL 33126

Tel: (305) 774-7550 Fax: (305) 702-0349

Type of products: full line food, beverage and other products

Currently supplies: Celebrity, Renaissance, Discovery Cruise Lines, and others

Contacts: Joes Vila, Purchasing Manager for Food Department, email:

[josev@apolloships.com](mailto:josev@apolloships.com) Manuel Barcala, Purchasing Manager for Beverage Department, email: [manolo@apolloships.com](mailto:manolo@apolloships.com)

Allstate Food Marketing, Inc. - Food Broker

4494 N. John Young Parkway

Orlando, FL 32804

Tel: (407) 296-2911 Fax: (407) 296-4511

Type of products: full line food, beverage and other products

Currently supplies: a variety of cruise lines through many distributors  
Contact: Paul Haire, President, [phaire@afm-fla.com](mailto:phaire@afm-fla.com)

Bob Rowe Sales - Food Broker  
P.O. Box 640616F, Uleta Branch  
Miami, Florida 33164  
Tel: (305) 947-9966 Fax: (305) 947-5526  
Type of products: full line food, beverages and other products  
Currently supplies: a variety of cruise lines through many distributors  
Contact: Bob Rowe, CEO, email: [bobrowesales@net.com](mailto:bobrowesales@net.com)  
Steve Schultz, President

Carib Basin Food Sales Inc. - Broker  
9620-D Boca Gardens Circle North  
Boca Raton, FL 33496  
Tel: (561) 487-2176 Fax: (561) 482-5362  
Type of products: bacon, ham, pepperoni, salami, mortadella, poultry, and fresh pack tomatoes  
Currently supplies: a variety of cruise lines through ship chandlers and distributors  
Contacts: Jim Mancuso, Owner, and Mindy Mancuso, Office Manager, email: [mancuso@caribbasin.com](mailto:mancuso@caribbasin.com)

Cheney Brothers Food Service - Distributor  
One Cheney Way  
Riviera Beach, FL 33404  
Tel: (561) 845-4700 ext.186 Fax: (561) 845-4717  
Type of products: full line of food, beverage and other products  
Currently supplies: all major cruise lines  
Contact: David Kissel, Manager, Cruise Ship Sales, email: [dkissel@cheneybrothers.com](mailto:dkissel@cheneybrothers.com)

Corman Ship Supplies - Ship Chandler  
501 NE 183<sup>rd</sup> Street  
Miami, FL 33179  
Tel: (305) 651-1150 Fax: (305) 651-3497  
Type of product: dairy products  
Currently supplies: a variety of cruise lines  
Contacts: Jimmy Gomez, General Manager, email: [jimmygomez@cormanshipsupplies.com](mailto:jimmygomez@cormanshipsupplies.com)  
Raul Geurrero, Director of Sales, email: [raulgeurrero@cormanshipsupplies.com](mailto:raulgeurrero@cormanshipsupplies.com)

Essex Exports, Inc. - Distributor  
550 SW. 12<sup>th</sup> Avenue  
Deerfield Beach, FL 33442  
(954) 698-9333 Fax: (954) 698-6766  
Type of products: frozen seafood  
Currently supplies: several cruise lines through ship chandlers and distributors  
Contact: Francis Mahfood, Vice President, email: [kmessex@netrox.net](mailto:kmessex@netrox.net)

Excel Food Distribution Co. - Distributor  
9151 NW 97<sup>th</sup> Terrace  
Medley, FL 33178  
Tel: (305) 884-5112 Fax: (305) 884-5161  
Type of products: beef, veal, poultry, seafood  
Currently supplies: most major cruise lines

Contact: Jerry DeLaLuz, Cruise Sales, email: [Jerry\\_DeLaLuz@cargill.com](mailto:Jerry_DeLaLuz@cargill.com)

FAB Marketing - Alcohol Broker

7154 N. University Drive, Suite 205

Tamarac, FL 33321

Tel: (954) 722-6222 Fax: (954) 726-1406

Type of products: wines, spirits and confectionary

Currently supplies: most major cruise lines through ship chandlers

Contact: Bob Syner, Director, email: [fabwinespirit@aol.com](mailto:fabwinespirit@aol.com)

Smart & Final/Henry Lee - Distributor

3301 NW 125<sup>th</sup> St.

Miami, FL 33167

Tel: (305) 685-5851 Fax: (305) 681-7752

Type of products: full line food, beverage and other products

Currently supplies: most major cruise lines

Contact: Joe Copeland, VP of Program and International Sales, email:

SYSCO Food Services of South Florida - Distributor

555 NE 185<sup>th</sup> Street

Miami, FL 33179

Tel: (305) 770-5474 Fax: (305) 652-6013

Types of products: full line food, beverage and other products

Currently supplies: most major cruise lines

Contact: Harry Roberts, Director of Cruise Sales, email: [Roberts.Harry.R016@sysco.com](mailto:Roberts.Harry.R016@sysco.com)

### **Cruiseline Purchasing Managers**

American Classic Voyages

Manfred Seifert, Director, Food Operations

Tel: (305) 774-7550

Carnival Cruise Lines

David Mizer, Staff V.P. Purchasing

Tel: (305) 599-2600

Celebrity Cruises, Inc.

Contact Apollo Ship Chandlers, Inc. (listed above)

Costa Cruises

Contact Carnival Cruise Lines (listed above)

Costa Crociere Spacontact Carnival Cruise Lines (listed above)

Crystal Cruises

Dietmar Wertanzl, Sr. V.P. Hotel Operations

Tel: (310) 785-9300

Cunard Line Limited

Contact Carnival Cruise Lines (listed above)

Delta Queen Steamboat Co. & Coastal Voyages

Homer Ellis, Director of Purchasing or Frank Grabosky, Purchasing Manager

Tel: (504) 586-0631



Disney Cruise Line  
Carl Robie, Purchasing & Logistics Manager  
Tel: (407) 566-3592

Holland American Line  
Contact Carnival Cruise Lines (listed above)

Lindblad Expeditions  
Gary Hull, Purchasing Manager  
Tel: (206) 382-9593

Meridien Ship Managers/Sea Escape Cruises  
Al Courtney, V.P. Passenger Operations  
Tel: (954) 453-3380

Norwegian Cruise Line  
George Castillo, Purchasing Manager, Food & Beverage  
Tel: (954) 436-4000

Princess Cruises  
Jonathan Wilson, Manager, Food Production or Eugene Marino, Director Purchasing & Logistics  
Tel: (661) 753-2230

Radisson Seven Sea Cruises  
Ed Degan, Director of Purchasing  
Tel: (954) 776-6123

Renaissance Cruises, Inc.  
John-Paul Brigneti, Director, Purchasing  
Tel: (954) 463-0982

Royal Caribbean Cruises  
David Ruiz, Director, Hotel Purchasing  
Tel: (305) 539-6000

Royal Caribbean International  
Rudy Sodamin, Director, Culinary Development  
Tel: (305) 539-6000

Silversea Cruises, Ltd.  
Henrik Kjaer, Director, Purchasing  
Tel: (954) 522-4477

Windstar Cruises  
Contact Carnival Cruise Lines (listed above)

#### **Websites of Major Cruise Lines:**

Abercrombie & Kent, Ltd.	<a href="http://www.abercrombiekent.com">www.abercrombiekent.com</a>
American Classic Voyages	<a href="http://www.amcv.com">www.amcv.com</a>
Captain Cook Cruises	<a href="http://www.captaincookcruises.com.au">www.captaincookcruises.com.au</a>
Carnival Cruises	<a href="http://www.carnival.com">www.carnival.com</a>
Celebrity Cruises	<a href="http://www.celebrity-cruises.com">www.celebrity-cruises.com</a>

Costa Cruises	<a href="http://www.costacruises.com">www.costacruises.com</a>
Cruise West	<a href="http://www.cruisewest.com">www.cruisewest.com</a>
Crystal Cruises	<a href="http://www.crystalcruises.com">www.crystalcruises.com</a>
Cunard Line	<a href="http://www.cunard.com">www.cunard.com</a>
Delta Queen Steamboat Co. & Coastal Voyages	<a href="http://www.deltaqueen.com">www.deltaqueen.com</a>
Discovery Cruise Line	<a href="http://www.discoverycruiseline.com">www.discoverycruiseline.com</a>
Disney Cruise Line	<a href="http://disneycruise.disney.go.com/disneycruiseline/index">http://disneycruise.disney.go.com/disneycruiseline/index</a>
First European Cruises	<a href="http://www.first-european.com">www.first-european.com</a>
Great Lakes Cruise Company	<a href="http://www.greatlakescruising.com">www.greatlakescruising.com</a>
Holland America Line	<a href="http://www.hollandamerica.com">www.hollandamerica.com</a>
Lindblad Expeditions	<a href="http://www.expeditions.com">www.expeditions.com</a>
Maris Freighter Cruises	<a href="http://www.freightercruises.com">www.freightercruises.com</a>
Meridian Ship Managers/ Sea Escape Cruises	<a href="http://www.meridiancruisesntours.com/specials.shtml">www.meridiancruisesntours.com/specials.shtml</a> <a href="http://www.seaescape.com">www.seaescape.com</a>
Norwegian Cruise Line	<a href="http://www.ncl.com">www.ncl.com</a>
Orient Line	<a href="http://www.orientlines.com">www.orientlines.com</a>
Peter Deilmann Ocean Cruises	<a href="http://www.deilmann-cruises.com">www.deilmann-cruises.com</a>
Princess Cruises	<a href="http://www.princesscruises.com">www.princesscruises.com</a>
Radisson Seven Seas Cruises	<a href="http://www.rssc.com">www.rssc.com</a>
Regal Cruises	<a href="http://www.regalcruises.com">www.regalcruises.com</a>
Renaissance Cruises	<a href="http://www.renaissancecruises.com">www.renaissancecruises.com</a>
Royal Caribbean Cruises, Ltd	<a href="http://www.royalcarib.com">www.royalcarib.com</a>
Seabourn Cruise Line	<a href="http://www.seabourn.com">www.seabourn.com</a>
Silversea Cruises	<a href="http://www.silverseacruises.com">www.silverseacruises.com</a>
Star Clippers	<a href="http://www.starclippers.com">www.starclippers.com</a>
Sun Cruises	<a href="http://asiatravel.com/suncruises">http://asiatravel.com/suncruises</a>
Swan Hellenic	<a href="http://www.swanhellenic.com">www.swanhellenic.com</a>
Tempress Adventure Cruises	<a href="http://www.tempresscruises.com">www.tempresscruises.com</a>
Uniworld	<a href="http://www.uniworldcruises.com">www.uniworldcruises.com</a>
Viking River Cruises	<a href="http://www.vikingrivers.com">www.vikingrivers.com</a>
Windstar Cruises	<a href="http://www.windstarcruises.com">www.windstarcruises.com</a>

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