

TRAVEL AND HOSPITALITY

Cuba travel limitations will impact hospitality brands that jumped in early

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Chanel held its cruise 2017 collection in Havana, Cuba on May 3, 2016. Image credit: Chanel

By BRIELLE JAEKEL

Luxury travel and hospitality brands who flocked to Cuba soon after travel restrictions from the United States were lifted will likely have to readjust their strategy as President Trump seeks to change the tourism policy.

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While growth looked promising for brands such as Marriott's Starwood, Wheels Up and Kempinski Hotels, President Trump's promise to repeal the former administration's policy in relation to Cuba will create problems for the brands. Tourism travel will be the greatest impacted, dramatically backpedaling the growth seen in the country over the last year.

"The tourism business in Cuba soared last year prior to this reversal and hotel demand was high," said Tiffany Dowd, president and founder of Luxe Social Media and **Luxe Tiffany**, Boston. "With these new changes, Marriott International, for instance, which has opened a hotel in Cuba and has plans for one more, will likely see a decrease in business."

Cuba tourism

When the U.S. government's travel ban to Cuba was lifted, the island nation quickly climbed into the top 15 of desired destinations among affluent American travelers, according to a luxury survey conducted by Travel Leaders Group.

The Caribbean country is a destination unseen by many U.S. travelers due to the past travel restrictions imposed by the government, but many affluent travelers have Cuba high on their bucket lists now due to the exclusivity ([see more](#)).



The Hotel Inglaterra in Havana, Cuba. Image credit: Hotel Inglaterra

But now that is all changing since President Trump announced his plans to reverse former President Obama's deal with Cuba. In Miami, FL on June 16, President Trump signed the restrictions on travel for tourists coming from the U.S.



The Gran Hotel Kempinski Manzana La Habana has a rooftop pool. Image credit: Kempinski Hotels

The President's actions do not come as a surprise, since he is backing up claims made throughout his election campaign. Believing the restriction-lift supports Cuba's dictatorial military, the president is putting limitations on to combat communism.

Cuba's military business dealings have a hand in retail, imports and hospitality. The military's businesses in these sectors are Cuba's largest.

For example, Gaviota, the military-operated Cuban tourism board, is currently in a hotel building spree now that the embargo has been lifted and cruise ships from U.S. ports have returned to the island nation.

Also, TRD, the military's retail arm, has shops numbered in the hundreds across Cuba. TRD shops sell necessities such as soap to leisure items, with prices often much higher than what goods would be in other countries in the region.

The Cuban military is also behind the newly opened Manzana de Gmez mall in Havana. The mall is located on a tree-lined boulevard in Havana's old, colonial district and shares its space with the city's 5-star hotel, The Gran Hotel Kempinski Manzana La Habana ([see story](#)).

Brands affected

Starwood Hotels & Resorts originally became the first United States-based hospitality brand to open for business in Cuba in more than half a century.

The hotelier inked a deal to acquire two hotels in Havana and signed a letter of intent for a third on the heels of the U.S. Treasury Department's receipt of authorization. With the U.S. reinstating trade with Cuba after a decades-long embargo, tourists were flocking to the island for their first chance of visiting the long off-limits neighbor ([see more](#)).

Private aviator Wheels Up also started offering service to and from Havana, Cuba after the ban was lifted. Swiss hospitality brand Kempinski Hotels similarly opened a location in country's capital this spring to capitalize on its growing tourism.

However, those that manage people-to-people travel to Cuba, which offer a legal alternative during travel restrictions, will likely not be affected.

As more information regarding the travel restrictions comes to light it will be more clear who will be affected and who will not. For instance, Carnival cruises will still be allowed to travel to Cuba under these new limitations.

"Tour operators that offer licenses people-to-people tours are not directly impacted by these new rules, so it will be business as usual for those types of companies," Luxe Social Media's Ms. Dowd said.

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