

HOW TO BE A HIGH-PERFORMANCE TOURISM ACTOR



SEPTEMBER 2020

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



De lo observable a lo accionable



We link your brand to the right traveler



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

The ways to travel are stabilizing for 2020, giving rise to the new reality with which we will coexist in the coming months: the trips will be planned and decided with a very small window of time and all the trends that we have portrayed here in the last four editions will be valid. In this context, it is a priority for the destinations and companies of the travel industry to improve their performance by generating the highest number of sales and operating with the lowest possible costs: high-performance tourism actors.

That is, you need to identify the different profiles of your ideal customer and have full knowledge of their needs, desires, criteria and habits to offer them a recalibrated value proposal. This offer must provide the same or more benefits, using the same or less resources; for which it will also be necessary to make more efficient the processes of decision making, planning and execution.

Status of the situation: ● good ● regular ● bad

DREAMING ABOUT TRAVELING

In July 2020, the analyzed searches related to places to travel decreased 52.1% compared to June of the same year (Google search analysis, July 2020, Radar Turístico).

Social media generated 21,000 travel-related publications from August 1 to 15, with a reach of 5.3 million people in Mexico and a 21% increase in volume compared to the same period in July (Social listening, August 2020, Radar Turístico).

SEARCHING FOR INTERNATIONAL DESTINATIONS

In July 2020, the analyzed searches related to international destinations increased 9.2% compared to June of the same year (Google search analysis, July 2020, Radar Turístico).

SEARCHING FOR DESTINATIONS IN MEXICO

In July 2020, the analyzed searches related to tourism destinations in Mexico increased 5.7% compared to June of the same year. The analyzed searches related to Pueblos Mágicos in Mexico increased 80.8% compared to the same period (Google search analysis, July 2020, Radar Turístico).

RELATIONSHIP WITH TRAVEL AGENTS

There is no consensus in the travel industry as some agencies selling national beach destinations are doing better than others selling city destinations. On the other hand, agencies that sell national luxury products are doing better than those that do not sell this type of product (STR and travel industry surveys, August 2020, Radar Turístico).

SEARCHING FOR PACKAGES

In August 2020, 23% of tourists actively searched for travel offers and showed a 2% increase when compared to the previous month (Anxiety Index in Mexico, August 2020, Deloitte).

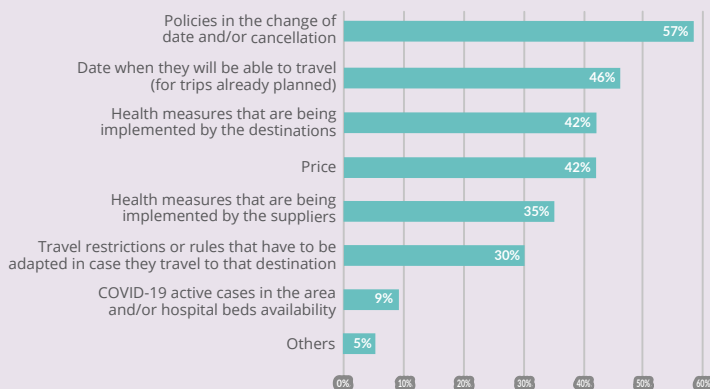
VISITING ONLINE TRAVEL AGENCIES

In July 2020, visits to the main OTAs increased by 17.9% over the previous month (Data obtained and analyzed through www.similarweb.com, August 2020, OGHEN Consulting).

WHAT IS HAPPENING WITH THE MEXICAN TRAVELER?

TOURISTS' INTERESTS

The tourists' main interests are still the change and cancellation policies as well as the dates when they will be able to travel. The health measures being implemented in the destinations are at the same level of interest as prices, which were previously in fifth place (Travel industry surveys, August 2020, Radar Turístico).



Mexicans are more likely to travel to **national destinations** in the next three months than to an international destination, 47% and 20% respectively (Trendex: Global Shifts in Entertainment, Spending and Travel, July 2020, AMEX).



Travelers are not buying ahead, 30% continue to cancel their trips, 17% are rescheduling and 31% are postponing. **Low-priced travel, as attractive as it may be, is not enough to attract consumers** to book and travel; only 9% booked their travel induced by big discounts (US Travel Tracker July 2020 Temporary Uptick, August 2020, Skift Research).



Artificial Intelligence (AI) allows to automate some customer service processes (chatbots, for example), however, what **travelers are looking for is a more human experience**, not necessarily direct person-to-person contact. That is, when they need to solve doubts or problems they want to be sure that behind the technology there is a person operating and they are not dealing with a robot (Perspectives for the new world of travel, from human contact to human technology, August 2020, Amadeus).

WHAT TRAVELERS VALUE MOST

TRAVEL AGENT

Person-to-person contact

24/7 availability

Close communication

Having a single point of contact

A long-term relationship

Be reachable by phone

Alternative channels (WhatsApp, Facebook)

Checking that everything is well during the trip

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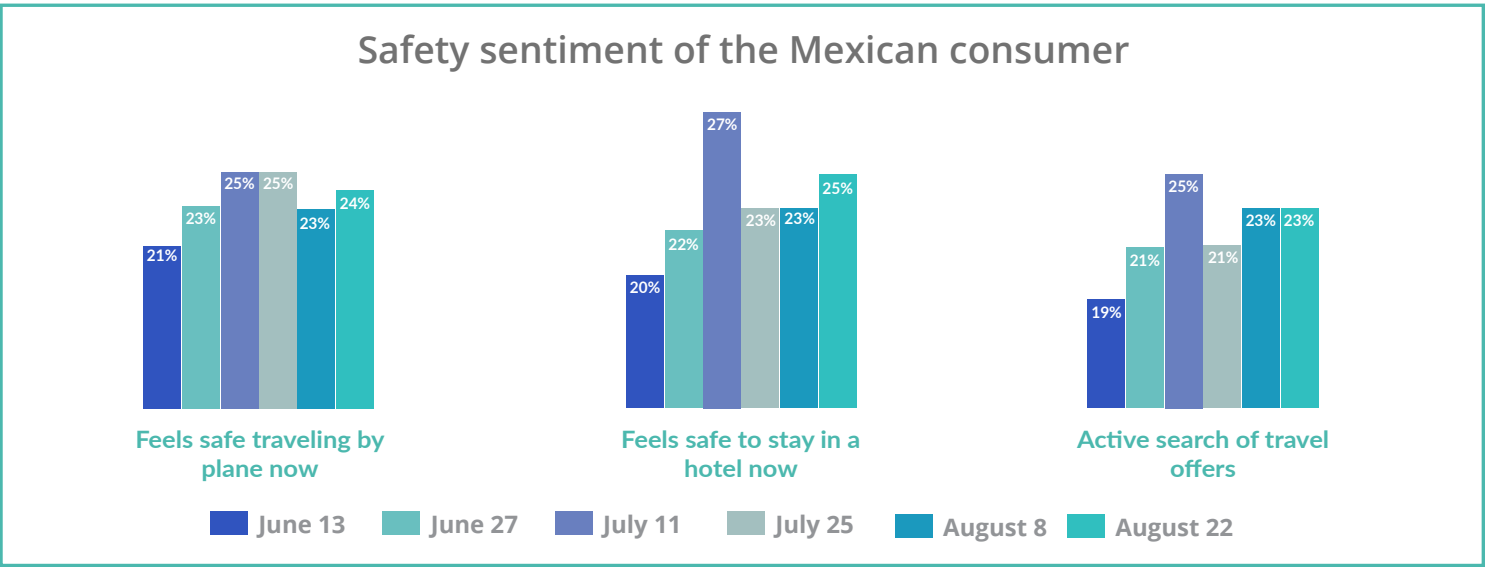
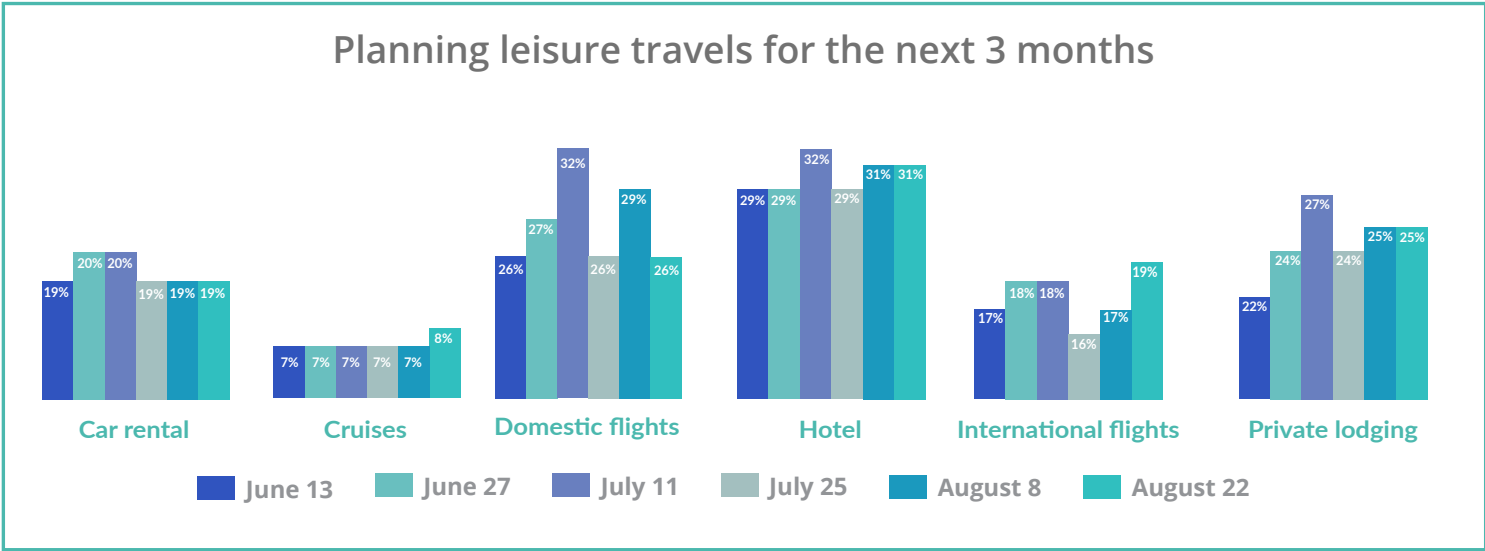
A long-term relationship

Person-to-person contact

Alternative channels (WhatsApp, Facebook)

MEXICAN CONSUMER CONCERNS AND PLANNING

Mexicans are stabilizing their touristic shopping habits, and the traveler's sense of security is strengthening, which is allowing them to travel despite some financial concerns (Anxiety Index in Mexico, August 2020, Deloitte).



Main financial concerns of the Mexican consumer (Relation with money in the COVID era, 6 great insights, August 2020, LEXIA Insights & Solutions)

Evaluate much more the expenses, less impulse purchases

Avoid dependencies (financial autonomy)

Hunt for offers and benefits

Less liquidity, more financing

Priority for covering basic needs

TRAVELER'S TRENDS

- Traveling is now possible if health measures are followed. That is the feeling of social media users that posted about "traveling" during the first days of August.
- The desire to travel is already becoming a reality, the content of social media publications is now more focused on sharing about places that have recently been visited or will soon be visited, without generating the negative feeling that was visible in previous months.



(Social listening, August 2020, Radar Turístico)

- According to the Global Web Index, 76% of respondents say they are spending more time on their cell phones since the beginning of the pandemic and this change is irreversible, so consumers' buying habits are changing.



(The digitalization of SMEs in Latin America is irreversible, August 2020, FORBES Mexico)

- Since "the Mexican consumer is becoming ultra-digitalised" and that "there is a greater perception of immediacy and personalisation", companies in the tourism industry have a responsibility to respond to this new trend.
- "There is more interest in a lifestyle of health and healthy living (self-care) as well as consumption of organic and natural products"; on the other hand, "there is greater environmental awareness (eco-sustainable mentality)".
- Due to the increase in online purchases and the trend to avoid human contact, "there is a considerable increase in the use of plastic and electronic money", both in physical locations as well as digital transactions.



(Relation with money in the COVID era, 6 great insights, August 2020, LEXIA Insights & Solutions)

SUCCESS STORIES: DIGITAL NOMAD

Travelers who require the use of new technologies and an internet connection to work, for entertainment purposes or for their own or their children's education, so they can do it remotely instead of staying in one place.

Successful cases of adaptation of their offer to respond to this recently expanded market:

Work from Bermuda Certificate (Bermuda) and Welcome Stamp (Barbados), both are an adaptation of a residency program that allows visitors to stay and work for up to one year in these countries.



Estonia was already working with a digital nomad visa through Jobbatical, a platform that allows to speed up the immigration process in the country.



Nomad List, a platform where you can consult the best places to live and work remotely.



Renowned brands that are looking after the mental well-being of their travelers are creating the conditions to attract this market:

Many hotels are converting their suites into fully equipped offices with a desk, high-speed wi-fi and printing service, plus the amenities a hotel can offer.



Other brands have removed the bed from their rooms and adapted them to offer people an office where they can carry out their work activities.

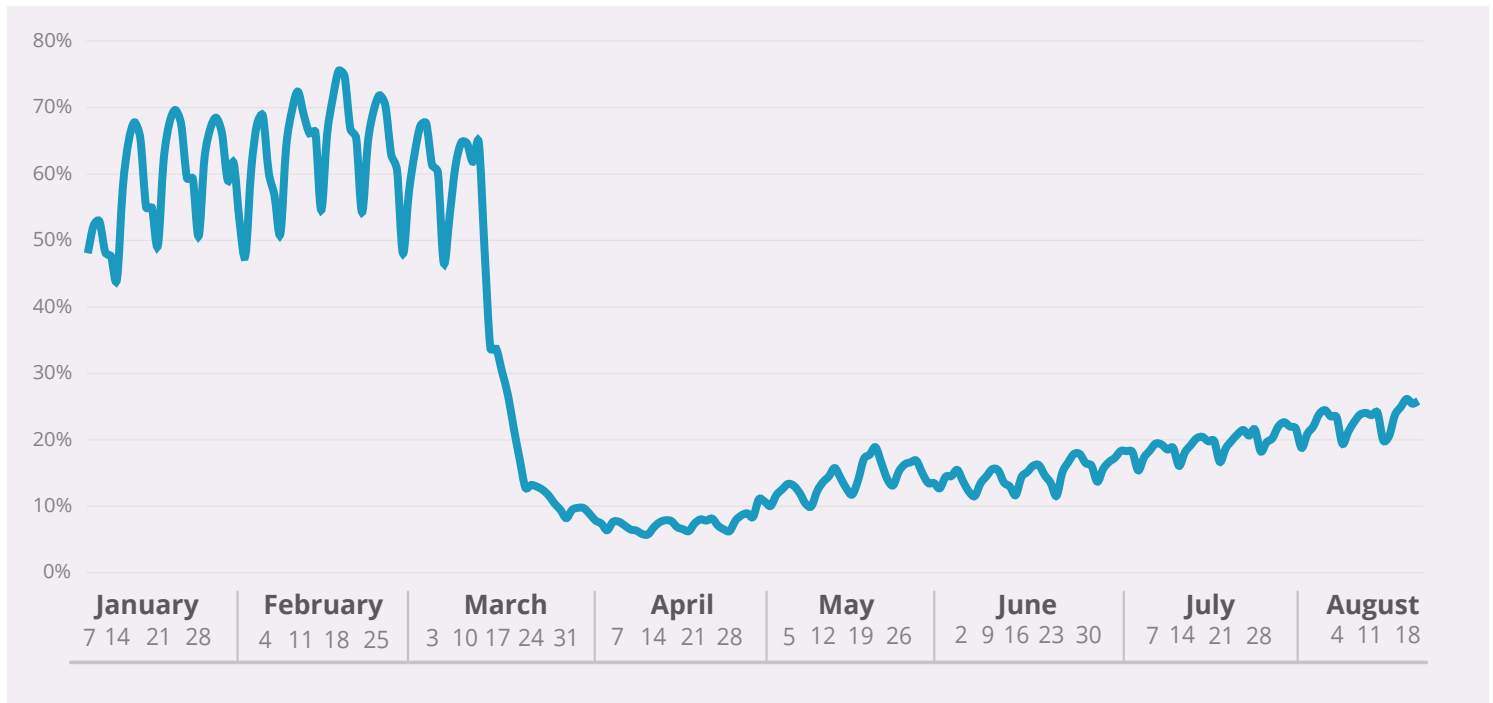


WHAT IS HAPPENING WITH THE TRAVEL INDUSTRY?

HOTEL ACTIVITY (August 2020, STR)

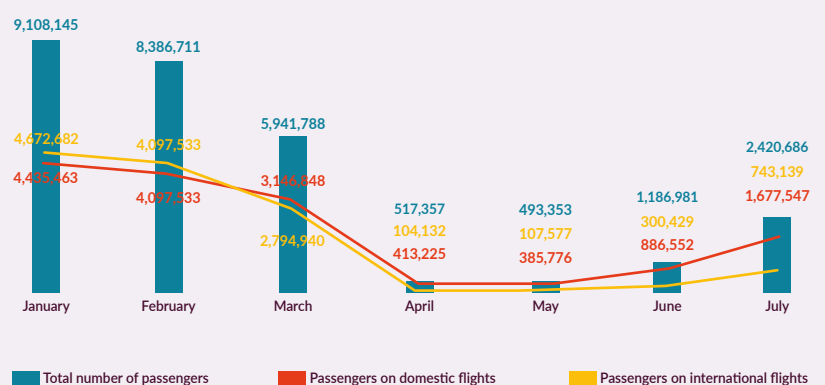
Hotel occupancy rose to 23.8% up to August 22, which has gradually increased since April. Puerto Vallarta reported a higher percentage with 33.9%, Los Cabos 25.8%, Cancun 28.6% and Acapulco 32.4%.

The average rate was 50% lower and the RevPar was 66% lower than last year. However, luxury properties are charging a higher average rate than on the same period last year. Beach destinations are having better occupancy than city ones.



AIRPORT ACTIVITY (July 2020, AFAC, Includes regular and charter flights)

- Total passengers registered in July 2020 showed a 104% increase over June.
- The increase in domestic passengers compared to June was 89%.
- In the case of passengers on international flights, the increase was 147%.
- Compared to the same period last year, the decrease in passengers was 75% in July, less than the -86% reported in June and -94% in May. Although last year's levels have not been recovered, the activity is gradually improving.



DIGITAL PRESENCE AND ACTIVITY

About the travel industry:



During August, comments in the publications of the 12 main accounts in the category "**travel and tourism**" **dropped in volume by 47%** (Qualitative analysis of content in top tourism accounts in Mexico, August 2020, Radar Turístico).

About the tourism destinations:



One third of the destinations analyzed have published content related to the **new health and safety regulations**, either on their website or on their social media.



Regarding digital customer service, **25% of the destinations analyzed responded to our request for information** and did so within hours; we got no response from the rest (75%) (Digital presence analysis of DATATUR's 12 most important Mexican destinations, August 2020, Radar Turístico).

About the tour operators:



33% of tour operators keep their social media active, 67% have stopped publishing since mid-July (Qualitative analysis of content in the tourism accounts with the highest number of followers in Mexico, August 2020, Radar Turístico).

About the travel agencies:



Facebook is the most widely used social media (Travel industry surveys and travel agencies digital presence analysis, August 2020, Radar Turístico).



76% consider that **social media are an essential tool** to be in contact with users (Travel industry surveys, August 2020, Radar Turístico). However, only 46% have updated publications in the last 30 days (Travel agencies digital presence analysis, August 2020, Radar Turístico).



45% have a team dedicated to social media and in 58% of the cases it is the owner or manager who takes care of them, especially when there is time availability (Travel industry surveys, August 2020, Radar Turístico). However, **53% did not respond within the first three days** (Travel agencies digital presence analysis, August 2020, Radar Turístico).



54% of the companies do not have social media and **26% do not have a digital presence on websites or active social media** (Travel agencies digital presence analysis, August 2020, Radar Turístico).

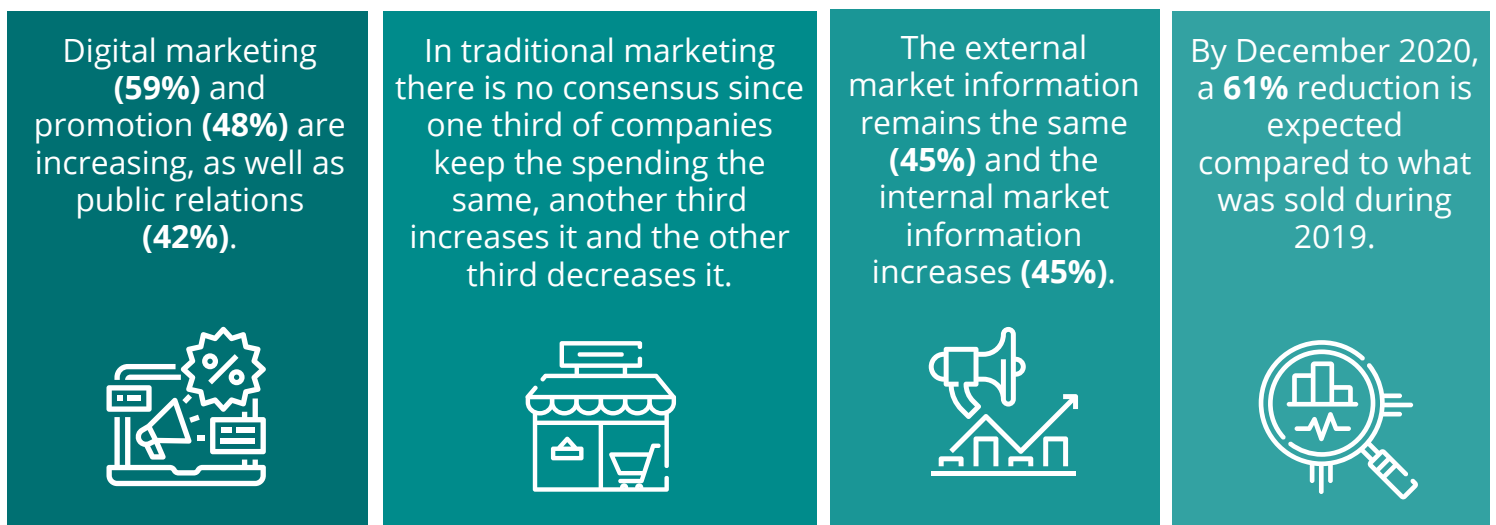
USE OF INFORMATION FOR DECISION MAKING

Market intelligence is essential to make decisions and create strategies, especially in times of crisis. With information tools, better business decisions can be made. Knowing the purchase channels of the travelers and the differentials over the competition are the main topics dominated by the travel industry; while the less explored topics are where the tourists and consumers that will travel in the next 30 days come from (Travel industry surveys, August 2020, Radar Turístico).

I know the channels of purchase of my consumers and I understand the messages that I must send.	I know the differentials over the competition.	I have an information system where all the transactions of my company are integrated, and I use it to make decisions.	I know which travelers will be my clients in the coming months.	I know where my visitors come from.
87%	85%	76%	62%	59%

BUDGETS

In the 2021 budget, with respect to 2019 and 2020 (Travel industry surveys, August 2020, Radar Turístico):



On the other hand, currently "consumers are more connected, but at the same time we see that brands are lowering their investment. The forecast is that advertising will fall 10 percent and we will see a recovery in 2022, which means that if a brand continues to invest the way it did before the pandemic began, it can gain up to 5 percent market share" (August 2020, Julia Sant Ambrosio, Nielsen Director).

"A brand's recovery can take from three to five years when we lower the investment and stop talking to the consumer in any other way" (August 2020, Julia Sant Ambrosio, Nielsen Director).

AS A MEMBER OF THE TRAVEL INDUSTRY, HOW CAN I BE A HIGH-PERFORMANCE TOURISM ACTOR?

All these recommendations will help you have and act with a mentality focused on high-performance tourism, to generate more with less:

LISTEN

to this summer's travelers to evaluate and optimize your tourism value proposition to capitalize on the low season, the next long weekends of the year and the December high season (in the next issue of Radar Turístico we will share with you the results of our surveys and travelers' focus groups).

USE

this information to promote more frequent and stable relationships with your travelers, taking advantage of these new clusters and triggers of tourism activity among consumers.

ADAPT

current tourism products to the new needs and requirements of today's traveler: people who are looking to maintain their daily activity in a place other than their home (work, school and leisure), those who are looking for deep or relaxing experiences, among others.

EVALUATE

the digital service expectations of your customers and then your digital service standards and those of the competition in order to establish the necessary minimums and remain competitive in the coming months. Your digital service standards should include:

- Humanized digital presence in all the media your clients use.
- Responsive design, adaptable from any device (especially mobile).
- Fast and adequate attention and answers through any media.
- Follow-up of all contacts generated in digital environments through a CRM or similar.
- Digitally qualified staff, internal or external.

GUARANTEE

that the data handled by your company will allow you to develop personalized offers with better conversion and also reduce the costs of promotion and customer acquisition in the coming months.

MAKE

all your content entertaining, exciting, different and even immersive; and connect with travelers at home all year round.

POSITION

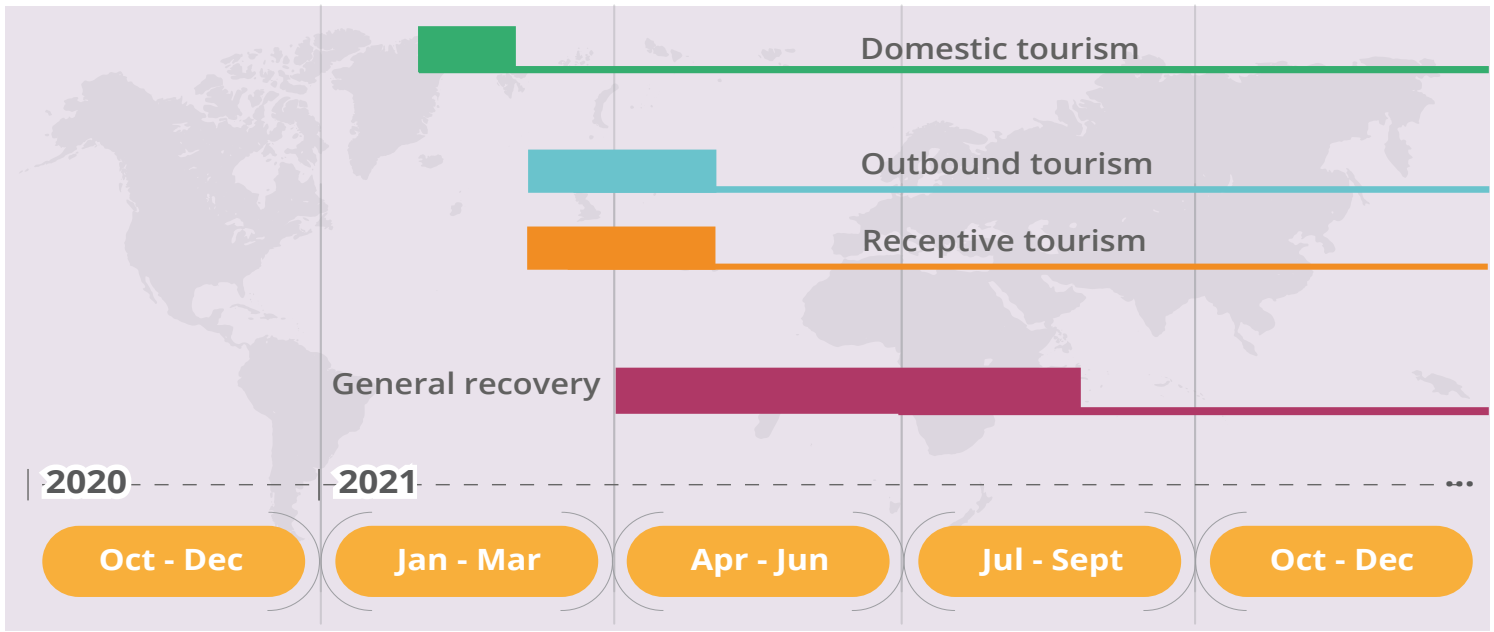
travel as a need associated with physical and mental health, as well as a reunion with nature and with oneself.

DIGITALIZE

your forms of payment and encourage the use of plastic and electronic money throughout the travel process.

WHEN WILL SALES RECOVER?

The tourism industry considers that during the first quarter of 2021, 50% of the sales of the outbound, receptive and domestic markets will recover; consistent with previous measurements, the domestic market will recover first. In the second and third quarters of the same year, it is expected that the overall recovery will reach 100% (Travel industry surveys, August 2020, Radar Turístico).



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 surveys by invitation from August 20 to 25. Respondents were: travel agents (retailers) 56%, hotels 18%, wholesalers 15%, airlines 1% and other 8% (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. 217 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 41.5 million interactions in the period of August 1 to 15, 2020.
5. Social listening about travel intentions. 21,000 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 August 1 to 15.
6. Analysis of 100 agencies from 25 states in the country. Random sample where their digital presence was checked based on the existence of web sites, updated social media and response time to questions on social media. Date of analysis August 20, 2020.
7. Analysis of the 12 main national destinations according to DATATUR in terms of their digital presence: social media and websites and in terms of level of response through social channels. Analysis date August 20, 2020.
8. Qualitative analysis of the 12 main tourism Instagram accounts in Mexico, data processing and capture. Analysis date August 1 to 15, 2020.



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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We link your brand to the right traveler

Communication and marketing to connect your brand with the right traveler: relationship with media, influencers and travel industry; marketing campaigns design, strategic partnerships and crisis management consulting.

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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.