

How Cruise Ships Make a Profit

Have you ever wondered how a cruise ship can make a profit when you can go on a 10-night cruise for only \$470 per person*. Just think how much the fuel alone costs. That fuel costs about \$125,000 per day. Which means this 10-night cruise will end up costing the cruise line over \$1 million in fuel alone. And you only gave them \$470 for the whole trip. That will only pay for enough fuel to move the ship about 1½ miles. And considering that this is a 5,000 mile voyage, your whole contribution barely got the ship out of the port.

And what about the other expenses? The food costs, payroll, maintenance, insurance and all of the other miscellaneous expenses that goes into running a cruise ship. This ends up costing about \$1 million per day. Fortunately for the cruise line, not everyone paid only \$470 for their cruise. You just happen to find a great deal and were willing to stay in the cheapest cabin on the ship. However, most passengers will be paying much more for their tickets, choosing a cabin with a balcony, or even a more spacious suite. These upgraded accommodations will be more expensive than those claustrophobic inside cabins, and bring more income to the cruise line.

Every passenger will also pay port charges, fees, gratuities, and even taxes. However, much of this will be passed on to the ports and/or governments and will not be used to pay the cost of running the ship. So how does a cruise line make a profit? Even after all of the cabins have been paid for, the ship will still be losing money. The answer is, onboard purchases. Onboard purchases make up 35% of what the average passenger spends during their cruise experience. This includes, alcoholic and non-alcoholic beverages, onboard shopping, specialty dining, WiFi, excursions, and gambling at the casino. This is where the cruise line makes their 4-20% profit.

While there are great deals out there and many passengers may take advantage of those great prices, there are many who are willing to pay higher prices for that same cruise, depending on which accommodations and perks they are willing to add. Included in the ticket price, are all of the amenities that you will need for a great cruise experience. You need not buy anything extra to have a great time. All of your meals are free and the entertainment and most onboard activities are available for all passengers to enjoy at no extra charge. However, many choose to make onboard purchases to enhance their cruising experience. Some may spend a little, while others spend a lot. It all evens out. And on average, the total revenue a cruise line makes on each passenger, is about \$1,560. After subtracting all of the expenses, the cruise line makes a profit of about \$300 per person. That \$470 price that you paid for the cruise was truly a great deal.

* This was an actual available price at the time of writing this article in 2023.