

BUILDING UPON TRADITION

By Richard H. Wagner

With the addition of QUEEN VICTORIA to its fleet, Cunard Line seeks to solve a problem that has vexed the company for nearly 40 years.

On 13 January 2008, Cunard Line will debut the latest addition to its fleet in New York harbor. Escorting the new ship will be maritime celebrities QUEEN ELIZABETH 2 and QUEEN MARY 2. It will be the first time that three Cunard Queen-class ships will have ever appeared together. The new ship is designed to build upon the company's traditions and complement Cunard's existing vessels and, as such, seeks to answer the question of how to expand in a coherent manner beyond the niche developed and maintained by QE2 and more recently by QM2 - a question that has vexed the company since the early 1970s. *The Log* spoke with Carol Marlow, President and Managing Director of Cunard, about the new ship, QUEEN VICTORIA, which is currently under construction at the Fincantieri shipyard outside of Venice, Italy.

Defining the Challenge

Cunard is a company with a long and distinguished history and, in order to understand what Cunard is doing now one has to look at that history. In 1839, Canadian businessman Samuel Cunard submitted the winning bid for a contract to carry the mail from Britain to America. He then formed the British and North American Royal Mail Steam Packet Company, which despite its catchy name was known almost from the beginning as the "Cunard Line," reflecting its founder's dominant position in the firm. Cunard then ordered four identical wooden steamships and the next year, the 207-foot long BRITANNIA embarked on her maiden voyage, arriving in Boston 12 days later.

BRITANNIA's feat was considered a marvel of the age and there were celebrations both when she left Liverpool, England, and when she arrived in Boston. The primary cause for the celebration was that this was the beginning of regularly-scheduled transatlantic mail service. However, BRITANNIA also carried passen-

gers (63 on the maiden voyage) and thus Cunard became the first company to provide regularly-scheduled transatlantic passenger service.

Over the course of the next century, the company's focus shifted from the mails to providing passenger service and Cunard developed a reputation for elegance and good taste. It became the line for the upper strata of society. To illustrate, America's leading legal thinker and Boston Brahmin, Supreme Court Justice Oliver Wendell Holmes Jr., traveled almost exclusively on Cunard ships ranging from the three-masted paddlewheel steamer PERSIA in 1866 to the first superliner LUSITANIA in 1913 during his frequent trips to England to socialize with the British aristocracy.

At the same time its reputation for service was growing, Cunard had built a string of increasingly larger ships that became household names, synonymous with seaworthiness, technological sophistication, and elegance. This line reached its zenith with the 1,000-foot superliners QUEEN MARY (1936) and QUEEN ELIZABETH (1940). In the post-war period, these ships captured the public imagination as embodying the height of ocean liner travel.

While Cunard made its reputation ferrying passengers across the Atlantic, it was also a cruise line, taking people on leisurely vacations around the world. These early cruises were done primarily by ocean liners in between transatlantic voyages. Later, the line sought to get a few more years of service out of liners such as the MAURETANIA that had become obsolete on the Atlantic run by devoting them to cruises. However, in 1949, Cunard introduced the CARONIA, which was designed primarily for luxury cruising. This service proved so popular that Cunard soon converted and up-graded two of the smaller liners it had used in providing transatlantic service between England and Canada into dedicated cruise ships, which were renamed CARMANIA and FRANCONIA. Cunard was at the top of the hill in the passenger ship

business.

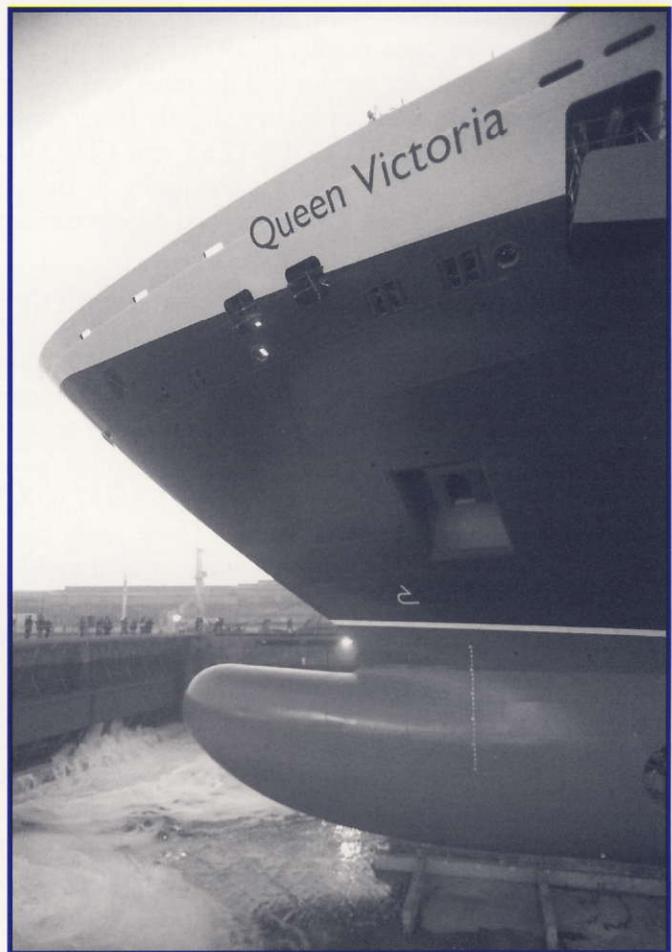
Then came the passenger jet in the late 1950s and everything started to go downhill. Within a decade, the transatlantic market had dried up to such an extent that the two giant Queens were sailing nearly empty. Similarly, people no longer seemed interested in CARONIA's long leisurely cruises. The only bright spot was the Bermuda and Caribbean cruises provided on CARMANIA and FRANCONIA.

Cunard's first planned response was to replace the two aging and high cost Queens with a modernized Queen-class liner referred to as "Q3". However, that plan was dropped in favor of a dual purpose ship, capable of transatlantic crossings and cruising. "Q4" would incorporate the latest technology and both inside and outside the ship would be a dazzling display of 1960s' design. Cunard desperately wanted to get away from its "stuffy old" ocean liner image and appeal to the swinging youth movement. The finished product was QUEEN ELIZABETH 2, with unprecedented curving lines in her bow and superstructure, Naugahyde furniture and space-age interior pillars. (Over the years, QE2 has been refitted many times, each time taking on more of the ocean liner traditions and style so that little remains today of her 1960s counterculture roots).

In order to finance the building of QE2, Cunard had to sell almost all of its existing fleet. As a result, when QE2 came into service in 1969, the only other ship in the fleet was FRANCONIA. While both ships were popular, a major problem with having such a small fleet is that all of the costs of the shoreside operations (management, sales, tickets, logistics etc.) have to be borne by a very small revenue-producing base. This puts upward pressure on prices and reduces the ability to respond to competition.

While there was a clear need to expand the fleet, Cunard had no resources to do so. As a result, it was purchased by the British engineering firm Trafalgar House Ltd. in 1971. Trafalgar House was on the way to becoming a conglomerate with extensive holdings in the leisure industry. Amongst other things, it planned to use the Cunard name, which is much better known in Britain than in the U.S., in marketing a series of properties including golf resorts and conference centers in Britain. It also provided the capital needed to expand the Cunard fleet.

Unfortunately, during the Trafalgar House years, no one developed a coherent strategy for expanding the fleet. There was QE2 but the cost of building another such ship was prohibitive and, in any event, there was always the question of whether there was enough of a market to support one transatlantic liner much less two. In contrast, new companies such as



Passenger ships are no longer launched by sliding down the ways. Instead, QUEEN VICTORIA was launched last January by floating her out of the dry dock where she had been constructed. (Photo courtesy Cunard).

Carnival Cruise Line, Royal Caribbean and Norwegian Cruise Line, were demonstrating that there was a demand for mass market cruising. This indicated to Cunard management that, putting QE2 to one side, the future for the company lay in mass market cruising.

At about this time, there was a revolution in passenger ship design that appeared to confirm the direction management was embarking upon. Up until then, cruise ships looked like smaller versions of ocean liners, with long narrow bows and a low superstructure. However, in the early 1970s, beginning with Royal Caribbean's NORDIC PRINCE, cruise ships began to look very different. Since they were intended for sailing in relatively clam waters such as the Caribbean they did not need the attributes of a ship intended for crossing grey water. The bows could be much shorter and blunter and the superstructure could be much higher so as to maximize the passenger space. Thus, there became a distinction between ocean liners like QE2 and cruise ships. Although cruise ships have become more popular, ocean liners are still considered more prestigious.

Cunard purchased two small cruise ships designed for the mass market in 1971. A fire in 1974 rendered one unfit for service and the other was sold in 1976. They were replaced by two slightly larger mass-market ships, CUNARD COUNTESS and CUNARD PRINCESS, that achieved some popularity in Britain during the 1980s doing Caribbean and Mediterranean cruises.

By the 1980s, Cunard realized that there was something fundamentally schizophrenic about a line that is renowned for luxury service offering mass market cruises. Therefore, the decision was made to target the upscale cruise business. Cunard did this by acquiring Norwegian-American Line in 1983, which gave Cunard the mid-sized cruise ships SAGAFJORD (1965) and VISTAFJORD (1973). Three years later, Cunard acquired Sea Goddess Cruises, which yielded the luxury yachts SEA GODDESS I and SEA GODDESS II. In 1994, Cunard acquired Royal Viking Line and obtained the ROYAL VIKING SUN.

This string of acquisitions gave Cunard a sizeable fleet. However, it was an incoherent polyglot. There was QE2, one of the largest ships in service at the time, and the small Sea Goddess yachts. Cunard was the quintessential British line but three of its larger ships were commanded by and run by Norwegians. And, there still were the two mass market cruise ships. Cunard was a company in search of a direction.

At one point, the idea of building another ship like QE2 was mooted and some plans for Q5 reportedly were drawn. However, the cost and questions about the size of the market remained. Little consideration seemingly was given to the fact that in addition to transatlantic service QE2 was providing popular occasional cruises, thus indicating that there might be a market for cruises done in the style of QE2.

In 1995, management once again looked at the mass market and decided to increase its presence in that market by entering into an arrangement to market and run three ships owned by Crown Cruise Line. Again, the ships achieved some success with British tourists but never caught on in America.

During the 1990s, Cunard's parent company, Trafalgar House, experienced some setbacks and was taken over by the Norwegian Kvaerner Group in 1996. Although amongst its various activities was building cruise ships, Kvaerner had no interest in operating them and Cunard was put up for sale.

For two years, Cunard operated under a cloud of great uncertainty while a buyer was sought. Peninsular and Orient Lines ("P&O"), another British line with a long pedigree, was viewed as the most buyer but it had no interest. Then, in 1998, Carnival Corporation purchased a partial interest and the next



Cunard President and Managing Director Carol Marlow. (Photo: R. H. Wagner).

year became the sole owner for \$500 million.

Although the staid, old, British luxury line and the cruise ship conglomerate that had grown in just a few years from an upstart, mass-market American cruise line, appeared to be strange bedfellows, the acquisition made sense for two reasons. First, Carnival's philosophy is to operate its acquisitions as separate brands designed to appeal to different market segments and thus it was not buying Cunard to expand its original mass market cruise operation. Rather, largely as a result of the success of the movie *Titanic*, the public had a renewed interest in ocean liners and Carnival saw a relatively untapped market there. Cunard would give it the most famous ocean liner still in service as well as a 150-year ocean liner heritage. Second, the major cruise lines were beginning to realize that Europe was relatively undeveloped as a cruise ship market. P&O along with its American subsidiary, Princess Cruises, was a major player in the cruise industry and since it had a strong brand image in Europe, particularly in Britain, it had a headstart over Carnival. The Cunard brand, widely-recognized in Europe, would help Carnival compete in that market.

Upon acquiring Cunard, Carnival set about trying to make sense out of the Cunard fleet. QE2 would remain the centerpiece around which to rebuild the fleet. As an interim measure until some new ships could be built, VISTAFJORD would be restyled like a British liner. She was repainted to look like QE2, commanded by officers from QE2 and given the traditional Cunard name CARONIA. The Sea Goddess yachts were trans-

ferred to Carnival's Seabourn subsidiary, which specialized in small-ship luxury cruising. The ROYAL VIKING SUN was transferred first to Seabourn, where she was somewhat out of place, and then after a refit to Carnival's Holland America Line subsidiary where she is now the PRINSENDAM. Carnival disposed of the remaining assets and marketing arrangements.

As a result of Carnival's makeover of the company, Cunard emerged with a clear identity. This identity was confirmed when Carnival built for Cunard the first true ocean liner constructed in 40 years, the giant QUEEN MARY 2. When the relatively small and aging CARONIA exited the fleet, Cunard was able to assert it owned the most famous passenger ships in the world on which it provided sophisticated voyages in the tradition of the great ocean liners of the past.

Developing a solution

Still, Cunard's problems were not over yet. As noted earlier, a two ship fleet is not viable in the long run. Indeed, considering QE2's age, Cunard faced the prospect of becoming a one-ship line in the not too distant future. Furthermore, even inside a conglomerate, shareholders want to see a company's business grow. When Carnival acquired Cunard, the avenue for growth was relatively clear. In addition to increasing capacity on the transatlantic service with a new ocean liner, Cunard would provide upscale cruises in Europe in competition with P&O/Princess. The latter part of the strategy could be done by building a series of cruise ships similar to the ones used by Holland America and other Carnival subsidiaries and running them in the Cunard tradition.

But, in November 2001, Royal Caribbean announced that it was going to merge with P&O/Princess. Such a combination of the number two and number three corporations in the cruise industry would topple Carnival from its place on top of the industry. Accordingly, Carnival made a successful preemptive offer for P&O/Princess and it came under the Carnival umbrella in 2003.

With the acquisition of P&O/Princess, there was no longer a reason for Carnival to build Cunard into a competitor for P&O/Princess. Indeed, the question now became how to expand Cunard in a way that it would be distinct from P&O/Princess.

Taking an off-the-shelf cruise ship design and painting the ship in Cunard colors would not be an answer. One of the things that distinguishes Cunard from other passenger ship lines is that its two ships are special, unique ships. They are ocean liners rather than cruise ships. An off-the-shelf cruise ship would thus

dilute the brand. Perhaps most importantly, it would make Cunard too similar to its sister company P&O. Accordingly, Carnival announced that a cruise ship that Carnival had ordered for Cunard before the merger would be going to P&O. (That ship subsequently became the ARCADIA).

Building another giant ocean liner also did not make sense. The cost of building an ocean liner such as QM2 is approximately 25 percent more than building a similar size modern cruise ship such as Royal Caribbean's FREEDOM OF THE SEAS. At the same time, there is more risk associated with building a unique ship; you do not know beforehand how well she will operate or whether passengers will like the ship. Finally, Cunard did not see the need for another ship to do what QM2 does. "QUEEN MARY 2 is an ideal ship for doing the transatlantic runs, the size, the way she works, is perfect. We felt we wanted to complement her by having another vessel that is Panamax, that can go through the [Panama] canal, and that can go into some smaller ports. For us it makes sense to have a larger [ship] and a couple of smaller and not to go any bigger. That was our rationale," explained Ms. Marlow.

Cunard's solution to this dilemma was to take an existing cruise ship design and attempt to make it into a special ship by (1) modifying her technologically and (2) imprinting her with the Cunard heritage and style. The new ship will be called QUEEN VICTORIA and will cost £ 300 million.

Not Just A Cruise Ship

In designing QUEEN VICTORIA, Cunard began with the design for the Vista-class cruise ships. This is a very popular cruise ship design that has been used for ships in several Carnival subsidiaries including the ARCADIA discussed earlier. Holland America's NOORDAM is the latest example of a Vista-class ship. (See *The Log*, Spring 2006 at 9).

Cunard then began to modify the design. First, the ship will be longer than the existing Vista-class cruise ships giving her a length of 964.5 feet as opposed to NOORDAM's 935 feet and a gross tonnage of 90,000 g.r.t. in contrast to NOORDAM's 82,318. This increased size will make the ship more comparable in size to the giant ships, past and present, which people associate with Cunard. In fact, QUEEN VICTORIA will be the second largest Cunarder ever built, which means that she will be bigger than QUEEN MARY, QUEEN ELIZABETH and QE2. Only QM2 at 151,000 g.r.t. will be larger.

The increased size will not be used primarily for

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carrying more passengers -- there is less than a 100 passenger difference in the new ship's capacity versus NOORDAM's despite the difference in size (2,014 vs. 1,918). Rather, the additional area will be used for more spacious and grander public rooms. "Part of the luxury of the Cunard experience is space. The space ratio is all part of luxury."

In addition, QUEEN VICTORIA's longer length should give her better seakeeping qualities than a cruise ship. Because she will have the same beam as NOORDAM, her longer length will give her a sleeker, more elongated shape that should cut through the water more efficiently.

Inasmuch as Cunard envisions this ship as being able to do a wide variety of cruises including those that involve crossing rough waters, the design for the hull of the ship was analyzed to ensure that the steel structure could meet the rigors of seas such as the North Atlantic. Critical areas were identified and strengthening has been added to the steel and bulkheads to meet the predicted stress levels. In addition, the thickness of the steel in the bow was increased to meet the pounding experienced by the fore end of a ship in extreme seas.

Unlike NOORDAM, QUEEN VICTORIA will be powered exclusively by six diesel engines. NOORDAM and the other Holland America Vista-class ships have a gas turbine engine as a secondary power plant to their five diesel engines. However, gas turbines are very expensive to operate and Cunard decided that they were unnecessary for this ship. Although QUEEN VICTORIA will be larger, she will be somewhat more powerful and slightly faster than NOORDAM.

There will also be some largely cosmetic differences in the appearance of the ship. QUEEN VICTORIA will have a single funnel as opposed to NOORDAM's two small funnels. The new ship will not have the mid-ship exterior glass elevators that NOORDAM has but will have a dining area that will be slightly cantilevered and curve out over each side of the ship from the top deck.

Thus, while QUEEN VICTORIA may have sprung from a cruise ship design, there have been significant modifications so that she cannot be called just a cruise ship. Whether she can be called a true ocean liner is a closer question. While she is designed to cross rough seas, with a 24 knot maximum speed, she will be no transatlantic greyhound of the likes of the UNITED STATES (40 plus knots) or even the current Cunard fleet -- QE2 (33 knots) and QM2 (30 knots). However, the vast majority of ocean liners never came near achieving such speeds. "Cunard has built more ocean liners than

everybody else and every time we build one it is slightly different. When QE2 was built, [people said]: 'What is this ship? Is it a cruise ship, is it an ocean liner? What is it?' There is always a little bit of a 'what is happening next.' Cunard continues to evolve. She will look like an ocean liner and as far as our guests are concerned, she is an ocean liner, as far as I am concerned."

The technological differences between QUEEN VICTORIA and modern cruise ships are, however, secondary. "She is all about style," says Marlow. "This ship is going to be along the lines of a traditional Cunard ocean liner with the grandeur, the elegance, and the whole feel I think will be very different."

To begin, Cunard has taken a number of the public rooms including the library, the shopping arcade and the grand ballroom and made them more than one deck high. "Included within the interior are some double and triple height spaces, many more than you normally have in a P&O cruise ship," Marlow notes. "The difference in the height of the rooms really changes the feel."

But, the fact that these rooms will be several decks high does not by itself serve to give them an ocean liner feel. Many modern cruise ships such as Royal Caribbean's Voyager-class ships have large multi-deck areas which, while impressive, do not, and are not, intended to give the impression of an ocean liner. (*See The Log*, Spring 2007 at p. 15). Realizing this, Cunard is decorating the shopping arcade with wrought iron so that it will be reminiscent of the Burlington Arcade and the Queen's Arcade in London, placing rich, wood paneling and stained-glass ceilings in the multi-story library as in a London gentleman's club, and using Queen Victoria's seaside mansion, Osbourne House, as the inspiration for decorating the grand ballroom. This harkening back to the luxury of the past will be a theme throughout the ship.

QUEEN VICTORIA, however, will not be an ocean liner pastiche. The passengers who traveled on the ocean liners during the "Golden Age of Ocean Travel" had to make numerous compromises due to the limits of the available technology that today's travelers would not tolerate. Thus, what Cunard is doing is taking contemporary technology and overlaying it with the style of the ocean liner era.

To illustrate, at the front of the ship, there will be a three-deck high theater. It will have a stage as large and as well-equipped as a Broadway theater. That in itself is nothing new; NOORDAM and the other Vistas have such theaters. However, Cunard is not decorating the room in contemporary-style but rather seeking to invoke the feel of a grand West End theater from the turn of the last century. Amongst other things, there will be

private boxes. "What we thought we would do is put together a little theater experience for those that would wish to pre-reserve one of the boxes. That would involve one of our members of staff coming to the restaurant to pick-up our guests, lead them along to the private lounge where they could sit and enjoy an after dinner coffee and then we would present them with some champagne, some wonderful chocolates that they could take with them to their box to watch the show in their own private room."

Along the same lines, on the top deck will be an area near the pool that will be decorated like the conservatory in an English aristocrat's country house. The difference will be that this room will have a retractable roof that will open to the skies during warm weather. In short, "[i]t is a different feel. When you look at the plans of the ship now compared to ARCADIA, which was going to be QUEEN VICTORIA, they are quite different."

The ocean liner tradition is not merely a matter of decoration, it is also a matter of the style of life onboard - the sophistication, the quality of service, the formality, the grandeur. "That will be very much along the lines of QE2 and QUEEN MARY 2, that Cunard feel, the White Star service, white-glove service, very much along the same style. That is what Cunard is famed for and that's what we want to continue - - not a cruise ship feel."

This means that rather than entertaining the passengers with games designed around who falls in the pool first, there will be presentations by the Royal Academy of Dramatic Arts ("RADA"), lectures by professors from various universities and exhibits about Cunard's history in a seagoing museum. "What we've seen with our research over recent years is [that people who travel on Cunard ships are] looking for authenticity and a bit of history and heritage in what they do on their holidays. They are looking for learning and understanding, which we offer in Cunard. One thing about Cunard that is very unique is that it is so international in terms of its guests. And yet, even though those guests are from all over the world, they have a like-mindedness about them that helps them enjoy our lecture series, our RADA workshops, our book club, our library and all those good things. With the history, the heritage and the tradition, we are attracting a certain sort of person wherever they are from. It is up to us to make sure that we make that very clear. It attracts people that like that sort of feel."

Along the same lines, while QUEEN VICTORIA will have a nightclub and a variety of bars to suit different tastes, evenings will not be tee shirts and shorts. "We'll look to what our guests want but we will

A LEGENDARY NAME

The new QUEEN VICTORIA will be the first Cunard ship to bear that name but it is a name with a long history at Cunard. According to Cunard legend, in the 1930s when Cunard was building the first of its Queen-class ships, it was decided to name the new ship QUEEN VICTORIA. All Cunard ships until that time had had names ending in "IA" and this revolutionary new ship would be worthy of bearing the name of Britain's most famous monarch. However, Cunard felt that it needed royal consent to use the name and so obtained an audience with King George V, grandson of Queen Victoria. Reportedly, at the critical point, the Cunard representative said: "We would like your majesty's permission to name the ship after Britain's greatest queen." The King promptly replied: "My wife will be delighted!" Since it would not have been proper to correct the royal misunderstanding, the ship was called QUEEN MARY.

make sure that we have those Cunard signatures of the big band balls and the 20s and 30s music, which is the Golden Age of Travel."

The reason Cunard emphasizes tradition is straightforward. "The research that we've done shows that people think of cruises on cruise lines as holidays. When they come on Cunard, they think of it more as an event, it is more than a holiday, it is something to be treasured and anticipated. So, we want to make sure that we hold onto that difference."



In late June it was announced that QUEEN ELIZABETH 2, seen here with Log editor Richard Wagner, has been sold for \$100 million to Dubai World where she will be a floating hotel/resort. The ship will leave passenger service in November 2008.