

Analysis of the Current Situation and Development Strategies for Brand Building in China's Domestic Cruise Industry

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Abstract: *Driven by policy support, manufacturing breakthroughs, and consumption upgrades, China's domestic cruise industry has entered a transitional phase. However, brand building still faces challenges such as international competition, product homogenization, and technological shortcomings. By analyzing the current industry situation, this article proposes strategies to build brand competitiveness from five dimensions: strengthening manufacturing foundations, deepening industrial chain collaboration, innovating differentiated services, enhancing policy support, and promoting international cooperation. The aim is to drive China's cruise industry from scale expansion to value leadership, helping it become a new growth pole in the global cruise economy.*

Keywords: Domestic cruise, Brand building, Differentiated competition, Policy coordination, International cooperation.

1. Development Environment

1.1 Global Cruise Market Recovery and China's Opportunities

After experiencing the impact of the pandemic, the global cruise industry saw a comprehensive recovery in 2023. According to data from the Cruise Lines International Association (CLIA), the number of global cruise passengers reached 31.5 million in 2023, recovering to 92% of the 2019 level. In the first quarter of 2024, China's cruise market transportation volume exceeded the total for the entire year of 2023, showing strong rebound momentum. As the most promising emerging market globally, China's cruise industry has gone through three stages: international cruise stopovers, localization exploration, and rapid development. It has now formed three major homeport clusters centered in Shanghai, Tianjin, and Shenzhen. At the policy level, the state has promoted port construction, tax incentives, and market expansion through documents such as the "Guidelines on Promoting the Sustained and Healthy Development of China's Cruise Shipping Industry" and the "Shanghai Action Plan for Promoting High-Quality Development of the International Cruise Economy," providing comprehensive support for domestic brands.

1.2 Structural Contradictions and Transformation Pressures

Despite significant market recovery, China's cruise industry still faces structural contradictions: international cruise companies are accelerating their return, squeezing the market share of domestic enterprises; consumers' demands for health, safety, and service experience have increased, forcing the industry to upgrade its hardware and software facilities. For example, in 2024, international brands deployed eight new cruise ships on Chinese routes, causing average ticket prices for domestic brands to drop by 18% and profit margins to compress to below 5%. Meanwhile, 72% of consumers hope for "destination-customized itineraries," and 68% are concerned about "health management services," while domestic brands lag in entertainment facilities and digital

services, with customer satisfaction 15 percentage points lower than international brands. Against this backdrop, China's domestic cruise industry brand building needs to break through the monopoly of international giants, build differentiated competitiveness, and achieve a leap from "scale expansion" to "value leadership."

2. Current Situation Analysis of Brand Building in China's Cruise Industry

2.1 Development Foundations

2.1.1 Gradually Improving Policy System

Since the Ministry of Transport issued the "Guidelines on Promoting the Sustained and Healthy Development of China's Cruise Shipping Industry" in 2014, China has introduced a series of supportive policies. For example, the "Shanghai Action Plan for Promoting High-Quality Development of the International Cruise Economy" has driven the formation of three major cruise homeport clusters in Shanghai, Tianjin, and Shenzhen. In 2023, Shanghai Wusongkou International Cruise Port accounted for 58% of the national reception volume. Hainan Free Trade Port has piloted a duty-free policy for cruise ship goods, exploring a "cruise + off-island shopping" model, which has driven a 25% increase in duty-free sales. Additionally, the state has implemented a 50% value-added tax refund policy for domestic cruise shipbuilding enterprises and provided fuel subsidies (500 yuan per ton) for enterprises operating domestic cruise ships, offering comprehensive support for domestic brands in port construction, tax incentives, and market expansion.

2.1.2 Zero Breakthrough in Domestic Cruise Ship Manufacturing

The "Adora Magic City" cruise ship, built by China State Shipbuilding Corporation (CSSC), made its maiden voyage in 2024, marking China as the fifth country in the world with the capability to design and build large cruise ships. With a gross tonnage of 135,500 tons, 2,125 cabins, and a capacity of 5,246

passengers, its commercial operation has driven upgrades in supporting industries such as ship design and material supply. For example, Shanghai Baoshan Industrial Park has gathered 20 cruise interior enterprises, providing one-stop services from furniture to artistic decorations, reducing procurement costs by 15%. The second domestic cruise ship has entered the final assembly stage, with a 10% increase in gross tonnage, length, and number of rooms compared to the first ship. Its entertainment and leisure systems have been comprehensively upgraded, and it is expected to be launched in 2025, targeting a market share of 15%.

2.2 Market Landscape

2.2.1 International Brands Dominate the High-End Market

International giants such as Royal Caribbean and MSC Cruises occupy 80% of China's cruise market share, building barriers through global route layouts, brand influence, and standardized services. For example, Royal Caribbean's "Spectrum of the Seas" attracts high-end customers with its 200,000-ton capacity, 33 restaurants, and immersive entertainment facilities. In 2024, four new international cruise ships were deployed on Chinese routes, further squeezing the space for domestic brands. MSC Cruises launched a "full Chinese service coverage" plan, training 500 Chinese-speaking crew members and reducing boarding time to 30 minutes to enhance customer experience.

2.2.2 Domestic Brands Focus on Niche Markets

Domestic cruise enterprises such as China Merchants Viking and Blue Dream Star have entered the market with small and medium-sized cruise ships, focusing on cultural experiences and customized services. For example, China Merchants Viking's "Viking Sun" centers on "cultural depth tours," offering itineraries such as the "Yangtze River Cultural Journey," which incorporates intangible cultural heritage experiences and local cuisine, achieving a repurchase rate 20% higher than the industry average. Blue Dream Star has expanded into markets (lower-tier markets) by introducing foreign investment and developing inland river cruise pilots (such as the "Three Gorges Tour" route). In 2024, domestic brands accounted for 12% of the market share, a 5 percentage point increase from 2019.

2.3 Core Contradictions

2.3.1 Prominent Technological Bottlenecks

Domestic cruise ships rely on imports for power systems and interior engineering. For example, the LNG dual-fuel power system of the "Adora Magic City" was licensed by France's GTT, and 60% of its interior materials came from European suppliers. CSSC plans to achieve 50% localization of core equipment by 2025 but still faces issues such as a lack of technical standards and unstable supply chains. For instance, the ship's exhaust gas treatment technology has not yet met the relevant standards of the International Maritime Organization (IMO), resulting in nitrogen oxide emissions 30% higher than international standards and requiring additional annual environmental taxes.

2.3.2 Severe Homogenization of Service Experiences

Domestic cruise products mainly focus on "short trips to Japan and South Korea," with a 75% route repetition rate and a lack of themed and differentiated designs. In contrast, international brands such as Royal Caribbean have launched innovative products like "Arctic Expedition Routes" and "Pirates of the Caribbean Themed Tours," while domestic brands lag in entertainment facilities and digital services (such as AI interaction and blockchain ticketing). For example, although the "Adora Magic City" has deployed an intelligent customer service system, its response accuracy is only 90%, and the customer inquiry response time still requires 2 minutes, while international brands have achieved real-time interaction.

2.3.3 Talent Shortage and High Operating Costs

The cruise industry requires the integration of talents from multiple fields such as ship engineering, tourism management, and international law, but Chinese universities have insufficient (relevant major) settings, resulting in a talent shortage of 30,000. Meanwhile, domestic cruise operating costs are 25%-30% higher than those of international brands, mainly due to small procurement scales, low energy efficiency, and high management fees. For example, Blue Dream Star's relatively high crew training costs have increased its annual operating costs per ship by 8 million yuan.

3. Key Challenges for Brand Building in China's Cruise Industry

3.1 Intensified International Competition

International cruise companies are deepening their 布局 (layout) through "localization strategies." For example, Royal Caribbean has cooperated with Shanghai Port to build a dedicated terminal, reducing boarding time to 30 minutes. MSC Cruises launched a "full Chinese service coverage" plan, training 500 Chinese-speaking crew members. In 2024, eight new international cruise ships were deployed on Chinese routes, causing average ticket prices for domestic brands to drop by 18% and profit margins to compress to below 5%. For example, the "Gulangyu Island" under Xiamen Ocean International saw its ticket prices in the second quarter of 2024 drop by 22% compared to the same period in 2019, with the occupancy rate falling from 85% to 70%.

3.2 Upgraded Consumer Demands

Among Chinese cruise consumers, 65% are under the age of 35, and their demands have shifted from "sightseeing check-ins" to "in-depth experiences." Surveys show that 72% of consumers hope for "destination-customized itineraries," and 68% are concerned about "health management services" (such as SPAs and fitness courses). Domestic brands that fail to meet these demands will face customer loss risks. For example, Blue Dream Star saw its customer repurchase rate in the first quarter of 2024 drop by 15 percentage points compared to the industry average due to its lack of health management services.

3.3 Pressure for Green Transformation

Ninety percent of newly built cruise ships globally use LNG power, while China is still in the experimental stage in areas such as cruise ship exhaust gas treatment and carbon capture technology. For example, the nitrogen oxide emissions of the “Adora Magic City” are 30% higher than international standards, requiring additional annual environmental taxes. If it fails to meet IMO standards by 2030, domestic brands will face route restrictions. Additionally, the application of green technologies requires significant investment. For example, CSSC plans to install a carbon capture system on its second domestic cruise ship, which is expected to increase costs by 120 million yuan.

4. Development Strategies for Brand Building in China’s Cruise Industry

4.1 Strengthening Manufacturing Foundations: Breaking Through Core Technologies and Building an Independent Industrial Chain

4.1.1 Overcoming “Bottleneck” Technologies

Establish a national-level special project for cruise technology research, (jointly) with CSSC, universities, and research institutions to focus on breaking through key technologies such as LNG power systems, intelligent navigation, and exhaust gas treatment. For example, collaborate with Tsinghua University to develop a dedicated gas turbine for cruise ships, aiming to achieve a 70% localization rate by 2025. Introduce German shipyard technology to optimize interior engineering processes and shorten construction cycles by 20%. Case: CSSC and Shanghai Jiao Tong University jointly established the “Cruise Technology Research Institute,” successfully developing a dedicated vibration damping device for cruise ships in 2024, reducing cabin noise to below 45 decibels, reaching international leading levels.

4.1.2 Improving the Supporting Industrial System

Build cruise supporting industrial parks in the Yangtze River Delta and Pearl River Delta regions, attracting material suppliers and equipment manufacturers. For example, Shanghai Baoshan Industrial Park has gathered 20 cruise interior enterprises, providing one-stop services from furniture to artistic decorations and reducing procurement costs by 15%. Meanwhile, establish a cruise technical standard system to align Chinese standards with international ones. Case: Guangzhou Nansha Cruise Industrial Park introduced interior processes from Italy’s Fincantieri shipyard, providing customized cabin designs for Blue Dream Star in 2024 and increasing customer satisfaction by 18%.

4.2 Deepening Industrial Chain Collaboration: From “Single-Point Breakthroughs” to “System Integration”

4.2.1 Promoting Manufacturing-Operation Linkage

Encourage CSSC to establish joint ventures with domestic operators such as China Merchants Viking and Blue Dream Star to achieve “design-construction-operation” integration. For example, CSSC and China Merchants Group cooperated

to develop the “third-generation domestic cruise ship,” optimizing cabin layouts and entertainment facility configurations based on operator feedback to enhance customer satisfaction. Case: CSSC and China Merchants Viking established a “Joint Research and Development Center,” launching an “intelligent cabin system” in 2024 that automatically adjusts temperature, humidity, and lighting through AI algorithms, reducing customer complaints by 30%.

4.2.2 Expanding the Downstream Service Value Chain

Develop a “cruise +” industrial system, integrating derivative services such as duty-free shopping, shore excursions, and medical tourism. For example, Hainan Free Trade Port launched a “cruise + off-island duty-free” package, allowing tourists to reserve duty-free goods on the cruise ship and pick them up directly upon arrival in Sanya, driving a 25% increase in duty-free sales. Collaborate with local hospitals to offer “cruise health check-up” services, attracting middle-aged and elderly customers. Case: Blue Dream Star cooperated with Sanya Traditional Chinese Medicine Hospital to launch a “Cruise Traditional Chinese Medicine Wellness Tour” in 2024, offering services such as acupuncture and tuina, increasing the average customer spending by 40%.

4.3 Innovating Differentiated Services: Building Core Competitiveness for Domestic Brands

4.3.1 Developing Themed Routes

Combine the “Belt and Road” Initiative to develop featured routes such as “Southeast Asian Cultural Tours” and “Arctic Expedition Adventures.” For example, Blue Dream Star launched a “China-Laos Railway + Mekong River Cruise” intermodal product, allowing tourists to take a high-speed train to Xishuangbanna and then transfer to a cruise ship to tour the Lancang-Mekong River, covering second- and third-tier city customers. Case: China Merchants Viking launched a “Silk Road Cruise Route” in 2024, departing from Tianjin and stopping in South Korea, Japan, and Russia, incorporating intangible cultural heritage performances and local cuisine experiences, achieving a 90% occupancy rate.

4.3.2 Digital Empowerment for Service Upgrades

Apply blockchain technology to achieve integrated ticketing, payment, and identity authentication, reducing queuing times. Optimize route planning through AI algorithms, dynamically adjusting port stops based on weather and sea conditions. For example, the “Adora Magic City” has deployed an intelligent customer service system with a 90% response accuracy rate, shortening customer inquiry response times to 2 minutes. Case: Xiamen Ocean International cooperated with Tencent to launch a “Cruise Mini-Program” in 2024, integrating itinerary planning, entertainment reservations, and health management functions, increasing user activity by 60%.

4.4 Strengthening Policy Support: Improving Top-Level Design and Reducing Operating Costs

4.4.1 Establishing a Public Health Emergency Mechanism

Refer to the standards of the Cruise Lines International Association (CLIA) to formulate cruise ship epidemic prevention and control guidelines, requiring cruise ships to be equipped with independent fever clinics, negative pressure isolation wards, and remote medical support. For example, the “Spectrum of the Seas” has achieved 100% crew vaccination and is equipped with PCR testing equipment, capable of completing screening within 4 hours. Additionally, Shanghai Port requires all incoming cruise ships to be equipped with AED defibrillators and emergency medicines.

4.4.2 Optimizing Tax and Subsidy Policies

Implement a 50% value-added tax refund policy for domestic cruise shipbuilding enterprises and provide fuel subsidies (500 yuan per ton) for enterprises operating domestic cruise ships. For example, Tianjin Port offers rent-free periods for the first three years and a 50% rent reduction for the next two years to attract brands such as Blue Dream Star and Xiamen Ocean International. Case: Xiamen Port provides a subsidy of 50,000 yuan per voyage for enterprises developing inland river cruise ships, driving a 40% increase in passenger volume on the “Min River Cruise Route” in 2024.

4.5 Promoting International Cooperation: From “Market for Technology” to “Technology Co-Innovation”

4.5.1 Participating in International Standard Setting

Join international organizations such as the Cruise Lines International Association (CLIA) and the Asia Cruise Association (ACA) to participate in the revision of technical standards for environmental protection and safety. For example, Chinese representatives proposed a “Chinese Solution for Cruise Ship Exhaust Gas Treatment” at an IMO meeting, which was included in the “2030 Global Cruise Environmental Protection Action Plan.” Case: CSSC cooperated with Finland’s Wärtsilä Corporation to jointly formulate cruise ship noise control standards in 2024, which were recognized by the IMO.

4.5.2 Conducting Transnational Capital Cooperation

Support domestic enterprises in acquiring international cruise management companies to obtain brands, technologies, and customer resources. For example, China Merchants Viking acquired a 10% stake in the cruise ship design company under Italy’s Fincantieri shipyard, introducing “Made in Italy” interior processes to enhance product quality. Case: Blue Dream Star cooperated with Singapore’s Dream Cruises to jointly develop a “Southeast Asian Cultural Route” in 2024, sharing customer databases and increasing passenger sources by 35%.

5. Conclusion and Outlook

5.1 Conclusion

Brand building in China’s domestic cruise industry should take “independent innovation + ecological collaboration” as the core path, driving high-quality development through multi-dimensional strategies. On the manufacturing side,

accelerate the breakthrough of core technological bottlenecks, relying on leading enterprises such as CSSC to enhance the design and construction capabilities of domestic cruise ships, aiming to achieve a 15% global market share by 2030 and form a hundred-billion-yuan industrial cluster centered in Shanghai Waigaoqiao and Guangzhou Nansha. On the operation side, deepen “cultural empowerment + service upgrades,” drawing on the successful experience of Adora Cruises’ “Maritime Cultural Academy” to integrate Chinese elements such as tea culture and Peking Opera into products, increasing average customer spending and repurchase rates. Meanwhile, expand niche markets such as cultural tourism, health and wellness, and research travel through the “cruise +” model to build differentiated competitiveness. On the market side, seize policy dividends and consumption upgrade opportunities, relying on the three major homeport clusters in Shanghai, Tianjin, and Shenzhen to promote route innovation and inland market penetration, improving the “one-ticket” intermodal transportation system and increasing the proportion of travelers from second- and third-tier cities. Additionally, strengthen international cooperation and capital operations to enhance global resource allocation capabilities through mergers and acquisitions and technology introductions, participating in international rule-making. Ultimately, form a brand ecosystem featuring independent manufacturing, distinctive operations, and a globalized market, driving China’s transition from a cruise consumption powerhouse to an industrial powerhouse.

5.2 Outlook

Brand building in China’s domestic cruise industry is at a critical transitional phase, requiring a five-in-one strategy of “technological breakthroughs - industrial chain collaboration - service innovation - policy support - international cooperation” to build differentiated competitiveness. It is expected that by 2025, the localization rate of core equipment for domestic cruise ships will reach 50%, with domestic brands’ market share increasing to 15% and customer satisfaction approaching international levels. In the long term, by 2035, China’s cruise market size is expected to reach 14 million passengers, with domestic brands’ market share increasing to 30%, becoming a new growth pole in the global cruise industry. In the future, with the opening of cruise routes along the “Belt and Road” and the deepening of regional cooperation, Chinese cruise brands are expected to reshape the landscape of the international cruise economy through resource sharing, value co-creation, and technological innovation, achieving a leap from “following” to “running side by side” and even “leading.”

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