

Wine Sales on the High Seas

Cruise ships move impressive quantities of wine at equally impressive prices.

By Liza B. Zimmerman



Cruise lines of all sizes offer the wine industry a distinct advantage over stationary restaurants: their guests will be dining multiple times at their venues. (Silversea Cruises)

including drinks.

An important factor driving wine sales on ships is an aggressive pricing strategy. Cruise lines don't have to pay taxes on wines sold at sea and markups can hover as low as 1.5, which is unheard of in the restaurant sector where they usually range between 2.5 and 3. These two factors combined make for some great deals on cruise line wine lists and great opportunities for producers.

I recently did wine education on part of a Crystal Cruises World Cruise. Our segment of the journey took us from Miami to Valparaiso, Chile, and many a fine wine was enjoyed en route. Wine educators and seminars focus on local wines from the specific regions the ship is destined for, as well as other wines, such as those from California that might be of interest.



Toni Neumeister of
Crystal Cruises

As cruising becomes more accessible to a wider range of people, ships' multiple bar and restaurant venues are doing a brisk business in wines. According to **Cruise Lines International Association (CLIA)**, a Ft. Lauderdale-based trade organization with cruise line and travel agency members, the cruise industry is predicting a banner year for 2007 with 12.6 million cruise passengers slated to sail, an increase of approximately half a million more than in 2006. Since CLIA doesn't rate its members, I chose the lines interviewed based on their continued top ratings in *Condé Nast Traveller* for all sizes of ships.

Cruise lines of all sizes offer the wine industry a distinct advantage over stationary restaurants: their guests will be dining multiple times at their venues. "We have a captive audience as most cruises last at least 11 days," said **Toni Neumeister**, vice president of food and beverage operations of the Los Angeles-based **Crystal Cruises** line. The length of the cruise allows guests to get to know the staff and the wine list and may encourage them to even drink more wine.

A festive air pervades any cruise vacation, so passengers may also be more likely to drink higher-priced wine more frequently. On many of the more expensive cruise lines, guests often hail from wealthier demographics than your average diner on dry land. Average incomes of cruisers are \$104,000 a year and their average age is 49, according to CLIA. This is not surprising--daily charges on many ships can approach \$1,000 per couple for the simplest cabin and meals, not

Creating a Core List

The bulk of cruise lines purchase their wines through brokers or buy directly from their favorite vineyards in bulk. Most cruise ships don't include alcoholic beverages in the cost of the cruise; however, some, such as **Regent Seven Seas**, **Silversea**, **SeaDream** and **Seabourn**, do. But even cruise lines that build the cost of a complimentary core list into the price of the voyage will also offer high-end reserve lists.

Regardless of how the different lines approach their beverage programs, wine sales on ships are becoming an ever-larger source of revenue. "Ten years ago, wine was 20 percent of our total beverage sales--now it's 45 to 50 percent and even more in Europe," said **Luis Ortega**, manager of beverage development at Miami-based **Celebrity Cruises**, whose parent company is **Royal Caribbean Cruises Limited**.

Whether it's complimentary or not, almost all cruise lines have a core list to which they add through reserve lists, local wine selections and additional options featured in specialty restaurants. Most of these lists are changed on a fairly regular basis, ranging from every couple of months to once a year.

On **Holland America Line**, a standard list is used for all of the company's 13 ships, which is then "enriched with wines from where we go," according to **Oliver Hammerer**, director of beverage and signature services at the Seattle-based cruise line. Holland America's core list features 200 wines by the bottle and 14 by the glass. The average price of a bottle of



Tony Egger of Seabourn



Salah Chetbi of Silversea

wine is \$40 to \$60. The line sells about 900 bottles a week on all 13 of its ships combined.

Celebrity Cruises features 130 wines on its core list and 36 wines by the glass. Average bottle prices range from \$35 to \$45, according to Ortega. The nine-ship line can accommodate from 92 to 1,950 passengers and sells \$16,000 to \$20,000 in wine on average per week.

Crystal Cruises features a 300-bottle core list that changes every year, according to Neumeister. The cruise line offers approximately 30 wines by the glass on its two ships, which carry approximately 1,000 passengers each.

On the four ships of the Ft. Lauderdale-based Regent Seven Seas line, alcoholic beverages are included in the price of the cruise. Forty different wine labels are complimentary by the bottle and the glass, and another 40 are part of a reserve list that guests can opt to pay for, according to **Steph Armengol**, hotel director. The cruise line is part of the **Carlson Companies**, which also owns **Radisson Hotels & Resorts**. Regent ships carry approximately 500 to 700 guests and go through approximately 1,100 bottles for all four vessels a week and approximately 350 bottles a day on the larger vessels.

SeaDream Yacht Club also has a complimentary wine program, which includes about 25 choices. It also has a 3,000-bottle reserve list, according to **Christophe Cornu**, executive hotel manager for the Miami-based line. He added that 50 percent of his guests are regularly ordering off the reserve list. He estimated sales to be between \$5,000 to \$8,000 a week from his reserve lists and \$60 to \$70 to be the average price of a bottle of wine. The line has two yachts, which hold 110 passengers, making it the smallest one featured in this story.

Silversea's four ships also feature a complimentary wine program, which encompasses a selection of 60 wines as well as an 80- to 100-bottle reserve list from which guests can purchase.

Seabourn features a complimentary wine list as well as a premium wine list called Vintage Seabourn that is offered to guests on a pre-purchase program, according to **Tony Egger**, director of culinary and beverage operations for the Miami-based company. Wines purchased through this program average approximately \$66 a bottle. The company's three ships carry approximately 200 people.

With wines from all the lists combined, most ships set out to sea with anywhere from 3,000 bottles for a small ship like SeaDream to 40,000 on a larger one from Holland America.

A Focus on Local and California Wines

Lists for all the cruise lines will include local wines if the ship is sailing to a wine-producing region. "It's very important for our guests to feel in touch with their destinations," said

Rick Garced, wine consultant to Celebrity Cruises and president of the **United States Sommelier Association**.

Sommeliers are often doing the legwork themselves to find new wines when ships are in port. "Our sommeliers are encouraged to purchase some locally produced wines as they travel around," said Egger. Most lines are adding three to 20 local wines per area visited. "If you are sailing to a wine country, people are going to be interested in local flavors," noted Regent's Armengol.

Regardless of where the ships may sail and the nationality of the parent company, North American guests still predominate, making up for 84 percent of passengers, according to CLIA. These American guests, according to cruise executives, continue to show a strong preference for California wines, so these often make up close to half the list.

On Celebrity, "California is strong and getting stronger," according to Ortega. The bulk of the line's 40 percent domestic wine sales are in California wine, according to Garced. On Holland America, domestic wines account for 65 percent of the line's sales, half of which are from California.

On Regent's ships, domestic wines account for 30 percent of the line's complimentary list and 40 percent of the reserve list, for which guests pay an additional fee. California wines make up 10 percent of Silversea's complimentary list and 25 percent of its for-purchase reserve list.

On Crystal Cruises' two ships California wine accounts for 34 percent of the wine list, according to Neumeister. The company even rolled out its own private label called "C" four years ago. The lineup includes Chardonnay, Merlot and Cabernet Sauvignon. The wines are produced in conjunction with the **Monterey Wine Company** and **Luna Vineyards**. Crystal's wine staff actually heads up to the wineries to blend the wines themselves. "It's an easy sell because you don't have to tell a story," Neumeister noted. He also shared that Crystal is working on developing an Italian private label brand.

Specialty Lists and Glassware

Many lines, such as Crystal and Holland America, also feature specialty restaurants with unique wine lists that may offer additional wines or have a totally different focus. Crystal has an Italian restaurant on all of its ships, featuring an all-Italian list.

Holland America, because it's based in Seattle, features a Pacific Northwest specialty restaurant that offers 46 wines from the region.



The cruise line even has a special program called WOW, short for "Wines of Washington," which it features on its trips to Alaska.

All of the cruise executives that I spoke to said that pristine storage conditions and top-of-the-line stemware were an essential part of their wine programs. Many ships are using **Riedel** and **Schott Zwiesel** glasses throughout their dining venues. Every cruise executive I spoke to also assured me that all the wines on the ships were kept in temperature-controlled storage.

Pricing and Training

If being on vacation weren't enough incentive to try new wines, the incredibly reasonable pricing on ships is pretty convincing. I was surprised and thrilled by the selection and prices of hard-to-find bottles on the Crystal Cruise.

"If they want to treat themselves, they know they can do it because the wines are so affordably priced," said Cornu. "We sell our premium wines on board for prices comparable to what you would pay in a retail wine store ashore," said Egger. "The markup is especially low on the mid- to high-price range," added Neumeister.

Sommeliers on ships can often be better trained and used to dealing with a greater volume of guests in their dining rooms than their counterparts on shore. Some of the larger ships, like Holland America's, are employing up to 20 sommeliers to serve 1,400 to 2,000 guests on evenings the ship is at sea. What's more, their wine expertise can be needed throughout the day more frequently on ships where wine that flows freely is, literally, complimentary, according to **Salah Chetbi**, fleet director of food and beverage at the Ft. Lauderdale-based Silversea.

Ships' wine staff also tends to be very international. On my recent Crystal Cruise there was not a single American sommelier on board; all were European, including two Czechs. Almost all of them had attended European hotel schools rather than following the master sommelier track. Neumeister explained that all of Crystal's sommeliers needed to complete an apprenticeship in the food service industry or hotel management school and have four years' experience in a luxury property before coming aboard.

Holland America's sommeliers all have at least a sommelier certificate, according to Hammerer. And on Silversea's ships "we have an ongoing training program; and as our ships travel all over the globe, our sommeliers often have the chance to broaden their education by actually visiting many wineries and vineyards," said Chetbi. He added that "European hotel schools are a traditional and very reliable source for sommeliers, and most of ours are European."

All of the sommeliers on Regent have hotel school backgrounds, according to Armengol. There are a total of 10 on the cruise line's larger ship, which carries 700 people. On SeaDream's smaller ships, one sommelier and an assistant handle the wine service. "Our staff is European, and our service is European," noted Cornu.

Getting your Wines on Board

Upscale demographics, guests in high spirits and skilled sommeliers make cruise ships an enviable place for producers to showcase their wines. However, getting on the list isn't always easy. Most ships will need ample quantities of wines for their core lists. "We need at least 10,000 cases, or otherwise we can't do the core list," said Hammerer.

Hammerer suggested that interested producers send their wines to Holland America's corporate office to be tasted. Ortega also suggested that producers contact Celebrity's corporate office about sending samples to be tasted and evaluated.

Neumeister said that Crystal is also open to pouring the wines of small producers. He noted that if producers contacted his corporate office with information on prices and styles then he would be open to doing a tasting with one caveat. "We don't want to have brands on our list that you can get in the supermarket." He added that ideal price ranges at their cost for everyday whites would be \$11 to \$14 and reds, especially Cabernet Sauvignon, \$18 to \$25.

Armengol stressed the importance of getting to know the personalities behind the wines as well as the wines themselves. The producers "need to come and meet us and give us ideas about the vineyards. And we need to taste the wine."

It may be challenging getting time with these busy executives, but the exposure a producer could net would be well worth the time commitment. Twelve new ships are slated to be introduced this year alone, according to CLIA, which is all the more reason to reach out to cruise lines before they fully stock their cellars. **wbm**

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