Latent demand analysis for U.S. travel to Cuba

This study investigates the potential role that U.S. tourists could play in the Cuban tourist industry. As U.S. politics has played with the notion to lift the U.S. embargo, which would open the tourism industry in Cuba, the tourism literature has presented an unclear vision as to whether the destination would regain its dominant position in the Caribbean. Cuba’s potential as a tourist destination has often been exalted due to its history, heritage, culture, nature, and beaches. Thus, removing travel restrictions to Cuba would likely increase total tourist demand for Cuba. Yet, there is little systematic and comprehensive market information that attests to this. It would be rather difficult to realize this purpose by performing an elasticity analysis based on actual travel demand to Cuba and the elasticities values would be hardly predictable. Therefore, this study examines the potential demand to Cuba from U.S. tourists by applying a latent demand analysis.

Assessing latent demand considers existing and potential travel activity, and assists destination managers in their planning activities for future travel needs. Understanding the latent demand for Cuba is not only important to help Cuba’s destination managers in determining the allocation of product development funds, but is also important to other Caribbean destination managers that would like to understand how the introduction of Cuba as a competitor may impact other destination’s tourist market share. The study applies a cross-sectional survey design that captures the stated preferences of potential American tourists to Cuba. Thus, the main contribution of this study is that it identifies in a systematic and comprehensive way the potential constraints (e.g. service, hotel, infrastructure quality) that would inhibit an American tourist from traveling to Cuba.

This study investigates the latent demand by applying a stated preference questionnaire on a sample of U.S. tourists who have visited a Caribbean destination in the past five years, but who have never visited Cuba before. The study entails a three-step approach. First, the relative affinity for “Cuban interest” in the U.S. market is assessed. Second, the stated preference to travel to Cuba is compared and ranked to the stated preference to travel to other Caribbean islands. And third, a method of identifying that most relevant factors that shape the stated preference to travel to Cuba is revealed. The results untangle the overall impressions of U.S. travellers regarding the most preferred destinations in the Caribbean and Cuba’s overall position amongst these destinations. The results also reveal the most prominent factors that shape the stated preferences. These factors include beaches, shopping, and hospitality, and service delivery quality. The quantitative figures will be shared during the conference presentation.