Development of the Cruise Industry in Cuba and the Impact to the Caribbean

Dimitri Cloose
Commercial & Marketing Manager
Curaçao Ports Authority
A bad day at sea... is still better than a good day at work!
The main point of a cruise is to eat... until you weigh the same as the ship.

We must be 50,000 calories away from home.

“All we’ve managed to do so far is the 24-hour buffet.”
At this time we want to welcome aboard our ‘Gold Club’ members...
The lighter side of…

During dinner on a cruise there was elderly lady sitting alone in the main dining room with the best view the restaurant could offer. All the staff, waiters and ship officers all seemed very familiar with this elderly lady. So I asked our waiter who the lady was, expecting to be told she owned the cruise liner, but he said he only knew that she had been on board for the last ten cruises, back to back.

As I was leaving the dining room one evening I caught her eye and stopped to say hello. We chatted and I said, “I understand you’ve been on this ship for the last ten cruises.” She replied, “Yes sir, that’s true.” I stated, “Oh my goodness, I don’t understand… why the same cruise?” and she replied, without a pause, “It’s cheaper than a nursing home.”

*Note: The average cost for a nursing home is right around $200 per day. At Princess you can get a long-term discount and senior discount for less than $135 per day.*
The Caribbean: bottom line

• **Cruise is a (shipping) business**: the industry is founded on revenue making activities onboard and the total yield (profit) of an itinerary.

• **Cruise is based on volume**: the product and operations are centered around and are fully dependent on passenger capacity.

• **Cruise needs passengers**: a ship needs its customers to justify its right of existence. Without passengers there is no cruise.

• **Cruise requires an itinerary**: the destination is an integral part of the cruise product and must enhance the offer, but does not stand alone as an separate component.
THE CARIBBEAN : itineraries

This is not an alien invasion... these are just cruise tourists.
THE CARIBBEAN: developments

- Recently: the Caribbean cruise market growth was visible, even when the cruise market shifted to Europe.

- Seasonality: the Winter months (high season) were short, but busy. The Summer months (low season) were longer with almost no additional cruise business.

- Progress: the cruise lines retained interest in the Caribbean region and kept on developing in port infrastructure to position their mega-built vessels and new itineraries.

- Now: the cruise volume growth and development in the Caribbean region is blurry, as the market is shifting to Asia.
THE CARIBBEAN: forecast

• **Global market**: the cruise industry is still growing (with new ship orders and port developments), but the impact of the cruise industry on the Caribbean is unclear.

• **Focus on Asia**: at this moment, the result of this attention are vague on how exactly it will effect the Caribbean region or the industry.

• **Region**: Asia is a year-round destination with a huge potential market.

• **Profits**: the onboard revenues (casino’s, merchandise, etc.) are much greater than the mainstream cruise industry has known until now. The earnings are double or triple in Asia (compared to the Caribbean).

• **Unclear**: momentarily there is an expression of doubt on the cruise advancements in the Caribbean.
On a cruise ship the doors of an elevator closed and the automated voice said, "going down."
The passenger became a whiter shade of pale and said, "I wish they wouldn't say that on a cruise ship."
**CUBA: SWOT analysis**

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CUBA: strengths

Location/Distance:
• Close to Florida (US): 90 miles South of Key West
• Short vacations and weekend getaways
• Included in Eastern, Western and Southern Caribbean itineraries

Destination/Market:
• Huge destination with multiple destination ports
• Novel and appealing due to its historic legacy and cultural heritage
• Vast (Latino) market that specifically wants to visit Cuba
CUBA: weakness

Product development:
• Need improvements (infrastructure, commercial, hospitality, etc.)
• Only cultural and/or eco-touristic product offerings
• Not cruise oriented

Conviction/Opinion:
• Political opposition and pressure groups (from both US and Cuba)
CUBA: opportunities

Cruise prospects:
• Niche destination
• Novel cruise offering
• Perfect for short itineraries out of Florida

Investment:
• One destination with enormous potential for various developments in multiple ports and sites
• US-based business community that is willing to invest
CUBA : threats

Negative image:
• Opposition/resistance towards the new developments
• Poverty, crime & illegal activities

Organizational:
• Corruption and exploitation
• Monetary exchange
• Environmental requirements and standards
• Safety and security
CUBA: travel
CUBA : cruise

- Last US cruise ship in Havana was in 1977
- December 17, 2014 : Obama-Castro declaration
- In 2015 the US embassy reopened
- May 2\textsuperscript{nd}, 2016 : First US-to-Cuba cruise ship to call in Havana
- \textbf{Carnival’s Fathom Adonia}, part of the Fathom fleet (Social Impact brand)
- Small ship: 705 passengers
CUBA: Fathom

YOUR JOURNEY

DAYS 1-3  Travel to Cuba and cultural exchange activities on the island  
DAYS 4  Cultural immersion at sea  
DAYS 5  Cultural exchange activities on the island and travel at sea  
DAYS 6  Cultural exchange activities on the island  
DAYS 7-8  Cultural immersion at sea

*Travel to all 3 ports is intended. Breakdown of days on shore and at sea are subject to change.

https://www.fathom.org/travel-to-cuba/
CUBA: behind the scenes

- **Berth:** There is only one pier in Havana that can host cruise ships.
- **Volume:** Max. 2,000 passenger ship + 500-700 passenger ship.
- **Restriction:** US citizens cannot visit Cuba as a tourist, only as part of a program (= social impact brand): Fathom, International Expeditions, Ponant, and Lindblad Expeditions are offering these programs.

- **Cruises to Cuba:** MSC already offers cruises for non-US citizens, but so did Pullmantur (before being acquired by RCCL), Costa, Fred. Olsen, Thomson Cruises, Variety Cruise, Noble Caledonia, Star Clipper, Hapag-Lloyd, Saga Cruises, Phoenix Reisen and Celestyal Cruises.
Cuba: US cruises

- **Approval**: Royal Caribbean, Carnival and Norwegian Cruise Lines have authorization of the Cuban Government for voyages to Cuba.
- **Start**: 4th Quarter of 2016 the first US cruises will sail to Cuba.
- **Fleet**: smaller ships will be deployed.

- US cruises to Cuba will be motivated by profit, as fares are two to three times higher than the average Caribbean itinerary.
- A 7-day itinerary starts around US$ 2,320.
- The Fathom has been sold out from September 2016.
You may take home $100 worth of Cuban liquor and cigars.
CRUISE: summary

• **Forecast**: a growth of the Caribbean cruise industry is uncertain, as the focus is on the developments in Asia.

• **Status**: the cruise business in the Caribbean will level around the same figures as the last two years.

• **Cuba**: cruise calls to Cuba will increase, but due its port limitations in infrastructure this will not impact the Caribbean cruise industry.

• **Shares**: ‘the piece of the pie’ will be thinner for some Caribbean destinations. Cuba will takeaway some of the business, as there will be no additional growth. Destinations that will be part of the Cuba-itinerary will benefit.
CRUISE : Q & A

Did this ship ever sink?

How will I know which pictures are mine?

What happens to the ice sculptures when they melt?

Where can I fish on the ship?

Does the elevator go to the front of the ship?

What time is the midnight buffet?

If the captain is at the celebration dinner, who is steering the ship?

Does the crew sleep aboard?
Thank you

“The cruise was a legitimate business expense! I was studying thong bikinis to help me find a way to make my company leaner and more exciting.”

Dimitri Cloose
email: d.cloose@curports.com