

**Hearing – Impact Re-opening of Cuba  
September 28, 2015  
2:00 pm**

Good afternoon:

Honorable Janette Millin Young, Chairperson, Economic Development, Agriculture and Planning; Committee Members; Senators; individuals in the chambers; listening and viewing audience. I am Beverly Nicholson Doty, Commissioner of Tourism and with me is Joyce Dore Griffin, Assistant Commissioner of the Department of Tourism.

Does a rising tide lift all boats? Or does a destination's piece of the visitor pie get smaller as a new destination becomes accessible to the world?

Colombia's emergence as a tourism powerhouse has been well documented in a series of articles in the "Knowledge at Wharton", the online business journal of the highly-respected Wharton School of Business at the University of Pennsylvania.

Colombia was largely "off-limits" to international tourists (and especially tourists from the United States) during the period of drug wars and civil unrest of the 1990s. It emerged as a tourism destination over an eight-year period from 2002-2010 and continues to present.

The bottom line...Colombia's growth does not appear to have been at the expense of its neighbors. All boats were lifted by significant interest in travel to Latin America.

I believe that the recent developments around travel to Cuba will have a positive impact on the Caribbean region as a whole, including the U.S. Virgin Islands.

The ability of Americans to gain access to a place formerly off-limits is sure to spark interest in the Caribbean, as travelers seek to satisfy their curiosity about our region as a whole. Cuba will be an interesting novelty destination for American visitors.

That said it would be totally unrealistic not to acknowledge and plan for the inevitable risk associated with a new large competitor in the region.

**Challenges:**

We will face increased competition for visitors to the Caribbean, especially during the 2 to 5 years while travel restrictions are slowly lifted. There is a curiosity about Cuba having been off limits for half a century and it should be anticipated that there will be some initial impact on visitor arrivals.

Currently restrictions provide for limited point to point (U.S. to Cuba) cruise calls only. Ultimately, cruise itineraries to the Caribbean will include Cuba as one of several ports of call. This will certainly pose some concern for Eastern vs Western itineraries. Interestingly, with

Cuba being the largest island in the Caribbean could there possibly be itineraries with several stops just in Cuba, only time will tell.

Cuba offers many attractions that will appeal to travelers seeking a Caribbean getaway, such as beaches, mountains and nature reserves, as well culture. Old Havana - a UNESCO World Heritage Site - is home to stunning colonial architecture and privately owned restaurants.

However, our most serious CHALLENGE may be our own arrogance and complacency for that matter.

- The USVI possess charming historic towns and preserving and enhancing our authentic, unique offerings must be seen as critical.
- And we must change our ATTITUDES. The USVI tourism product evolved around the closing of Cuba. We have become very entitled to visitors from the US which remains our core market. The opening of Cuba is a wake-up call. Visitors now have ONE more option. It will not take very long for Cuba to strengthen its tourism infrastructure. I venture to say there are investors lying in wait. There are many variables we will not be able to control, but the delivery of an exceptional experience rooted in excellent service is a variable that we can control. We should not wait for the opening of Cuba to adjust our attitudes and embrace a Spirit of Hospitality, which really is deep-seated in our culture.

#### Opportunities:

In terms of opportunities, we have an excellent platform from which to strengthen our already effective marketing messages to potential American visitors, who make up the majority of travelers to the islands:

- No Passport Required. While entrance to Cuba will require American travelers to have a passport and visa, the U.S. Virgin Islands remains an attractive option due to no passport requirement.
- English is spoken here. The fact that English is our primary language means that there are no communications barriers. Americans can be comfortable exploring our islands and interacting with our hospitality partners. This is, and will continue to be, a challenge for our Cuban neighbors. Articles in the travel trades have talked about the difficulty of finding English-speaking tour guides and interpreters in Cuba.
- No currency exchange and minimal purchase restrictions.
- Explore opportunities with International Tour Operators with existing customers traveling to Cuba to create expanded packages to combine a visit to the USVI as

America's Caribbean.

## Summary

### **What do we need to be doing NOW!**

- Infrastructure - Improvements to our Airports and Seaports
- Hotel Development is a must, particularly for St. Croix, but the Territory as a whole needs to seriously improve our accommodations offerings. We are already losing market share to Caribbean destinations with "newer" products.
- Safety and Security remains a key indicator for visitor travel. If a place isn't considered safe to live in, it will certainly raise concerns as a vacation destination.
- I repeat, we must address our Customer Service.
- Activities and attractions must be constantly reviewed and renewed.
- We must start now looking for new customers, not just in traditional geographic locations, but also in new segments where we are uniquely positioned to deliver: Sports, Culinary, Eco and Marine.

Having Cuba in the mix in terms of tourism destinations certainly fuels competition in the Caribbean region, but there are also interesting possibilities for collaboration with our neighbor.

- We might seek to collaborate with Cuba where tourism-related interests intersect, such as sports, recreational fishing and yachting.
- Or set up offices in Cuba (under the auspices of the U.S. Embassy) to engage with the market of first-time tourists landing on the island.

Americans may be eager to travel to Cuba now while it still has its exotic appeal. The trend is likely to taper off as the island becomes more developed.

In the longer term, Cuba will have to develop its branding and marketing in order to compete with other established Caribbean destinations for U.S. visitors.

In addition, the island's infrastructure (particularly transportation and communications) needs significant improvement, which will take time.

The Department of Tourism will continue to monitor, assess and adapt to changes in the tourism landscape, as we have been charged. On the whole, we understand this change is inevitable. We view this new challenge as a motivator to spur us on to become an even more appealing, top-of-mind destination for all our visitors.

We are being more aggressive with our advertising and marketing strategy, using multiple platforms to showcase the destination. Between October 2015 and January 2016, more than \$2 million in TV, Digital & print advertising along with social media will be placed, with 25 percent of this spend is dedicated solely to a St. Croix campaign.

Additionally, the recent visit to New York City, promoting the Territory included major coverage on Fox, Bloomberg, NY Daily News and Travel Pulse resulting in more than \$1.3 million in marketing value to date with over 20 million impressions.

Senators, Cuba is emerging today not unlike to Aruba, the DR and more recently destinations like St. Lucia, Anguilla and St. Kitts. Certainly, it must urge us to consistently stay on our A game not just in marketing, but also in the areas of product development and customer service.

Should we be concerned about a new competitor, certainly? Does Cuba spell Doom for our Tourism product, I don't believe so. Our greatest concern should and must be: are we consistently delivering an exceptional experience for the individuals that visit the USVI?

Thank you for the opportunity to participate in this hearing and we remain available to answer your questions.