

terrorism, and the piracy of ships—may inhibit companies from venturing as much internationally.

Finally, there is a view that for globalization to succeed, efficient institutions with clear-cut mandates are necessary; however, there is concern that neither the institutions nor the people working in them can adequately handle the complexities of an interconnected world.<sup>66</sup>

### Going Forward

Only time will tell, but one thing seems certain from everything we've read in this chapter: If a company

wants to capitalize on international opportunities, it can't wait too long to see what happens on political and economic fronts. Investments in research, equipment, plants, and personnel training can take years to pan out. Forecasting foreign opportunities and risks is always a challenge, but by examining different ways in which the future may evolve, a company's management has a better chance of avoiding unpleasant surprises. That's why each chapter of this book includes a feature that shows how certain chapter topics can become subjects for looking into the future of international business. ■

## Carnival Cruise Lines: Exploiting a Sea of Global Opportunity

*I must go down to the seas again, for the call of the running tide  
Is a wild call and a clear call that may not be denied*

—John Masefield, *The Seekers*

In recent years, the call of the sea has spurred the cruise business.<sup>67</sup> Sea voyages, of course, have had an aura of mystique for centuries, but only in recent decades has the experience of the open sea and exotic ports of call been available to a mass market.

Historically, the recreational sea voyage was an essentially elitist endeavor. Certainly, members of the lower classes occasionally found themselves on the open sea, but usually as displaced job seekers or crew members aboard ships. In recent years, however, the cruise industry has undergone a sea of change of sorts, and the demographic groups it now targets include the working middle class as well as the idle rich.

### What's a Cruise, and What Happened to the Cruise Industry?

A "cruise" is a sea voyage taken for pleasure (as opposed to, say, passage on a whaling ship, an assignment in the navy, or a ferry ride to get you from point A to point B). Typically, passengers enjoy cabin accommodations for the duration of a fixed itinerary that brings them back to their original point of embarkation.

There was a time when ships (called *passenger liners*) transported people across oceans and seas for business or pleasure, but the advent of transoceanic air service after World War II offered a speedier and less expensive alternative, and airlines captured passengers from ocean liners. The competitive balance tipped decisively in the 1960s, when advances in jet technology made air travel a viable option for a growing mass market of budget-minded international travelers. Converting more shipboard space to low-priced accommodations, shipping lines countered with the reminder that "getting there is half the fun," but one by one, they retired the great luxury liners that had plied the seas for decades.

### The Contemporary Cruise Industry

Today, the cruise industry is dominated by three companies—Carnival, Royal Caribbean, and Star—which command a combined 91 percent of the market. By far, the largest of the three is

