

TRAVEL AND HOSPITALITY

Royal Caribbean's acquisition of Silversea Cruises signals luxury shift

June 18, 2018



Royal Caribbean made a \$1 billion investment in Silversea Cruises. Image credit: Silversea Cruises

By DANNY PARISI

Cruise line Royal Caribbean has made a significant investment into the luxury travel market by acquiring a majority stake in Silversea Cruises, a smaller but more upscale brand.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Starting immediately, Royal Caribbean will control 67 percent of Silversea, making it the majority shareholder. The move is part of a larger effort for Royal Caribbean to snap up more luxury travelers, something that was missing from its line of travel brands before.

"The Silversea investment presents an extraordinary opportunity for RCL as we seek to bring more vacation options to our guests worldwide," said Richard Fain, CEO and chairman of Royal Caribbean Cruises Ltd, Miami, FL.

"Silversea has a long track record as the leader in high-end, small-ship ultra-luxury and expedition cruising, and our stake in this company enhances our current offerings and creates additional value for our shareholders.

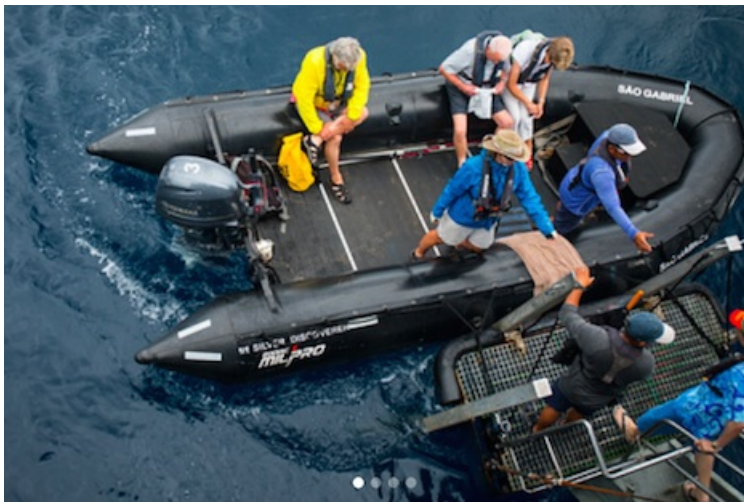
"We are pleased to welcome the world-class team at Silversea and look forward to leveraging the talents of both teams to contribute to our continued successes."

Luxury shift

Royal Caribbean is a massive cruise line brand, controlling almost 22 percent of the total cruise market around the world.

With 27 ships operating around the world, Royal Caribbean's influence extends far. But the brand was always lacking one thing: a truly upscale luxury brand.

To that end, Royal Caribbean has invested \$1 billion in acquiring a controlling a majority stake in Silversea Cruises.



Silversea's expeditions were attractive to Royal Caribbean. Image credit: Silversea Cruises

The goal, according to Royal Caribbean, is to fill in the luxury-shaped gap in its portfolio. Silversea has only a few ships, each much smaller than a typical cruise liner, offering a more intimate and boutique experience.

Silversea is not being absorbed into Royal Caribbean. Instead, the brand will remain autonomous with continued management from its headquarters in Monaco.

Royal Caribbean is hoping to cash in on the growth of the luxury and expedition cruise market, one that has seen significant expansion in the past few years.

With this new partnership, Royal Caribbean will be able to offer its customers the more intimate and upscale experience that Silversea Cruises provides.

Silversea investment

Royal Caribbean's move to target wealthier travelers is a smart play given this group's affinity for travel.

Affluent consumers are united in a shared affinity for travel as experiences become more important than things.

A new report from YouGov finds that while consumers' preferred hobbies vary in different regions of the globe, travel comes out on top for all parts of the world. However, while travel is top-of-mind for affluent travelers, YouGov warns that the affluent are beginning to express feelings of travel fatigue, calling for brands to keep their offerings fresh ([see story](#)).



Silversea Cruises will remain in executive control of the company. Image credit: Royal Caribbean

For this reason, Silversea Cruises' focus on boutique experiences and expeditions makes sense as Royal Caribbean focuses tightly on the experiences that wealthy travelers want.

Royal Caribbean is not the only travel group that has invested in acquiring more luxury properties. In April, global hotel group Marriott Vacations Worldwide Corp. acquired luxury hotel group ILG along with all of ILG's properties.

The acquisition was valued at around \$4.7 billion and comprises all of ILG's outstanding shares. Under the new cash-and-stock acquisition, all of ILG's properties will be integrated in Marriott's network of hotels around the world ([see story](#)).

Royal Caribbean's acquisition of a majority share in Silversea Cruises mirrors this move from Marriott, indicating a trend in the travel industry of large, mass-oriented travel players acquiring smaller, more luxury-focused brands.

"I am very excited about the growth opportunity this partnership with Royal Caribbean gives to Silversea and look forward to continue to steer the strategy of the leader in ultra-luxury cruising and luxury expedition," said Manfredi Lefebvre, executive chairman of Silversea Cruises, Fontvieille, Monaco. "RCL's financial and operational strength will allow us to grow at an unprecedented pace and will allow us to capture the burgeoning demand for ultra-luxury and expedition cruising.

"As a shareholder I am confident that the large stake I am retaining in the business will increase its value at a level it could never reach if we would have remained standalone."

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.