



**Arne Wilhelmsen, cofounder of Royal Caribbean Cruises**

## ▶ Arne Wilhelmsen Next: Sensible Growth

“My initial perception of the industry was that it had great potential being the fastest growing segment in a growing vacation industry in which the cruise market constituted a very small part of the total,” Arne Wilhelmsen, one of the cofounders of Royal Caribbean Cruises, told *Cruise Industry News*.

“The focus at the time was on cruising in the Caribbean in older converted trans-Atlantic liners with 80 percent of the voyages starting in New York, which indicated there was a great need for innovation and new thinking in the development of the modern cruise industry.”

### Forward Looking

Wilhelmsen, who served on the board of Royal Caribbean until 2003, said that the main drivers of the industry’s growth was the development of Miami as a modern cruise port and the building of modern vessels tailor-made for the Caribbean trade.

“At the time, there were some forward-looking people in Miami who believed very strongly in the potential development of cruising in the Caribbean. One was Ed Stephan, a young hotel executive with a small cruise operation, who came to us in Oslo with a proposal. The other was Admiral Stevens, the port director of

Miami, who had plans to develop Miami as a major cruise port.”

### Initial Concept

“Our initial concept was very simple,” Wilhelmsen continued. “Three vessels – two on 14-day and one on seven-day itineraries with two sailings every Saturday, which was easy to communicate to travel agents.”

Royal Caribbean also chartered Boeing 747 planes with 460 seats, which gave it the lowest seat cost between Los Angeles, San Francisco and Miami, which allowed the cruise line to tap the lucrative California travel market.

“The first ship, the Song of Norway, became very popular and after the first 10 years we had to double the capacity of our fleet by lengthening two of the ships and building a new vessel, which was twice as big as the first one, which was the Song of America,” Wilhelmsen explained.

### Industry Drivers

He said that the main drivers for the industry’s continued expansion are the development of ever bigger and more sophisticated cruise ships, the opening up of new markets and new destinations worldwide.

“Being a great believer in the merits of economies of scale, my initial challenge was to convince my partners and management in Miami to build bigger and more efficient ships in order to grow the company.

“A big challenge for me personally was to have my two partners over 20 years sell their shares of Royal Caribbean to Carnival in 1988. Having the first right of refusal, I succeeded in raising the necessary funds to buy them out and find new partners, all in a very short time.”

### Growth

Wilhelmsen added that the industry has seen phenomenal growth and that Royal Caribbean has made a substantial contribution. “A major challenge for the industry now is not only to continue to grow, but to grow in a sensible way. Quality in management and staff at all levels ashore and aboard will be a critical precondition for healthy development.

“The ships will be subject to more demands not only from passengers but also from regulatory authorities and will be more technically sophisticated.”

The most interesting and sensational market development at this time, according to Wilhelmsen, is the growth of the Chinese market and the revival of the U.S. economy.

### ‘Good Business’

Founded in 1939 by Anders Wilhelmsen, the family-owned company today known as Awilhelmsen is involved in shipping, offshore, cruise, real estate, retail and capital management.

According to the book *The Eternal Hunt*, which traces the company’s history, its growth is partially attributed to the success of Royal Caribbean.

The story is about Anders, who shortly after launching his company lost his brother Karsten, serving as captain on their first ship, when it was torpedoed by German submarines. And it is about Anders’ sons, Arne and Gjert, and the third generation, Arne Alexander, son of Arne, and their focus on “doing good business and being willing to make commitments where others dare not go.” ■