



TIM WOOD | OCTOBER 07, 2015 TRAVEL PULSE

Carnival: A Case Study in Learning From Failure

Just 30 months ago, the cruise news that broke earlier today would have been unimaginable. One company's turnaround from villain to champion has turned them into a blueprint for how to turn corporate crisis into a large-scale impetus for evolution.

No, we're not talking about norovirus or tragedy here. This is good news for the industry and great news for Carnival Cruise Line.

Readers' Digest readers have named Carnival America's Most Trusted Cruise Line. More than 4,500 respondents agreed – Carnival is No. 1.

On the surface, it's just another press release. This is the beginning of the travel award season, it's just another plaudit. But when you zoom out to Feb. 10, 2013, this news becomes a remarkable achievement.

That's the day that an engine fire broke out in an engine room aboard the Carnival Triumph in the Gulf of Mexico. The ship was on the third-day of a four-night itinerary from Galveston to the Western Caribbean.

Dream vacations quickly evolved into a nightmare as the ship drifted out at sea for four days with more than 4,000 passengers and crew members in agony. Air conditioning, lighting, water, food and even working toilets failed one by one before it was ultimately towed back to Mobile, Alabama.

A subsequent investigation revealed that the crew set sail in February with only four of six generators fully operational – a fleetwide problem well known among Carnival crew.

The perception then was that Carnival was OK with substandard, that company officials knew this ship was prone to fires, that the faulty generators were long overdue for maintenance.

This after sister cruise line Costa suffered a fire aboard the Allegra in February 2012.

It was a public relations nightmare, not only for Carnival but a perception problem for the entire industry. The company that built its reputation on being the Fun Ships with America's sweetheart Kathie Lee Gifford belting out jingles was suddenly showing itself to be far from trustworthy.

The company owned the mistakes, and it started an internal audit and a long road back to earning the public trust.

Carnival dedicated \$300 million to a fleetwide safety upgrade. It instituted a 110%-money-back "Great Vacation Guarantee."

From there, Carnival focused on making the guest experience better than ever. The arrival of the Breeze started a Fun Ships 2.0 drydock overhaul of the fleet, adding upgrades to the kids' program that included the Dr. Seuss at Sea initiative, a new comedy partnership with George Lopez and new eateries such as Guy's Burger Joint, to name just a few of the innovations.

The corporate staff enhanced their travel agent outreach efforts, creating communication channels that made the agent community feel as if they were being heard when it came to onboard changes and compensated better for selling the Carnival experience.

Carnival kept moving forward, creating the successful Carnival Live program, bringing well-known singers onboard for free shows.

They recommitted themselves to cleanliness and safety and the results showed. The three cruises I've taken my family on aboard Carnival ships over the last two-plus years have been among the best vacations we've ever had. We saw all the efforts in action, from the cleaning staff to the entertainment staff to the stewards, a "how can we make this trip magical?" attitude shined through.

The end result has been a turnaround rarely seen in any other economic sector, let alone in just 30 months. Carnival is strong financially once again, and this Readers' Digest award is just the latest sign that they are once again beloved by the cruising public.

New CEO Christine Duffy spoke to a packed house of travel agents last week at the Agent@Home Travel Summit in Atlantic City, N.J. As she spoke gleefully of the company's newest ship, Vista, coming online in May 2016, she said with conviction that Carnival is focused on being America's cruise line.

Their rivals have made great strides in earning that title. Cynics might say this award is just the result of a voting public with a short-term memory. But Carnival has owned its flawed past and executed an extensive plan to earn that label once again. They have listened to their guests, worked in concert with the agent community and ultimately achieved in delivering a top-notch cruise experience.

As a result, they've gone from being the poster child for failure to the blueprint for success.

It's a case study I hope U.S. airlines will follow, and quick.

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