# HOW TO RIDE THE WAVE OF TOURISM REACTIVATION

## JUNE 2020

**Practical study of the moment that travelers and tourism industry are currently living in Mexico.**

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# What is happening with the path to purchase of Mexican travelers?

Consumers want to take full advantage of this year and they want to be reactivated in many ways; one of them is traveling. People are still searching for trips, packages, offers and even tentative travel dates, HOWEVER this does not translate into hard sales yet. September long weekend could be the kick-off of this reactivation, followed by November long weekends, not Summer.

Status of the situation: ● good ● regular ● bad

**DREAMING ABOUT TRAVELING**
21% of travelers feel safe about traveling by plane and 20% about staying in a hotel (Anxiety index in Mexico, Deloitte). 60% of travelers are planning to take a trip sometime in the remaining of the year, while 20% will do it in the first semester of 2021; 13% are not planning to take any trips and 7% will wait until there is a vaccine available.

**SEARCHING FOR DESTINATIONS IN MEXICO**
Google searches in April 2020 fell 44% compared to the same period in 2019 (-1.1 million). April 2020 searches compared to March 2020 fell 51% (from 2.8 to 1.4 million).

**SEARCHING FOR INTERNATIONAL DESTINATIONS**
Google searches in April 2020 increased 37% compared to 2019 (from 667 thousand to 929 thousand); when comparing April 2020 with the previous month, they decreased 30% (from 1.3 million to 0.93 million).

**RELATIONSHIP WITH TRAVEL AGENTS**
Regarding trips programmed for the second semester of the year, 45% of travelers are postponing their travel and 44% are cancelling them, while 11% are not doing any changes (last measure showed that 63% postponed and 37% cancelled).

**SEARCHING FOR PACKAGES**
19% of tourists are actively searching for travel sales (Anxiety index in Mexico, Deloitte). Google searches related to travel packages fell 74% in April compared to last year and 52% compared to last month.

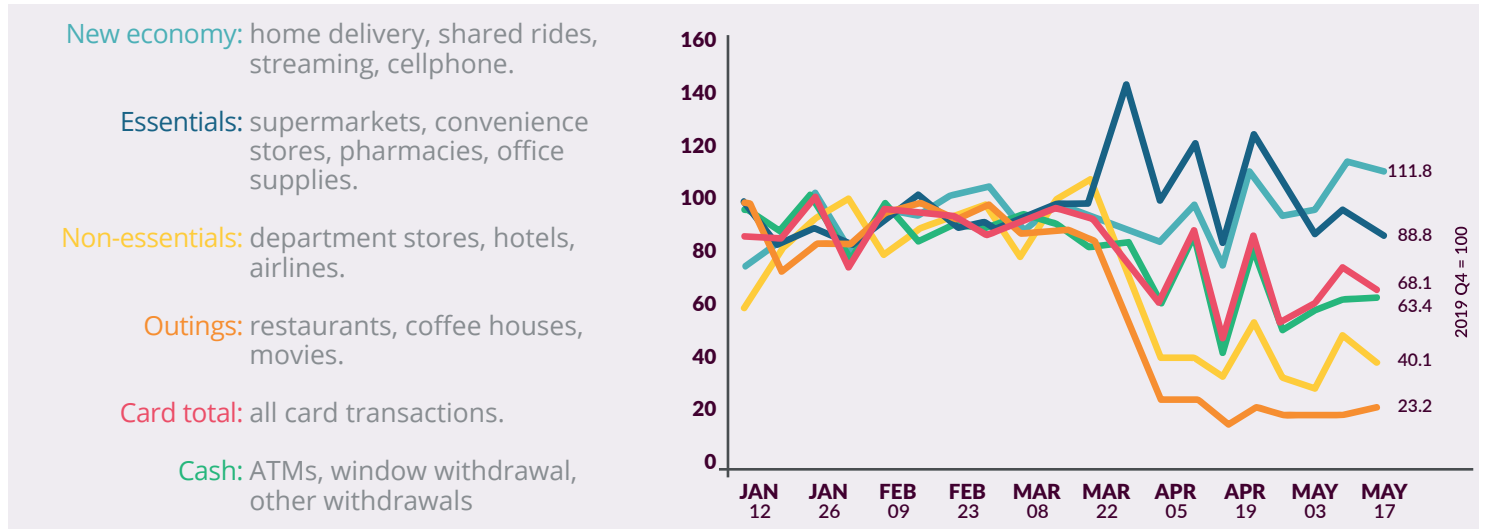**VISITING ONLINE TRAVEL AGENCIES**
Visits to the main OTAs fell from 7.3 to 2 million from March to April.

*Last year, Semana Santa vacations (before Easter) was from April 13 to 21. Since Mexicans plan their trips with very little time, searches for that holiday happened the last week of March and the first two weeks of April. This year, Semana Santa was from April 4 to 12 which is why searches were done the second, third and fourth week of March, when the confinement had already been declared (on March 14, social distancing was announced); that being said, April searches fell compared to a period of important volume of searches in 2019.

# What is happening with the travel industry and the Mexican traveler?

Up to May 17, 2020, consumption in department stores, travels, hotels, and airlines decreased 60% compared to December 2019 (Source: credit and debit cardholders' panel microanalitica.com).

## Weekly evolution of consumer spending

**New economy:** home delivery, shared rides, streaming, cellphone.

**Essentials:** supermarkets, convenience stores, pharmacies, office supplies.

**Non-essentials:** department stores, hotels, airlines.

**Outings:** restaurants, coffee houses, movies.

**Card total:** all card transactions.

**Cash:** ATMs, window withdrawal, other withdrawals



**Hotel activity:** Hotel activity of the main destinations in the country fell drastically during April 2020 (Source: Smith Travel Research).

| HOTEL | APRIL 2019 | APRIL 2020 | VARIATION |
|---|---|---|---|
| **OCCUPATION IN MEXICO** | 62% | 7% | -55.1 pp |
| **AVERAGE RATE** | $124.07 USD | $47.30 USD | -61.9% |
| **REV PAR** | $77.60 USD | $3.48 USD | -95.5% |

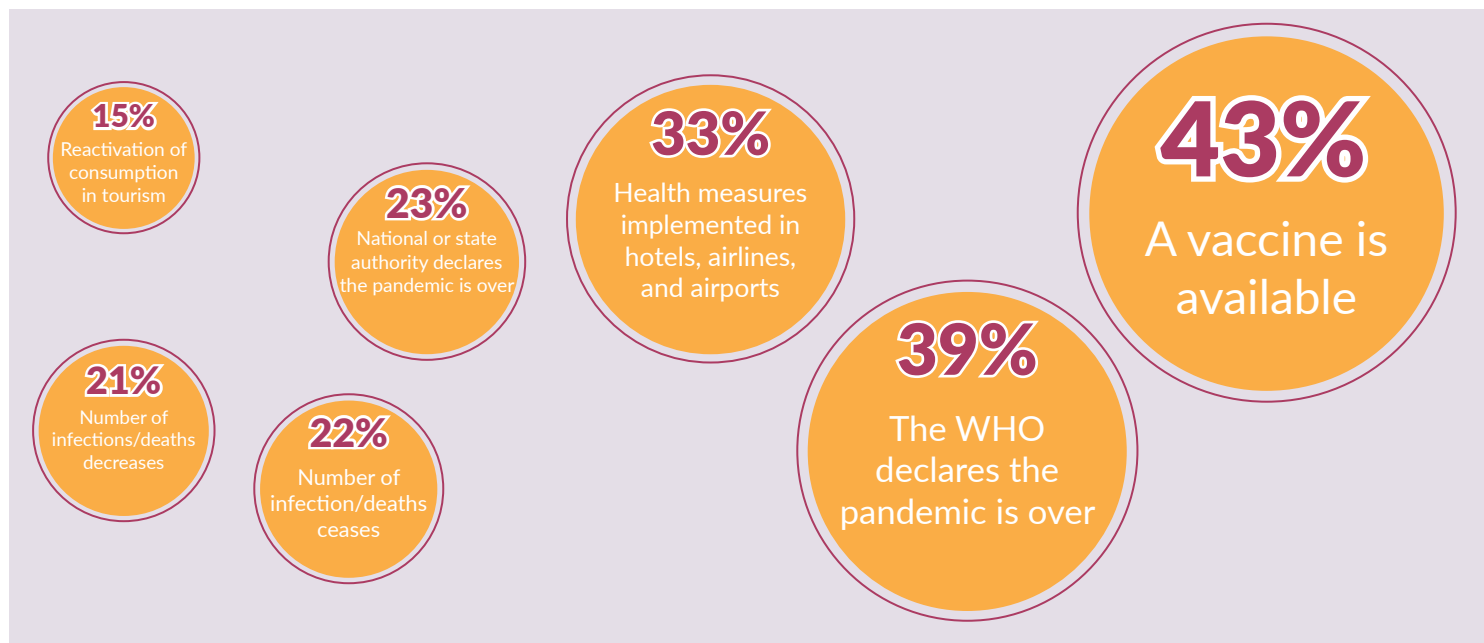## Airport activity (Source: Airport Groups GAP, ASUR and OMA)

April showed a total reduction of a little more than 8.4 million passengers (-93%) in the country airports compared to the same month in 2019.

Domestic passengers decreased 90% while international travelers decreased 98%.

**INDUSTRY PERCEPTION** Members of the travel industry consider that the crisis will be over when: there is a vaccine available (43%), the WHO declares the end of the pandemic (39%) and/or when constituents of the value chain implement health measures (33%) (Source: Interviews to the travel industry, Radar Turístico – Possibility to select more than one option).

**15%**
Reactivation of consumption in tourism

**23%**
National or state authority declares the pandemic is over

**33%**
Health measures implemented in hotels, airlines, and airports

**43%**
A vaccine is available

**21%**
Number of infections/deaths decreases

**22%**
Number of infection/deaths ceases

**39%**
The WHO declares the pandemic is over

**CONSIDERATION OF HEALTH MEASURES:** We asked the travel industry if they are getting ready in terms of health measures at a personal and professional level for when activities will resume; if they answered yes, we asked what measures are they implementing.

**85%** YES

**14%** We are still evaluating it

**1%** NO
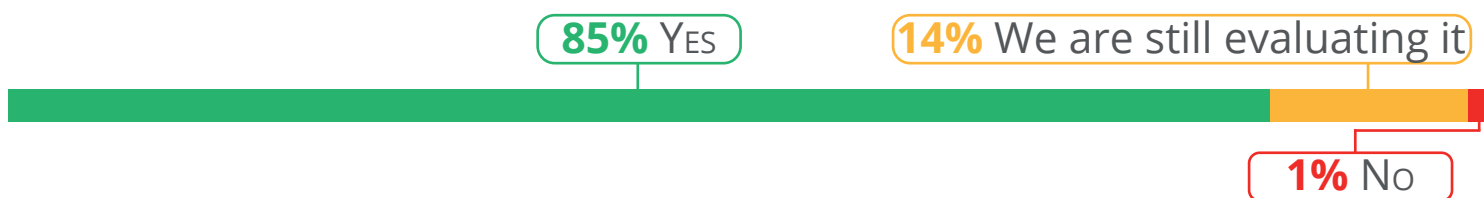
**AMONG THE MEASURES THAT CAME UP THE MOST, WE FOUND:**

☑ Personnel training, "clean point" certificate, H and M distinctives

☑ Reorganization measures, sanitization of work and client spaces, use of protective gear

☑ Sales strategies with no human contact, use of online platforms

☑ Courses about the industry new guidelines

☑ Communicate to clients the new protocols

# What is the Mexican traveler wishing for, in general?

According to several market studies and available information, travel trends highlight the following products and types of tourism:

In the short and medium term, regional travels and to small, local destinations, where there are not high concentrations of people (such as natural and far from the cities attractions) will be selected. Travelers will prefer destinations that allow them to easily return home, if needed.

In general, travel motivated by pleasure (leisure and recreation) will be the first one to come back.

50% of luxury travelers want to see the same or more communication and promotions from travel agencies; while 63% of travelers acknowledge that travel is not possible for now, seeing promotions inspire them to travel and they are thankful for the flexibility of planning for the future (Source: Condé Nast, 2020).

The positive sentiment is notoriously higher for conversations about generic places with no intention to travel when compared to conversations about travel to a specific destination, 64% versus 22% (Source: qualitative data in social media, Radar Turístico).

During May, users adapted their routines to their (temporary) daily life. They also had to adapt their possibilities and choices of consumption, from basic needs to entertainment, leisure, and professional selections. Video call apps had 9% less downloads when comparing the last and the first week of May. The same was observed for social networking apps (-5%). (Source: Analysis of app downloads with data from App Annie, Radar Turístico).

Blog and video content were the most popular when users wanted to learn about a new place (Source: Social listening of generic travel terms, Radar Turístico).

# How can I ride the wave in a responsible way?

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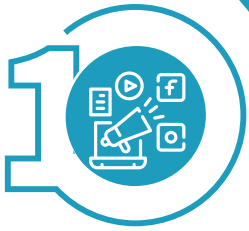
**Build confidence in your consumers regarding health responsibility** and make sure to communicate the measures you will implement according to you clients' needs. When social conversations include "travel" there is a polarization between those who want to travel as soon as possible and the concern about the relaxation of health measures. **It is imperative that you do not compromise the travelers' experience and you do not overlook the reputation of your brand** by promoting travel when it is not yet the best moment.

**20**

**Explore current or future needs and habits of your clients** to keep valid your value proposition and adapt your communication strategy. You can use tools as market studies and commercial intelligence.

**30**

**Work in a database.** If you already have one, dedicate some time to **update or expand** it and if you do not have one, **build it.** It is time to take some actions to connect with users that do not know you yet and to whom you want to reach to increase your sales. You can begin with social media actions, partnerships with influencers or creating dynamics and campaigns that will allow you to collect users' data.

**40**

**Generate content where the destination or company is the protagonist** and keep the trip itself in the background. We know it sounds as they are the same, but there is a big difference in what is perceived; talk about your destination from the emotions that the travel will generate without necessarily inviting to travel. This way, you will promote the sale indirectly.

**50**

**Analyze starting your sales' strategy with very flexible packages** for travel in a medium to long term. Providing advantages such as possibilities to answer to contingencies and dates that can be adjusted with no charge, are an adequate way to start monetizing without compromising the user's experience.

## When will sales be reactivated?

Every month, travel industry (hotels, travel agencies, wholesalers, airlines, among others) answer to when they consider the tourism reactivation will begin (domestic, outbound, receptive), as well as when we will recover to the levels before the pandemic.

Right now, the industry considers that domestic tourism will start showing reactivation signs in July; outbound travel will start in September and receptive in November. The dates match with the previous measures in April. The tourism recovery will start the second trimester of 2021 (April-June) (Source: Radar Turístico, industry polls).

The recovery will begin with leisure trips. The first tourists to come back will be those that own a timeshare property as well as those that seek luxury travel (Source: Skift, STA Consultores).

The private sector estimates a recovery for leisure trips of 55% for the local market and 46% for the international market by December 2020 (Source: CICOTUR).
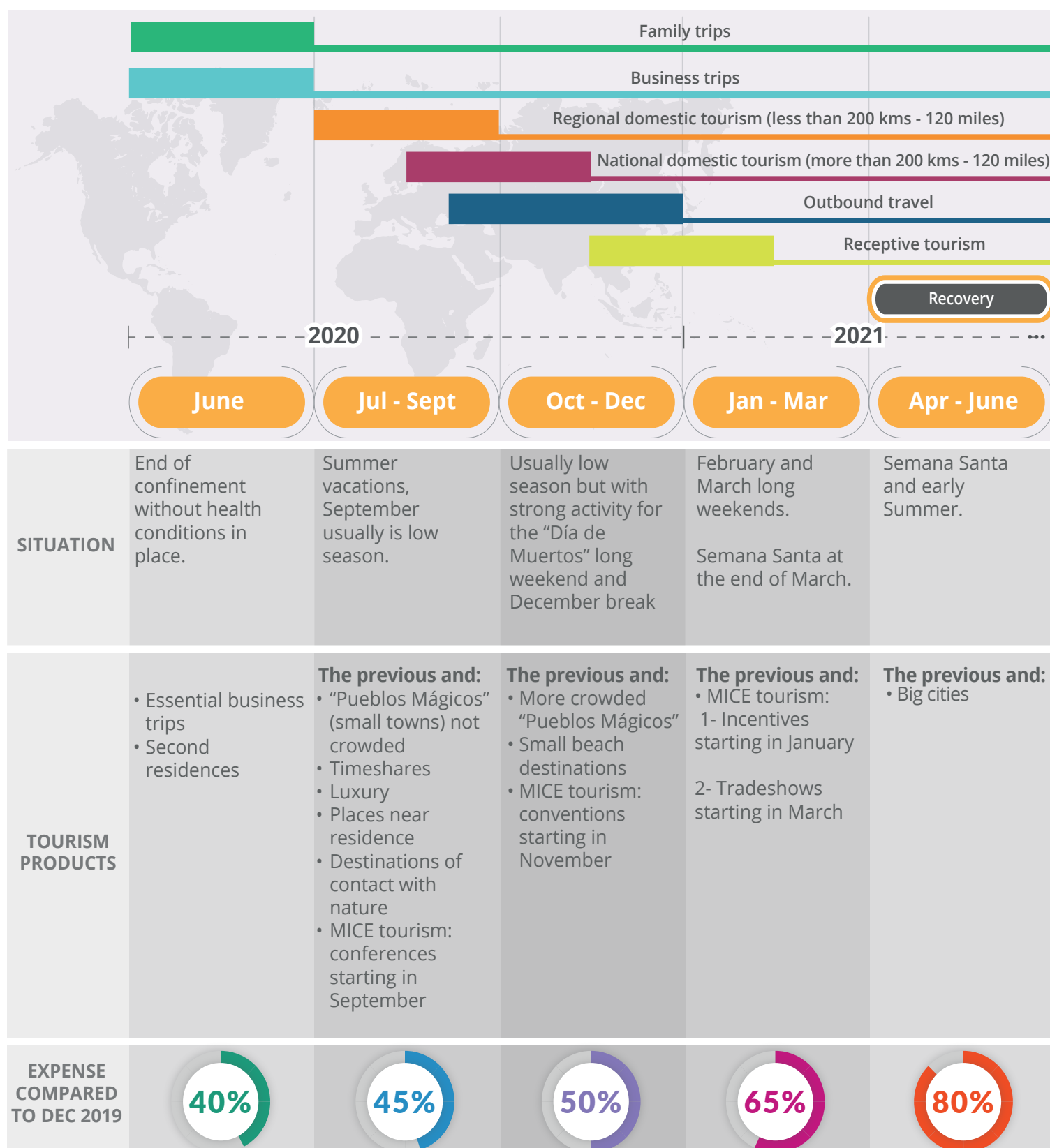
Conferences and conventions will be back in the second semester of 2020 while incentives and tradeshows in the first semester of 2021. Business tourism will decrease, and meetings will be smaller (Source: PEiiR.mx).

The business segment will recover 60% at the end of this year for the local market and 40% for the international market (Source: CICOTUR and WTO).

# HOW AND WHEN WILL THE REACTIVATION HAPPEN

| | Family trips | | | | |
| Business trips | | | | | |
| Regional domestic tourism (less than 200 kms - 120 miles) | | | | | |
| National domestic tourism (more than 200 kms - 120 miles) | | | | | |
| Outbound travel | | | | | |
| Receptive tourism | | | | | |
| Recovery | | | | | |

**2020** ——— **2021** ···

| **June** | **Jul - Sept** | **Oct - Dec** | **Jan - Mar** | **Apr - June** |
|---|---|---|---|---|

| | **June** | **Jul - Sept** | **Oct - Dec** | **Jan - Mar** | **Apr - June** |
|---|---|---|---|---|---|
| **SITUATION** | End of confinement without health conditions in place. | Summer vacations, September usually is low season. | Usually low season but with strong activity for the "Día de Muertos" long weekend and December break | February and March long weekends. Semana Santa at the end of March. | Semana Santa and early Summer. |
| **TOURISM PRODUCTS** | • Essential business trips<br>• Second residences | **The previous and:**<br>• "Pueblos Mágicos" (small towns) not crowded<br>• Timeshares<br>• Luxury<br>• Places near residence<br>• Destinations of contact with nature<br>• MICE tourism: conferences starting in September | **The previous and:**<br>• More crowded "Pueblos Mágicos"<br>• Small beach destinations<br>• MICE tourism: conventions starting in November | **The previous and:**<br>• MICE tourism:<br> 1- Incentives starting in January<br><br>2- Tradeshows starting in March | **The previous and:**<br>• Big cities |
| **EXPENSE COMPARED TO DEC 2019** | 40% | 45% | 50% | 65% | 80% |

# RADAR TURÍSTICO

Would you like to discuss the subjects included in Radar Turístico to go deeper with your strategy or commercial teams or with your Board of advisors? We will be happy to help you, contact us to schedule a meeting.

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**RADAR TURÍSTICO includes digital behavior of travelers, data directly related to the industry, polls to travel agents and expert opinions in the subject.**

**This study of regular publication is developed to guide and facilitate present and future decisions for destinations, companies and professionals that depend on tourism in Mexico.**