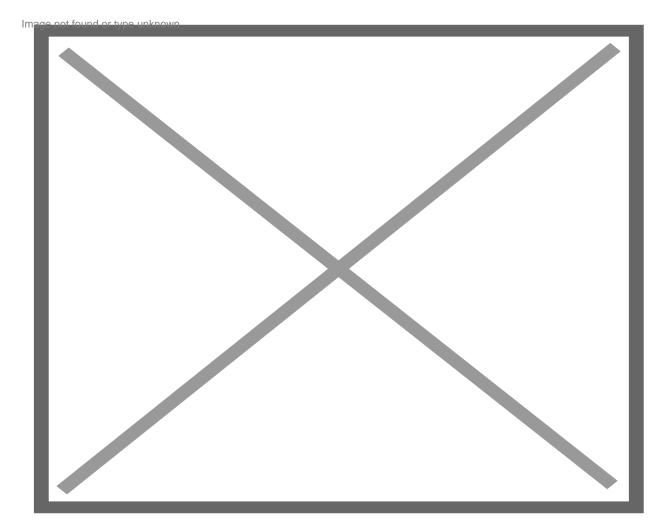
The USVI Survived the Pandemic by Increasing Airlift. Now, It Looks to Regain Cruise Dominance.

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The pandemic has had a devastating effect on the tourism industry at large, and on the cruise business in particular. As a region largely dependent on the cruise business, the Caribbean took an incredible economic hit.

The U.S. Virgin Islands, one of the largest cruising destinations in the region, was also profoundly impacted. Cruising is a major segment of the territory's tourism sector, bringing in on average nearly \$300 million into our economy every year pre-pandemic. With the cruising industry now in recovery mode, we are taking aggressive initiatives to build back our share of the business, employing a similar toolkit to the one we used to successfully attract new air service to two of our major islands, St. Croix, and St. Thomas, during the pandemic.

While still recovering from 2017's two devastating Category 5 hurricanes, we were then hit in 2020, like the rest of the world, with the public health crisis of COVID-19. As Commissioner of Tourism, I was faced with the question of how our tourism product was going to survive and sustain through this unforeseen challenge. Once the cruise industry shut down, our teams had to quickly pivot to a new strategy of exponentially increasing airlift and overnight stays on all three of the main USVI islands, St. Croix, St. John, and St. Thomas when we reopened.



We shifted our marketing strategy away from cruising to the overnight traveler. To attract them, we needed more airlift. So, we undertook a very aggressive push strategy with the airlines. We met frequently with airline executives to inform them about the strength of our tourism infrastructure and about our consistent COVID health and safety protocols that allowed us to reopen in the Summer of 2020. Moreover, we ensured them that their passengers would arrive to find a safe, comfortable, and welcoming place to stay. Using this multi-pronged approach, we were able to convince the airline executives that the USVI would be a smart and lucrative bet during the pandemic.

Our strategy proved to be effective. According to Transportation Security Administration numbers, U.S. Virgin Islands airports in St. Croix and St. Thomas received 14 percent more passengers in February 2022 than in February 2019. Furthermore, the USVI was the fastest-growing territory for total capacity in all the Americas between 2019 and 2021, growing total departure seats by 35.8 percent.

With airlift in place, we are now focusing on the cruise industry. The outlook for cruising is positive as the industry regains momentum. According to <u>Cruising Lines International Association</u> 2022 State of the Cruise Industry Outlook Report, 2022 is a pivotal transition year, with full recovery projected by 2023, as passenger volume is expected to be back at 2019 levels. To get our share of the returning business, we are developing strategies to dramatically increase port calls by 2023, many of which dovetail with those we used with the airlines.

We are committed to strengthening our relationship with the Florida-Caribbean Cruise Association (FCCA) and individual cruise companies to return the position of the Ports of the Virgin Islands as a marquee destination for Caribbean cruising. Our plans include working with the private sector, stateside and on island, to improve and add offerings to our destination. We are also looking forward to the unveiling of a third pier in St. Thomas to accommodate Oasis Class Vessels.

We've recently announced a partnership with the Florida-Caribbean Cruise Association (FCCA) to increase cruise calls, create new experiences and products, collaborate with the local private sector, create more employment and purchasing opportunities for our locals, promote summer cruising, and more.

We understand these steps are just part of the larger picture. Our overall goals include helping local businesses and entrepreneurs reimagine our tourism product and creating more engaging local experiences for all visitors. By working strategically, we can help build a more comprehensive offering in the U.S. Virgin Islands that will attract visitors year-round. That, in turn, will generate more jobs and opportunities for residents, improve our overall economy, and maintain a high quality of life for our citizens.

Submitted on Monday, June 6 by: Joseph Boschulte, Dept. of Tourism Commissioner.

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