

HOW TO ACHIEVE THE VISION OF THE BIG COMPANY AND THE PASSION OF THE ENTREPRENEUR



AUGUST 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 already starting to travel to nearby places where they feel safe. This safety is provided mainly by two factors: authorized health measures and protocols perceived as being offered by well known brands with a good reputation; and the less crowded destinations.

This is generating new opportunities for the travel industry. For smaller destinations and suppliers, the window opens to position themselves in the mind of the ideal traveler through appropriate marketing and communication strategies. For larger, consolidated brands, the opportunity lies in reviving their passion for the personalized service and innovation, as well as searching for greater efficiency through nimble processes and alliances.

Status of the situation: ● good ● regular ● bad

DREAMING ABOUT TRAVELING

The number of publications related to travel in social channels rose from 13.4 thousand to 17.3 thousand comparing the first 15 days of June against July; an equivalent to an increase of 29% in the volume of publications. Also, the reach of these publications went from 1 million to 2.7 million people when comparing the same period, an increase of 163% (Source: Social listening, Radar Turístico).

SEARCHING FOR DESTINATIONS IN MEXICO

In June, Google searches for domestic destinations increased by 27% compared to May. Compared to that same period last year, searches increased by 11%. Google searches about key words related to Pueblos Mágicos (small towns in Mexico) increased by 4.79% in July compared to May (Source: Google search analysis, Radar Turístico).

RELATIONSHIP WITH TRAVEL AGENTS

74% of the respondents reported that sales are increasing. Of all the interviewees, 40% mentioned sales rose less than 10% and 34% reported that 11% or more. (Source: Travel industry surveys, Radar Turístico).

SEARCHING FOR INTERNATIONAL DESTINATIONS

In June, Google searches about international destinations decreased by 41% compared to May. Compared to the same period last year, the searches decreased by 35% (Source: Google search analysis, Radar Turístico).

SEARCHING FOR PACKAGES

21% of tourists are actively looking for travel offers. It is the same level than last month but with a slight rise compared to previous measurements (Source: Anxiety Index in Mexico, Deloitte). When compared to May 2020, Google searches for packages increased by 16% in June. Compared to the same period the previous year, searches dropped by 57%.

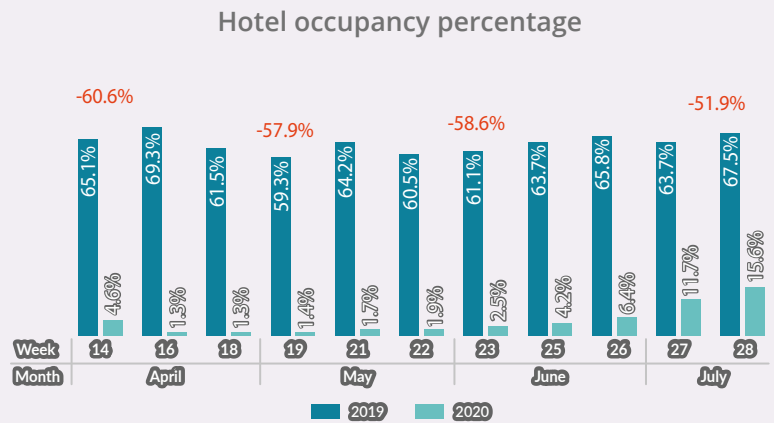
VISITING ONLINE TRAVEL AGENCIES

Visits to online travel agencies in June 2020 increased by 33% compared to May. We can see an overall upward trend, only one measure analysed registered a decrease in sales.

WHAT IS HAPPENING WITH THE TRAVEL INDUSTRY?

HOTEL ACTIVITY

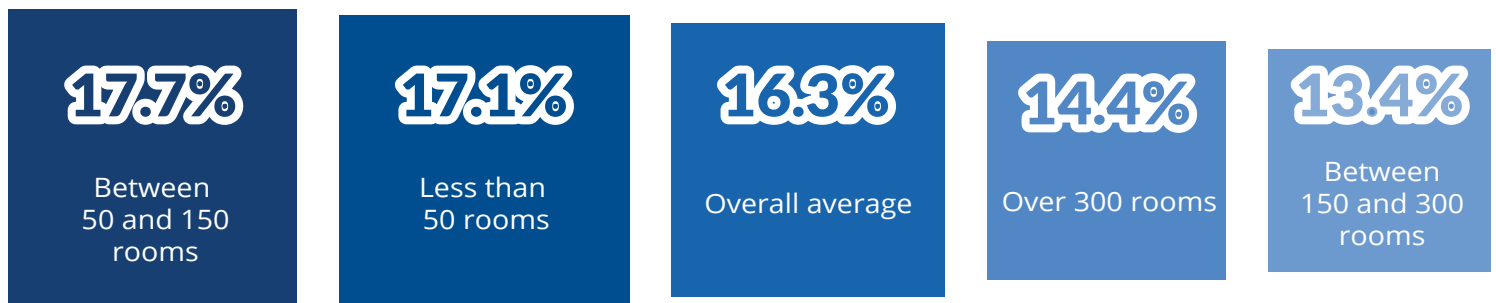
- On July 12th (week 28), the average hotel occupancy reached 15.6%; it has been going up since the week of April 1st, week 16 (Source: DATATUR).
- The average rate is \$100 USD, -16.4% compared to the same period last year. While the RevPAR is \$19 USD, -76.5% (Source: STR, about the week of July 18).



Hotels with less than 150 rooms have an average occupancy above the mean reported. While the so-called large hotels (more than 150 rooms) are below the mean.

Smaller destinations (Pueblos Mágicos and small destinations with less than 1,000 rooms) are reporting a higher hotel occupancy, while large cities and World Heritage cities are the ones with lower occupancy (Source: Hotels surveys, Radar Turístico).

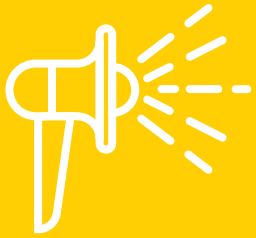
Occupancy by hotel size



Occupancy by type of destination



EVOLUTION IN THE DESTINATIONS' PRIORITIES



Before the pandemic, the priorities identified for the destination management and promotion organizations were in the first place marketing strategies and the development of their brand; reunion and convention sales in the second place; and product and destination development in the third place.

In the next three years, it is predicted that this behaviour will establish new priorities. Brand and marketing will still be the most important, followed closely by product and destination development and in third place, a broader economical development.

Source: Strategic Recovery Plan for Destination Organizations, MMGY NextFactor.

Mexico's Pueblos Mágicos before the new health measures

Of the 58 most remembered Pueblos Mágicos in the country (Source: SECTUR), only 67% have their own website, 1.7% has a certification or health stamp in their website (when we performed the analysis) and 46.3% are posting content about the new way of travel as a result of the pandemic.

These destinations are not using yet the stamps and certifications as a communication strategy to attract visitors and transmit safety. The presence of these elements in the last 20 publications on social media is 3.4%.

The website is not a priority channel for the Pueblos Mágicos. It is not part of their communication strategies. However, the main channel to publish content is their social media. Facebook is the most used tool; 52% of those who use this social media have updated content.

With regards to what has been communicated about health measures, 53.4% of the Pueblos Mágicos are sharing this type of content in their social media.

Source: Pueblos Mágicos analysis in the digital ecosystem, Radar Turístico.

TRAVEL INDUSTRY TRENDS



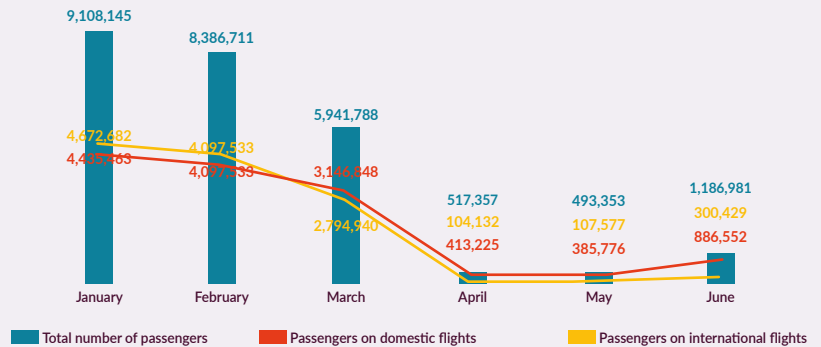
The elements that are part of the new normality are: properties that become a destination on their own, with their own entry, independent from the destination; and personalized itineraries, designed individually for the client's needs (Source: Luxury Travel Group).

63%

of the publications that mention a specific destination are talking about destinations or suppliers in a small destination. 36% are mentioning larger destinations, both national and international. We identified brand presence in 12% of the publications (Source: Instagram publications qualitative analysis, Radar Turístico).

AIRPORT ACTIVITY (Source: AFAC. Regular and charter flights)

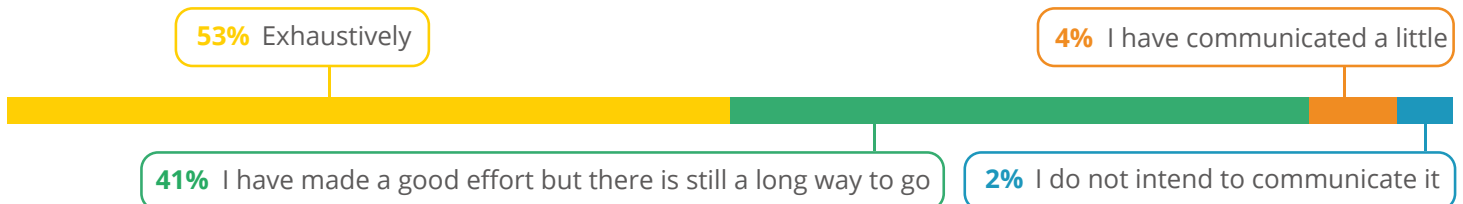
- Compared to May, the total number of passengers transported in June increased by 141%.
- The number of passengers on domestic flights increased by 130% compared to May.
- In the case of passengers on international flights, there was an increase of 179% when we compare June against May.
- The upward trend started in April, and since June the growth has been more evident due to the partial reactivation of the activities in some tourism destinations.



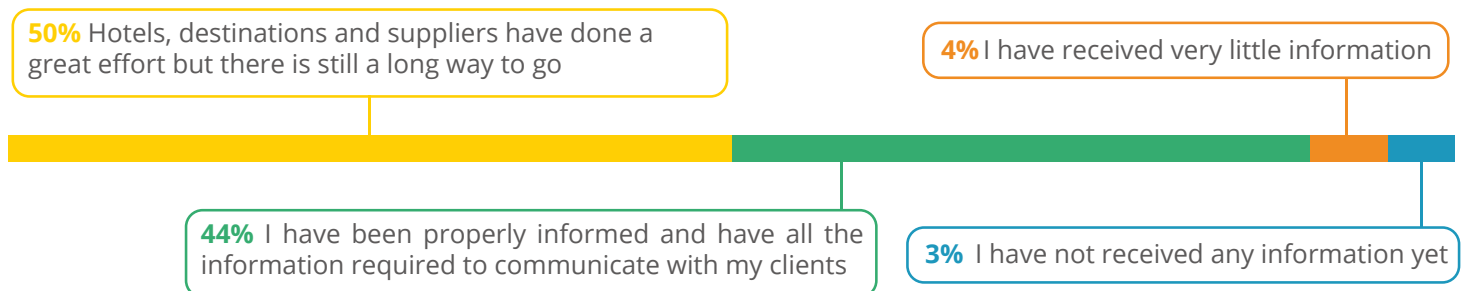
PERCEPTION OF COMMUNICATION EFFORTS

There is a congruence between what the hotels and what the travel agencies report regarding the efforts in communicating the health measures and new policies. Both parties recognize that while there is communication, there is still a long way to go (Source: Travel industry surveys, Radar Turístico).

Hotels: how much have they informed

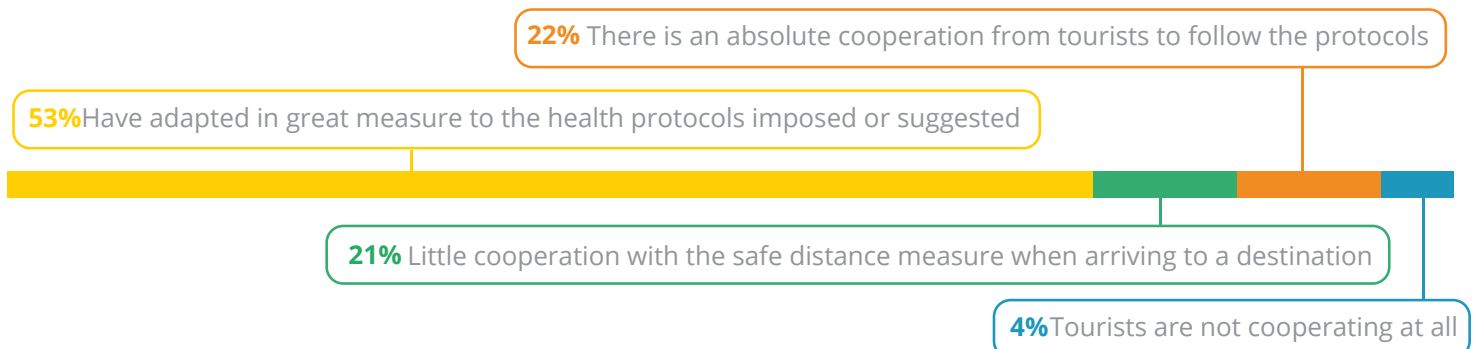


Travel agencies: how informed are they



Tourists: how much do they listen

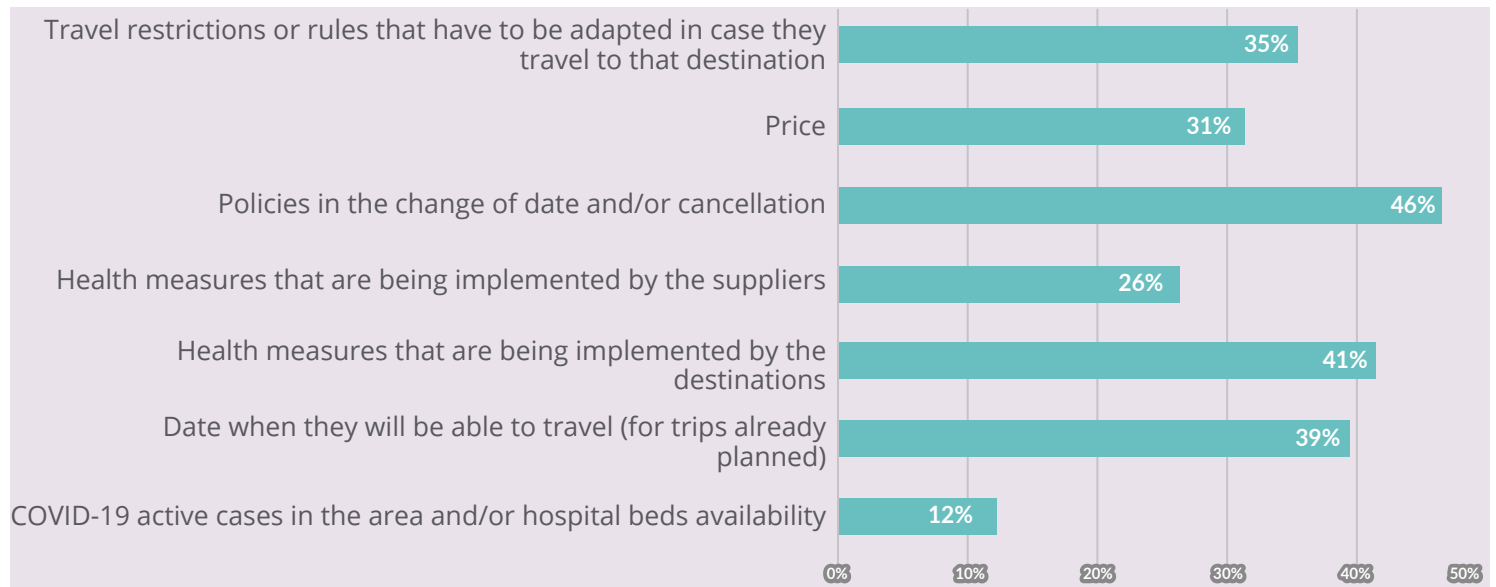
75% of tourists are following the health measures when they arrive to a destination and when they hire touristic services providers.



WHAT IS HAPPENING WITH THE MEXICAN TRAVELER?

TRAVELERS' INTERESTS

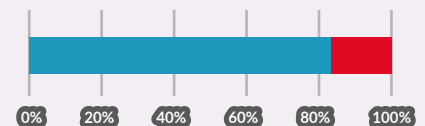
Mexicans' interests are still the sanitary safety and the flexibility in the dates and cancellation (Source: Travel industry surveys, Radar Turístico).



The travel industry survey shows that Mexican travelers are looking for renowned and trustworthy brands, but in emerging or less crowded destinations. They also look for destinations where their visit is perceived as contributing to the community in some way. These findings are consistent with other studies (Source: Travel industry surveys, Radar Turístico).

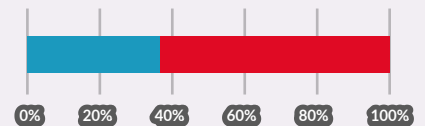
HOTEL PREFERENCES

- Stay in well known, large hotels that guarantee they are applying the necessary health protocols (brand reputation) even if they are crowded.
- Stay in lesser known, small hotels, even if they cannot guarantee they are applying the health measures but are less crowded.



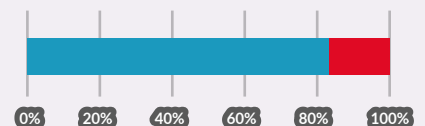
DESTINATION PREFERENCES

- Visit well known and large destinations where the health details will be looked after, even if they are crowded.
- Visit unknown or small destinations where it is likely that there is not a proper destination management and health measures are not mastered.



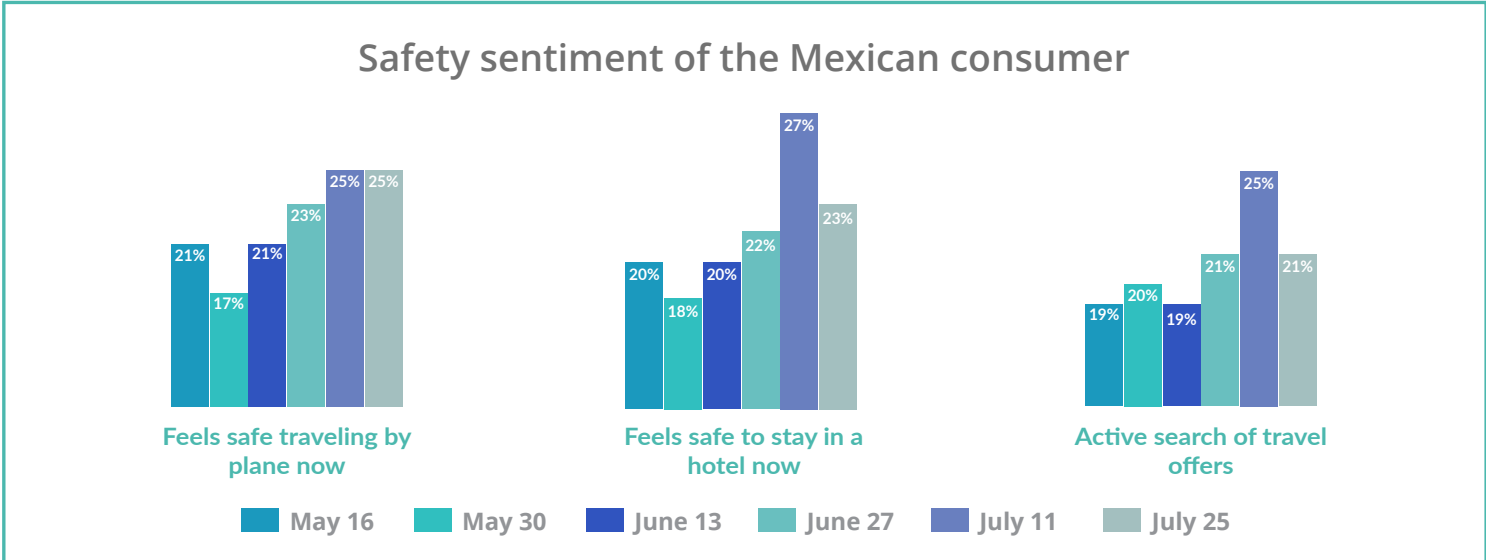
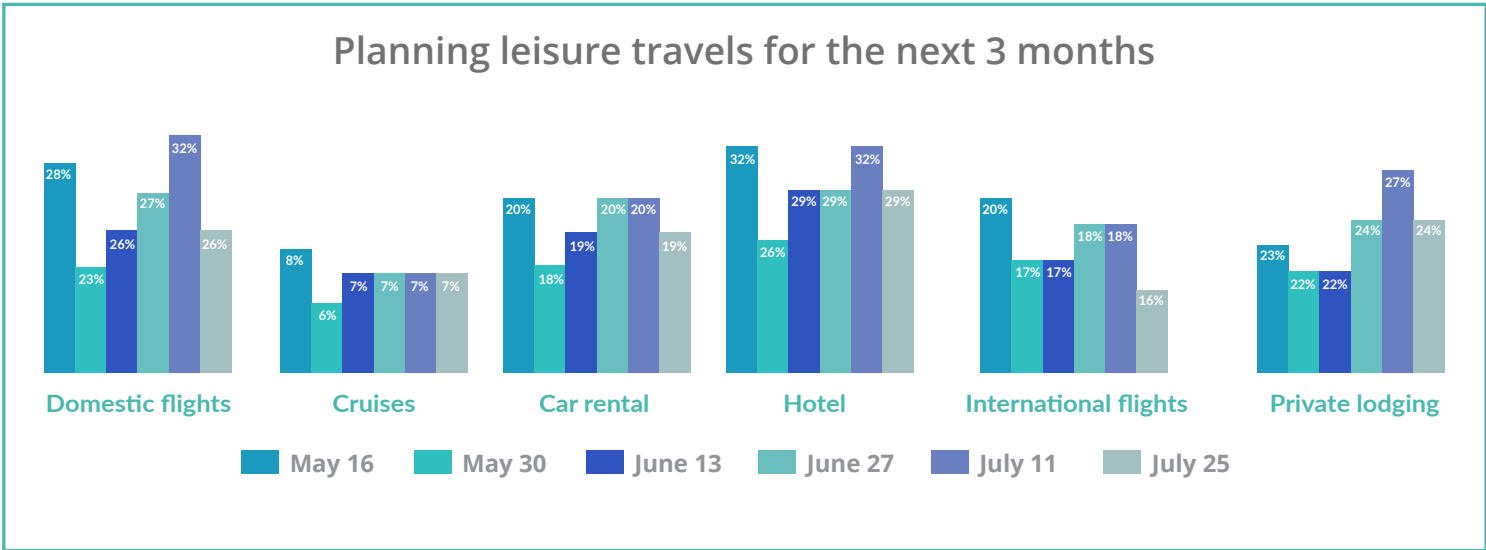
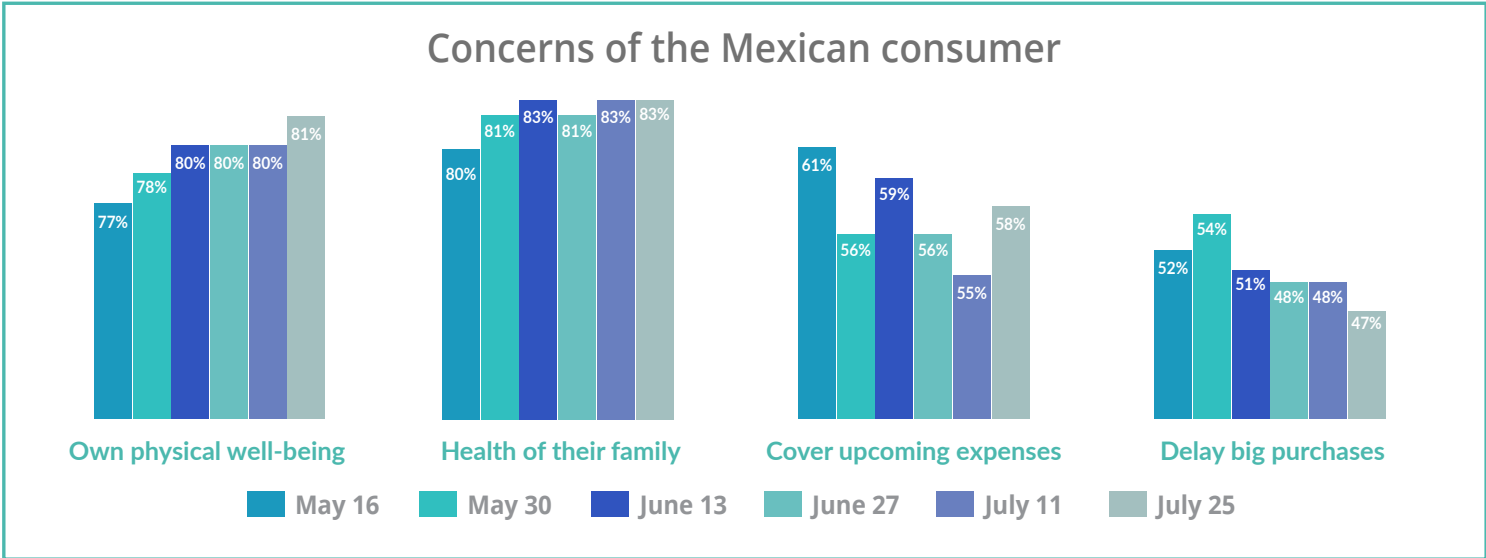
COMMUNITY IMPACT PREFERENCES

- Hire services that will guarantee that the profits will remain in the receptive communities, even if they are more expensive.
- Hire services with any supplier, to a lesser cost whether or not the profits will stay in the local community.



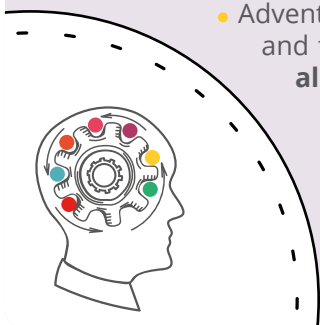
MEXICAN CONSUMER CONCERNS AND PLANNING

25% of Mexicans feel safe to travel by plane, while 23% feel safe about staying in a hotel and 21% are actively searching for travel offers (Source: Sentiment towards travel by Deloitte for Mexico, Deloitte).



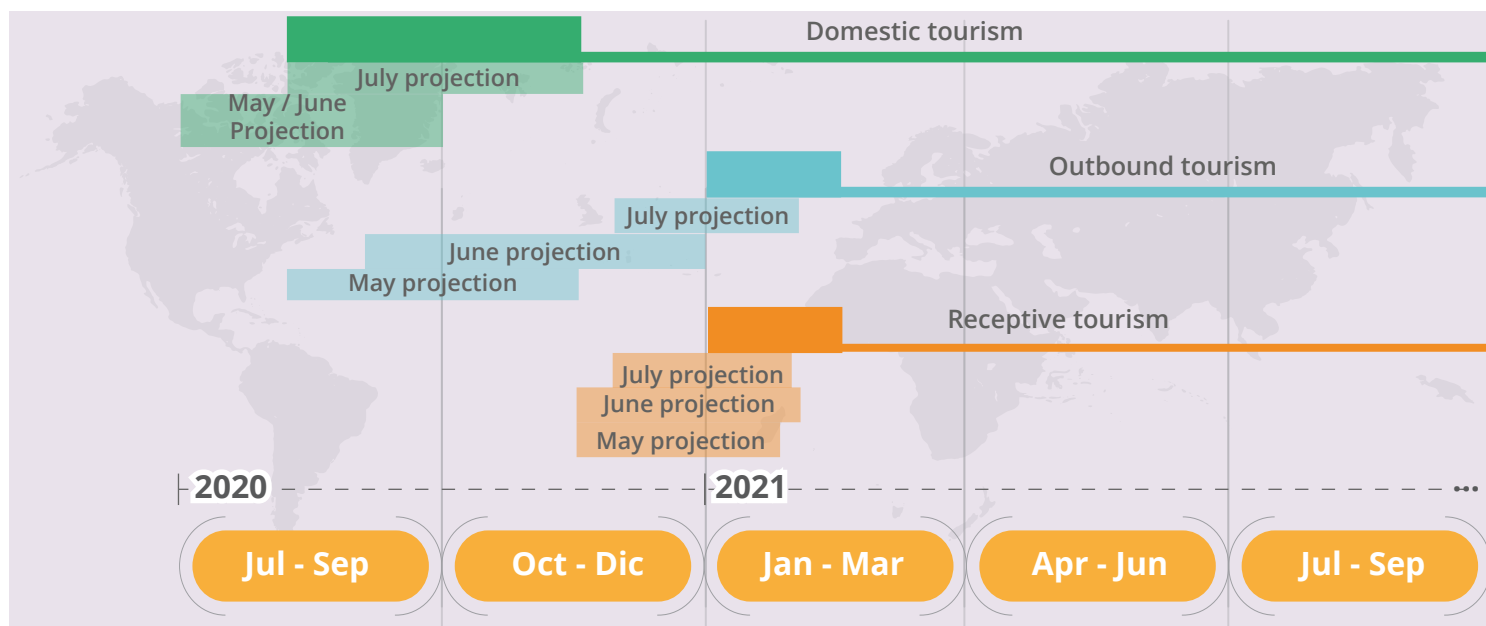
TRAVELER'S TRENDS

- The traveler is no longer in the wishing stage, they are **planning short trips where the means of transport is their own car**. They are starting to consider longer distances and traveling by plane (Source: Social listening, Radar Turístico).
- Their main concern is that the places visited, the chosen accommodation and the means of transport follow the **corresponding health measures**. Most of the trips are planned with their family (Source: Social listening, Radar Turístico).
- Dreaming about traveling abroad has been substituted by **booking a Mexican destination**. Cost and wanting to keep the sanitary barrier are the main reasons (Source: Social listening, Radar Turístico).
- There is a higher level of adaptability to the social distancing measures, therefore **seeing less interaction levels in social media**. It is also perceived that time on social media has been substituted by time in other media (Source: Instagram publications qualitative analysis, Radar Turístico).
- Travel profiles and channels are beginning to publish about recent travels and the new way to travel. Also, **the public is more receptive** to this subject, answering with neutral or positive comments (Source: Instagram publications qualitative analysis, Radar Turístico).
- Adventure travelers were surveyed in the United Kingdom, the United States, Canada and Japan and the study found that 46% of the respondents that made an adventure trip last year **will also make an adventure trip once the COVID situation allows it**. These adventure travelers are 60% more likely to choose an exotic destination than other travelers (Source: Global Consumer Survey, Bouncing Back: Consumer Views on Traveling Again, Flywire).
- **Urban activities and cultural tourism foresee a slower recovery**, regardless of the nostalgia that these activities awaken in tourists (Source: Procolombia and DNA).



WHEN WILL SALES BE REACTIVATED?

Regarding domestic travel, the travel industry's perception is that, in general, sales have been already reactivated. During the August 2020 – January 2021 period, it can be expected to see a gradual growth of income. As for international travel, both outbound and receptive, the bet is for the first trimester of 2021.



AS A MEMBER OF THE TRAVEL INDUSTRY, HOW CAN I ACHIEVE THE VISION OF THE BIG COMPANY AND THE PASSION OF THE ENTREPRENEUR?

If you are an emerging destination or an entrepreneurial service supplier, make sure to get the consumers' attention because travelers are looking for you now.

If you are a larger destination or company, embrace you are well-known, and you have a good brand reputation to offer trustworthy alternatives that will satisfy the travelers' new priorities.

Whether you are emerging or consolidated, we have 5 recommendations:



Re-evaluate your target markets and identify their priorities and new criteria; afterwards, define how, when and where is the **most efficient way to share messages with travelers**, depending on what segment and traveler cluster they belong to.



Make sure to have marketing campaigns as well as a **digital presence and services up to the situation** that will benefit you, right where the different types of travelers are searching for you directly and indirectly.



If your budget allows it, engage in **tourism related social responsibility** campaigns that will allow travelers to get to know and recognize the social, economic, and environmental recovery that your company is seeking for the local community.



Lead and promote alliances that will allow you and your suppliers to optimize resources in every process, through economies of scale. This way, you will guarantee the best travel experience.



Analyse every process and **turn semiautomatic what is necessary** to significantly cut expenses without losing human warmth, high quality standards and the possibility to offer a highly personalized experience.

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 July 21 to 24. Respondents were: travel agents (retailers) 46%, hotels 29%, wholesalers 12%, airlines 2% and other 11% (destinations, consultants, marketing agencies, media or meeting planners). For the questions about hotel occupancy, the sample was 250 hotels for a 95% confidence interval and a 6.2% permissible error. 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 million interactions in the period of July 1 to 15 2020. 5. 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 sentiment and perception of the user before content of the industry. Period of July 1 to 15. 6. Pueblos Mágicos analysis in the digital ecosystem. The digital presence via websites and social media of the 56 most remembered Pueblos Mágicos was analysed by region.



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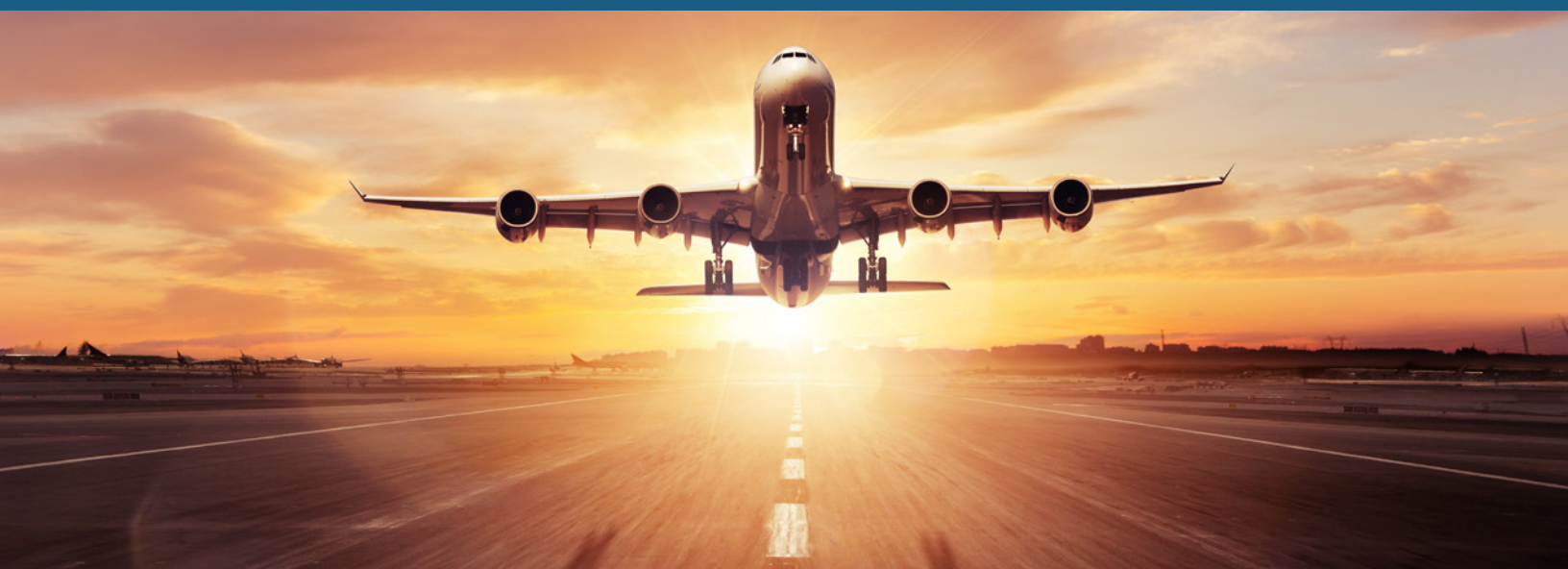
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RADAR TURÍSTICO includes digital behavior of travelers, data directly related to the industry, polls to travel agents and expert opinions in the subject.

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.