

HOW TO BE ATTRACTIVELY SAFE FOR THE MEXICAN TRAVELER



JULY 2020

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



De lo observable a lo accionable



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WHAT IS HAPPENING WITH THE PATH TO PURCHASE OF MEXICAN TRAVELERS?

Mexican travelers are still not convinced about getting on a plane or staying in a hotel. What they are certain of is wanting to live experiences that intensify their senses and emotions, despite being blended with necessary and responsible safety measures. Therefore, it is very important to communicate in a clear and emphatic way that our destination or company is attractively safe.

Part of the mistrust comes from the fact that, even if just over half of the most online searched Mexican destinations are talking in their websites and social media about certifications, safe travel stamps and health protocols, there is still a large number of destinations that are not doing it yet. In the same way, few destinations are communicating how travelers' experience will be like with the new safety measures implemented; websites and social media are portraying the experiences as they were lived before COVID-19.

Status of the situation: ● good ● regular ● bad

DREAMING ABOUT TRAVELING

Regarding content and publications about travel, 30% more publications in websites and social media were identified compared to the same period last month, from June 1 to 15. (Source: Social listening of generic travel terms, Radar Turístico).

SEARCHING FOR INTERNATIONAL DESTINATIONS

In May, 1.8 million searches about international destinations were registered, 49% more than the previous month (1.2 million); when comparing to last year, there was a minimal increase (1.6%) (Source: Google search analysis, Radar Turístico)

SEARCHING FOR DESTINATIONS IN MEXICO

In May 2020, searches for national destinations dropped 23% compared to the same period last year; when compared to April 2020, they increased 52% (Source: Google search analysis, Radar Turístico).

RELATIONSHIP WITH TRAVEL AGENTS

63% of the travel industry reports that sales increased in June, which indicates that the relationship between travelers and hotels as well as travel agents is starting to reactivate; of these, two thirds are reporting a moderate increase of less than 10% (Source: Radar Turístico, interviews to the travel industry).

SEARCHING FOR PACKAGES

21% of tourists are actively searching for travel offers, with a slight rise in the last four measures (Source: Anxiety index in Mexico, Deloitte). According to Google, searches for travel packages increased 57% from April to May 2020. If we compare May 2020 with May 2019, they decreased 61%.

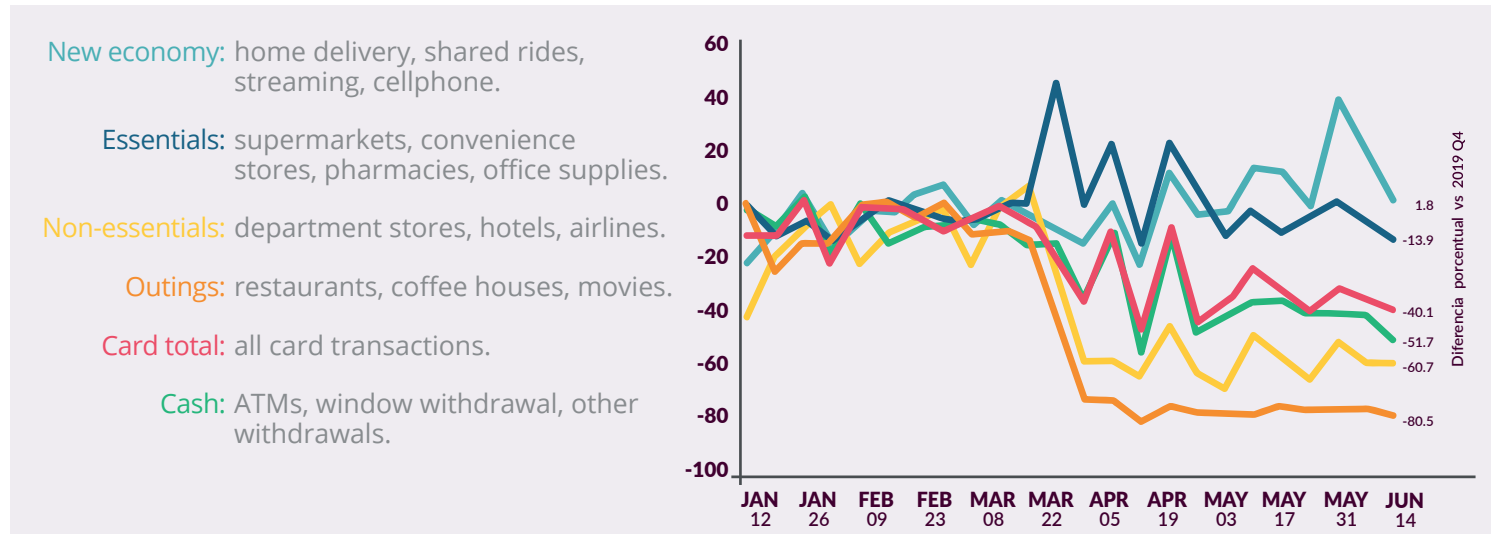
VISITING ONLINE TRAVEL AGENCIES

According to Google search analysis, visits to online travel agencies increased 71% in May compared to April. Mexicans are little by little regaining the intention to spend in travel. However, they are still very cautious as they are considering spending 55% less in the next month than what they spent in the past four weeks (in the last three 2-week periods, we saw a decrease of 50%, 55% and 60% respectively) (Source: Anxiety index in Mexico, Deloitte).

WHAT IS HAPPENING WITH THE TRAVEL INDUSTRY?

Up to June 14, 2020, consumption in department stores, travels, hotels, and airlines decreased 61% compared to December 2019 (Source: credit and debit cardholders' panel microanalitica.com).

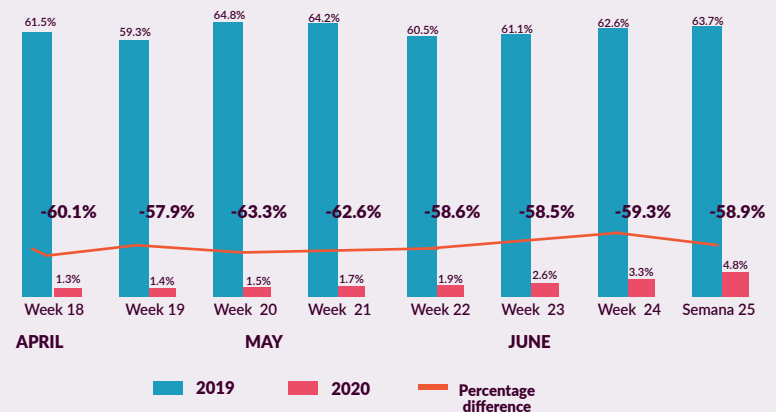
WEEKLY EVOLUTION OF CONSUMER SPENDING



HOTEL ACTIVITY

Hotel activity at the main destinations in the country fell drastically and, in week 18 (May 3rd), it reached its lowest point with occupation at 1.3%. Slowly, it has increased but it remains very low. In the week of June 21 (week 25) it was at 4.8% (Source: Datatur).

70% of hotels are offering free cancellation rates, 20% more than before the pandemic (Source: Expedia).



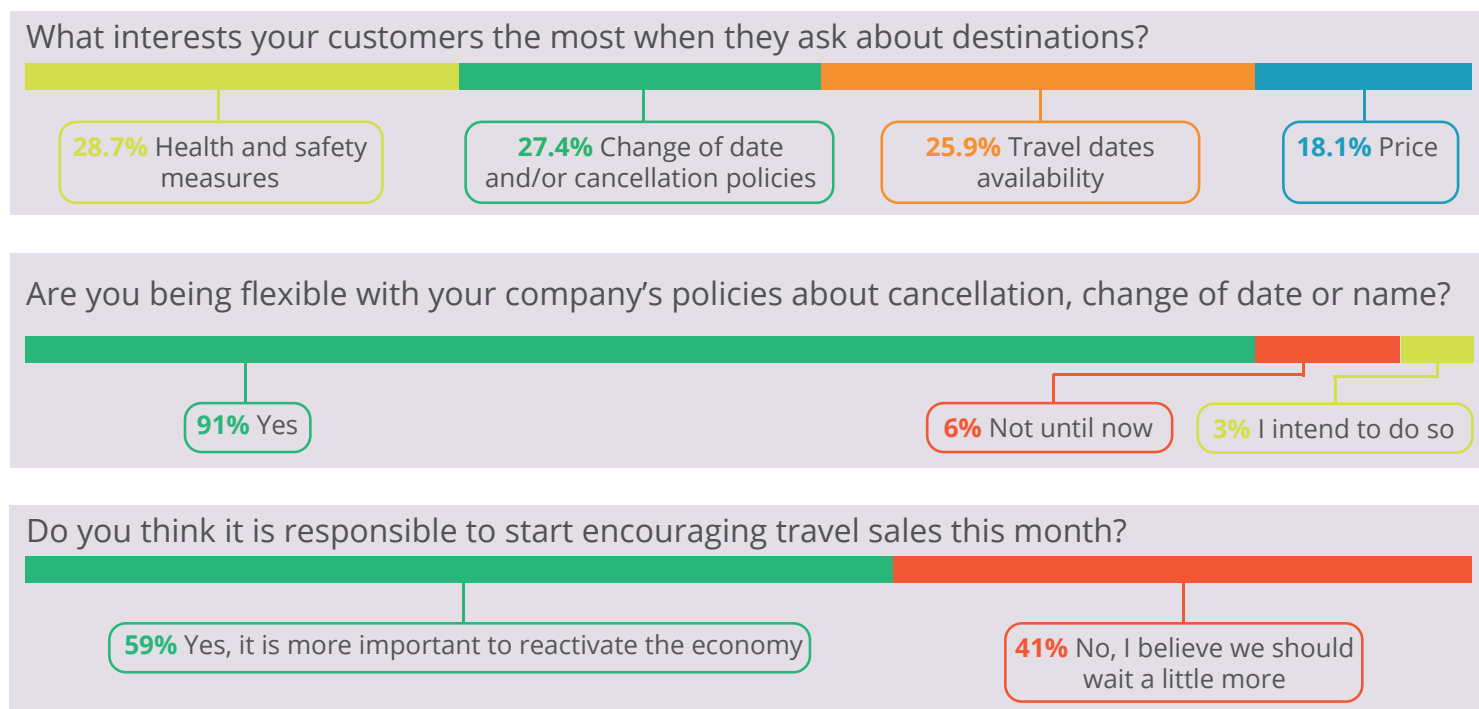
AIRPORT ACTIVITY



The number of passengers in the country's airports in May showed a reduction of 93% compared to those registered in the same month last year. The turnout of national passengers decreased 91% while international passengers' 97%. Since we are seeing an opening of several destinations, we hope to include data about the sector's recovery as of our next edition (Source: Airport groups GAP, ASUR and OMA).

DIVIDED VISIONS BETWEEN SUPPLY AND DEMAND

(Source: Radar Turístico, interviews to the travel industry).



MEASURES TAKEN BY THE PRIVATE SECTOR TO FACE THE CRISIS

Among the main measures taken during the COVID-19 pandemic, we found the following (Source: Travel Consul):



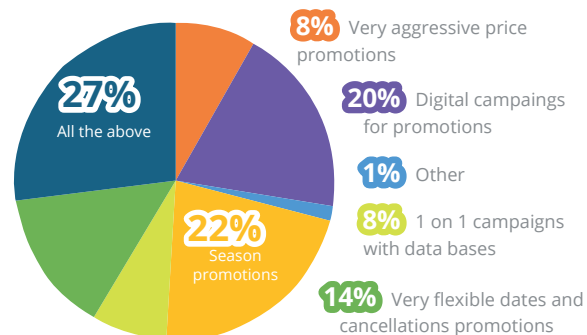
TRAVEL INDUSTRY REACTIONS

To encourage sales, companies are developing the following actions:

- Season promotions (22%)
- Digital campaigns for promotions (20%)
- Very flexible dates and cancellations promotions (14%)
- Very aggressive price promotions (8%)
- 1 on 1 campaigns with data bases (8%)

(Source: Radar Turístico, interviews to the travel industry)

What is your company doing to encourage sales?



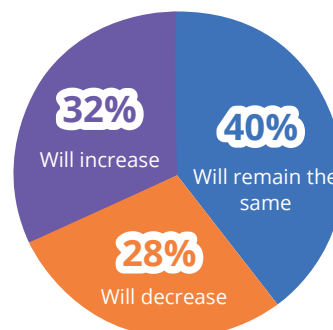
6 out of 10 companies are not studying the new consumer, although one fourth of them declared having the intention to do it. (Source: Radar Turístico, interviews to the travel industry).

The travel industry is not certain about what will happen to prices, 40% considers that they will remain the same, 32% that they will increase and 28% that they will decrease. In case they increase:

- Two thirds believe that consumers and service providers will absorb the cost.
- 18% that tourists will pay higher prices.
- 13% that service providers will diminish their profit margin.

(Source: Radar Turístico, interviews to the travel industry)

What will happen to tourism services prices?



MEASURES TAKEN BY DESTINATIONS TO FACE THE CRISIS

The destinations that have a better response to the crisis and support the recovery of the industry are developing the following actions (Source: Travel Consul):



Introduce health and safety certifications so that travel agents are certain that the destinations are safe for their clients to visit.



Show useful and appropriate data.



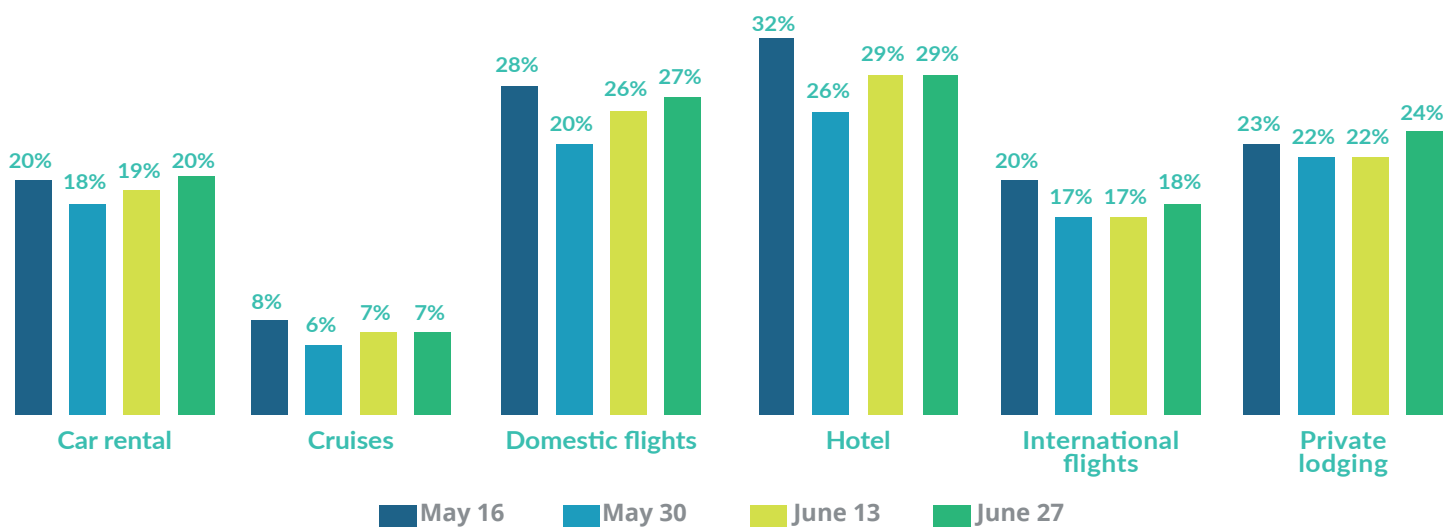
Develop consumer direct marketing campaigns.

WHAT IS HAPPENING WITH THE MEXICAN TRAVELER?

Travelers are still deciding where their next trip will be to. Over 40%, those who are booking or showing interest in traveling, pointed that they are planning to go to the destination they had originally booked. However, the bigger percentage, 46%, is still waiting to see how the situation evolves in order to make a decision (Source: Travel Consul, Global Survey Results, June 2020).

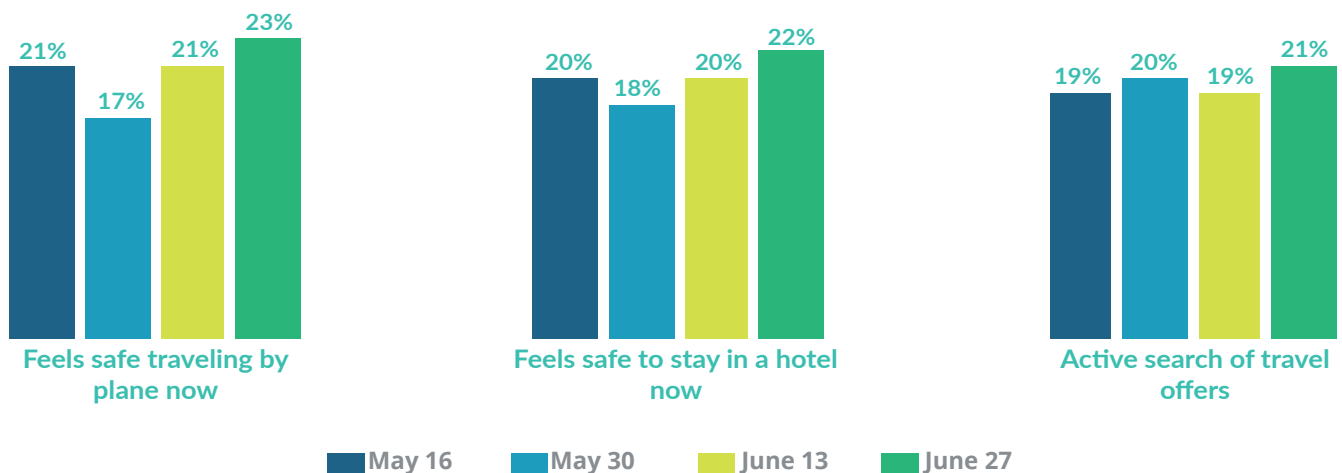
Planning leisure travels for the next 3 months

In the last few weeks, the possibility that the Mexican traveler will spend in the following concepts or organize a trip has barely changed. Although there is an improvement in sight, they are still being cautious (Source: Sentiment towards travel by Deloitte for Mexico, Deloitte).



Safety sentiment of the Mexican consumer

23% of travelers feel safe to travel by plane and 22% to stay in a hotel, reporting a trend to growth (Source: Sentiment towards travel by Deloitte for Mexico, Deloitte).



Financial and health concerns

80% of Mexicans are worried about their own physical well-being while 81% are concerned about their family's health. Among the economic concerns, 56% are worried about covering their upcoming expenses, while 48% are delaying big purchases. Health concerns have been increasing in the last two months while the economic ones are decreasing (Source: Anxiety index in Mexico, Deloitte).

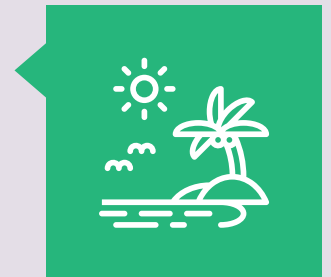


Traveler's trends



"We have observed a travel tendency with very little anticipation. Travelers plan their trip and a few days later they are at the destination", when in the past years the booking window for Mexicans had been widening (approximately 32 days prior to the travel date). In consequence, travel industry must answer to these new consumer behaviors (Source: City Express and STA Consultores).

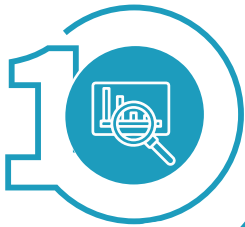
Before the pandemic, sustainability was becoming an important subject; the tourism activity reactivation could accelerate the ecotourism growth (Source: Expedia).



Tourism will be, more than ever, a way to generate positive impacts through travel with purpose (Source: Euromonitor).

AS A MEMBER OF THE TRAVEL INDUSTRY, HOW CAN I BE ATTRACTIVELY SAFE?

To be attractively safe, share with travelers your re-opening plans: measures and protocols around prevention, cleaning and health safety that are being implemented; as well as how their experience will still be pleasant. Here you will find 6 recommendations to activate and guide your marketing and research budget towards this concept that will be valid for a long time:



Invest in **agile and reliable** studies that will let you know better the travelers' profiles and new priorities. 60% of businesses are not doing it and they are missing on very valuable information to reactivate their sales and improve their experiences. Among those studies, include an analysis of your data which will allow you to outline and personalize your 1-1 offers with the adequate traveler.



Do trainings with **travel agents**. Share complete information about what your destination or business is doing regarding safety and hygiene. Also, clearly communicate the **flexibility** of your cancellation and changes policies.



Design valuable information for the traveler about what they can expect and what they will enjoy in a **safe way** in every stage of their trip: airport, ground transportation, hotels, amenities, activities, restaurants, and destination in general. Communicate in all your media the way in which their experience will be pleasantly safe.



Encourage your first guests/visitors post COVID-19 to share their **experience** to generate trust in other travelers. Remember to do this in a responsible way, do not put at risk travelers or your brand by skipping health measures.



Take advantage of the opportunity that this new reality represents. If you are an emerging destination or a local business, **come forward!** Travelers are looking for unknown/uncrowded places; this is your opportunity to offer them new experiences.



If you are a travel agency, make sure to be **up to date regarding stamps, certifications and protocols** about health, sanitation and hygiene, as well as options about travel insurance. Do not forget to be an advisor and communicate this to your current and potential clients.

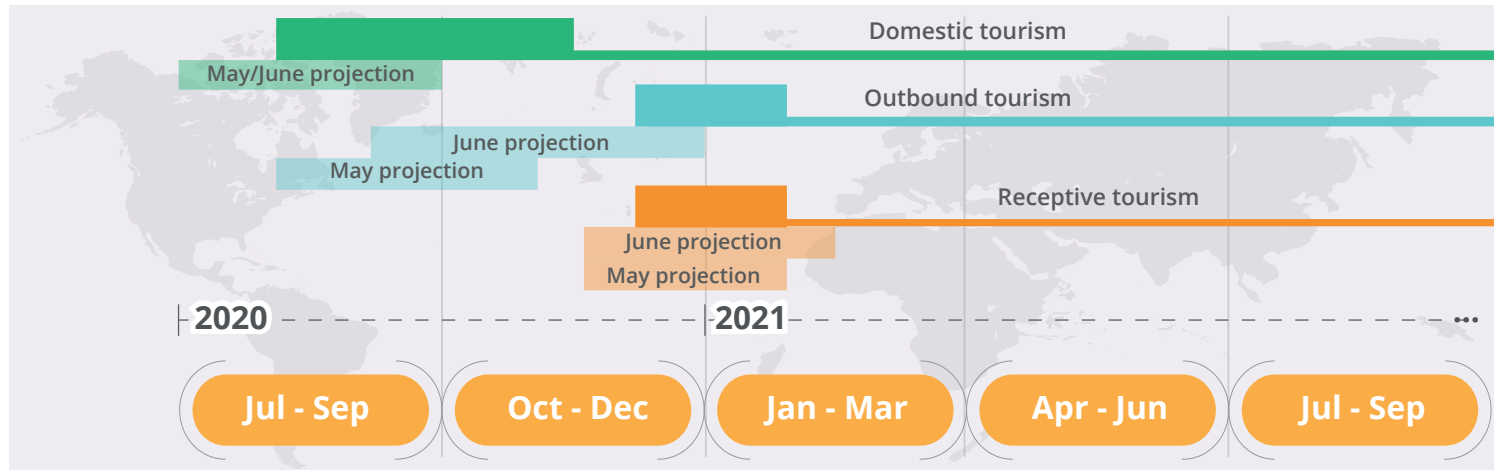
WHEN WILL SALES BE REACTIVATED?

In the three measurements we have done with Radar Turístico, we have asked the travel industry about when they believe that each type of tourism will be reactivated in the country; perceptions have been shifting.

Domestic tourism will be the first to be reactivated. In the first measurements, it would resurge in July; however, in the latest measurement, the industry actors consider it will happen until August-October.

Outbound tourism reactivation has also been delayed, now the industry considers that it will be reactivated between December 2020 and January 2021.

Receptive tourism, the last one to be reactivated in the three measurements, is now concentrated between December 2020 and January 2021.



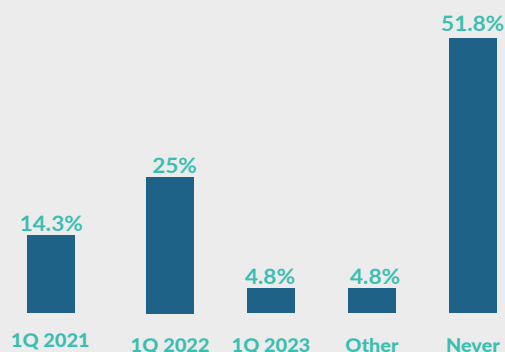
Business trips

Fortune conducted a survey with CEOs of the 500 largest companies and asked them when their company business trips will reach the levels prior to the pandemic.

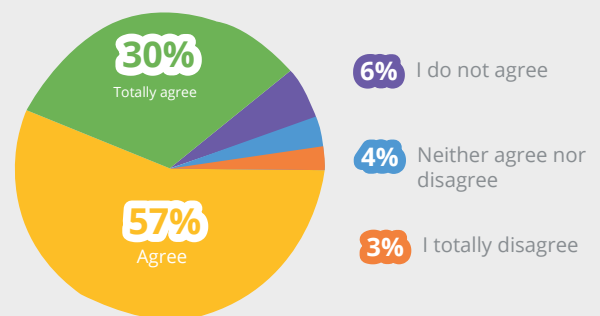
- 25% of the interviewees consider it will happen until the first trimester of 2022; 51% consider never.
- 87% of the interviewees consider business trips will be replaced by video conferences.

According to Skift, only 14% of business travelers in May used air transportation in comparison to 61% who used it in January.

When will your company business trips reach the levels prior to the pandemic?



How much do you agree with the following: after the pandemic, business trips will be less frequent and will be replaced by video conferences?



Methodology: RADAR TURÍSTICO is designed with a strategic combination of analysis and information generation techniques, both quantitative and qualitative. All the information used comes from authorized, renowned, and updated sources with proved and reliable methodologies. The information is supervised and analyzed by a panel of multidisciplinary experts with more than 20 years of experience in the tourism sector at a national and international level. 1. Open data collection from Google platforms and tools for digital traffic monitoring; posterior quantitative and qualitative analysis. 2. Online polls by invitation from June 25 to 30. Respondents were: travel agents (retailers) 63%, hotels 19%, wholesalers 15%, airlines 1% and other 2% (destinations, consultants, marketing agencies, media or meeting planners). 3. Secondary sources revision, process and analysis. In each case, the corresponding source is mentioned. 4. Digital conversations analysis. 302 conversations were analyzed, from main Instagram accounts in over 13 different content categories to understand what users are looking for and what subjects are better perceived or have more reach. The messages analyzed generated 57.8 millions of interactions in the period of June 1 to 15 2020. 5. Mexico App downloads analysis. The top 60 of most popular apps was analyzed week by week in the main platforms: iOS, Android and Amazon. Analysis from June 3 to 24, 2020. 6. Social listening about travel intentions. 10,347 relevant Facebook and Twitter conversations were analyzed to detect the intentions about the tourism activity as well as the feeling and perception of the user before content of the sector. Period of June 1 to 15.



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.

contacto@radarturistico.mx



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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.