



HOW CRUISES MAKE MONEY WITH ENORMOUS EXPENSES

Cruises are a widely popular vacation idea for many people. Typically, you don't need to fly but still can see great destinations and relax. Some even include unlimited food, drinks, have 100's of amenities, and even offer great deals year-round.

CRUISE LINE EXPENSES



They do not get as much profit per ticket sales as some assume. Most of your ticket price goes to their other expenses (fuel, port fees, salaries, replenishing food/drinks). On the average \$1,500 ticket, they may only see a few hundred dollars in profit.

SALARIES



These large ships can easily have over 1,000 workers on each ship. That's a lot of salaries to pay, so how do they do it?

They hire worldwide. Many workers do not make anything close to what the U.S. base pay norm is. Their pay is typically lower than the U.S. federal minimum wage, BUT it's much higher than what they could come close to making in their hometown. They also are usually tipped really well. Whether they're tipped by a guest or receive a portion of the gratuity added on the guest's bill.

TAXES



One big way cruise lines save money is that they use foreign-flagged ships. This way, they will not need to pay much higher taxes in the U.S. They simply register their corporation and ship in different foreign countries.

PORT FEES



One expense they can't get out of paying is port fees. This also sometimes includes taxes/fees for every passenger on board when they dock at the port. That fee can range anywhere from \$5 to \$20 per passenger, which can add up.

MARKETING & AGENT COMMISSION



Marketing and agent commission is also a very large expense. Cruise lines run all sorts of advertisements. These ads range from commercials on the radio and T.V., ads on social media, providing travel agents with comped travel to entice them to sell more cruises, and even hiring their own onboard travel agents.

INSURANCE



Each cruise line has a policy that you can add-on when you book your cruise, or even add-on after you have already paid for your tickets, for those that need to think about it. While most of the time nothing happens and you end up not needing it, that's more money in their pocket.

FUEL



Fuel will be, by far, the biggest expense other than the actual cost of the ship itself. The cost will vary depending on the ship's size, speed, and where the ship docks for fuel.

MAINTENANCE AND REPAIRS



On any ship, the cost of maintenance is significant, but the ships used as cruise ships are large and require a lot of upkeep to keep going. On average, it could cost a few billion dollars to maintain the ship.

FOOD AND DRINKS – GUEST AND CREW



Most cruise lines offer some sort of package that allows you to eat and drink at no extra cost. Most guests will pay for this package to save themselves money compared to buying each individual drink. This makes you spend money before boarding the ship.