

PRIORITIES AND NEEDS 2021



MARCH 2021

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



De lo observable a lo accionable





EDITORIAL

Almost twelve months after the worst sanitary crisis began in Mexico, bringing with it a devastating impact on the tourism industry, the desire to travel is still there. We are eager to go out, to fly, to change our routine, to celebrate, to reconnect with our loved ones, to pamper ourselves.

The great paradox is the red traffic light, the reduced occupancy, the border closures and flight cancellations that we have experienced in recent months because, in the end, we are still in the middle of a pandemic. For our sector, 2021 will still represent a challenge, as the wear and tear are already evident. However, with the analytical work that characterizes us, we have identified the priorities of both the travelers and the travel industry. By knowing these we will all be able to achieve a better planning and strategic execution for this year.

We are convinced that the opportunity for many companies' reconfiguration and recovery in the medium and long term remains a reality as demand will continue to grow slowly but steadily.

TYPES OF TRAVEL

From 2021 onwards, the main motivation to travel will be to make up for what could not be done in 2020. We identified the following types of travel:



Family and reconnection travel. From bubble trips with the family circle with which the confinement was made to trips to reconnect with all that you had no contact with in 2020, nature, other relatives or places.

32% of social media conversations related to travel and traveling mention the words "family," "familiar," or "relatives," 10% mention pets or animals (Social listening analysis, Radar Turístico, January 2021).



Travel with purpose/impact. Trips to get to know the host community and the way of life, know how tourism impacts the environment, increase economic spillover to independent tourism operators and people not necessarily related to tourism, select a sustainable operator (environmentally, socially and economically), pack light and smart, eat and consume local, be aware of waste generation and share the experience (14 Ways to Travel Purposefully & Responsibly, WTTC, November 2020).



Indulgent travel. In addition to the fact that Mexicans by nature make this type of trips, this trend will be accentuated in 2021. According to hoteles.com, this will be reflected in higher quality bookings, better rooms, going to SPAs, upgrades (hoteles.com, taken from Trips of the Spanish in 2021 will be more spontaneous, less planned and of higher quality, Europapress.es, January 2021).



Celebration travel. 2021 represents an opportunity to make retroactive all the occasions that could not be celebrated the previous year, as well as to include new challenges and achievements (Radar Turístico, February 2021).

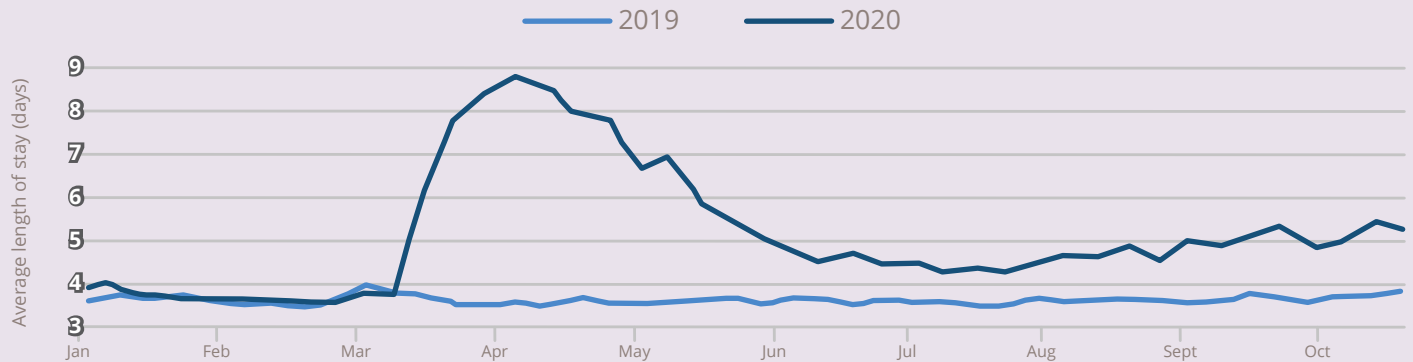


Rejuvenation and recharge travel. In 2021, travelers will be looking to recover from a sedentary year, often in isolation and with excessive screen time (Traveler Sentiment and Influences 2020 -2021, Expedia Group, December 2020).



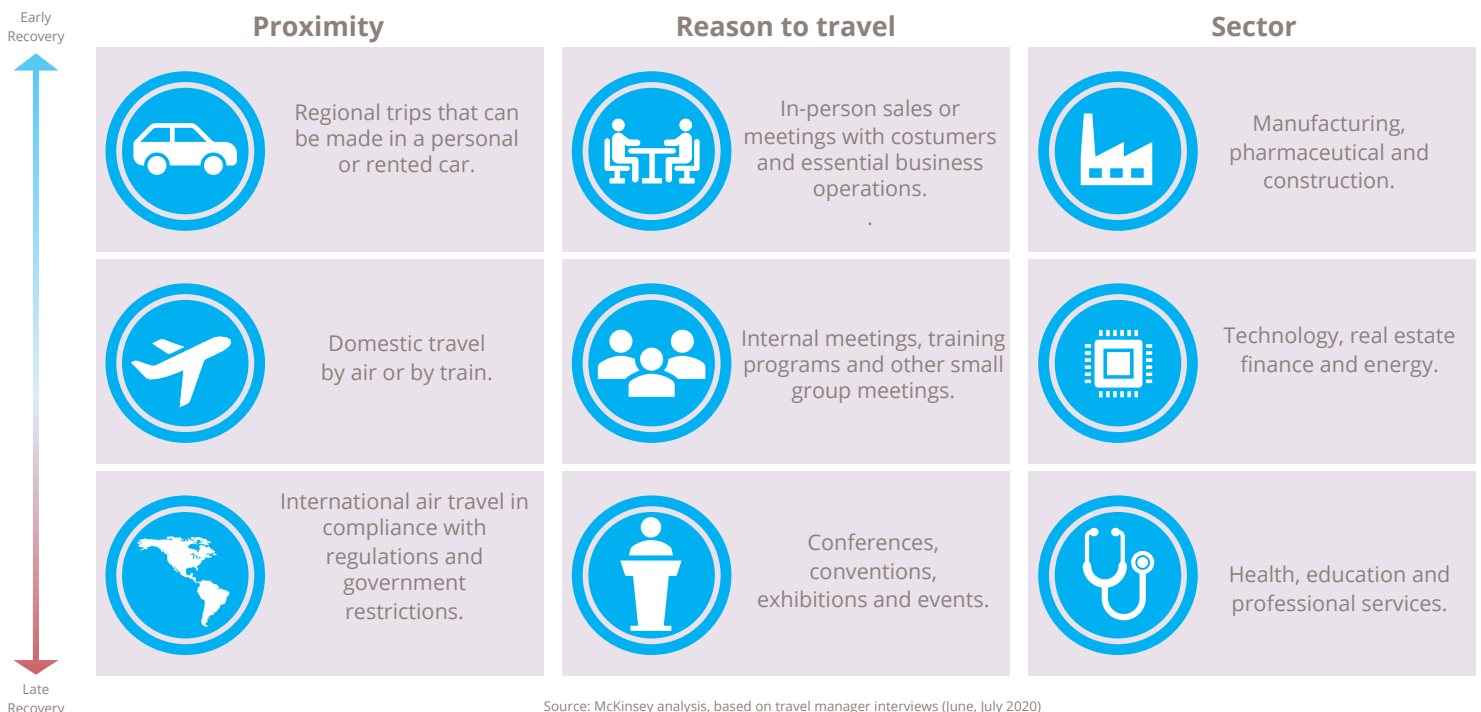
Workation (digital nomads). They will continue to be a trend. According to Transparent, vacation rentals stay has significantly surpassed 2019 records, making the line between work and leisure travel thinner. The digital nomads are not going to replace work as we know it. Now that many employees are returning to the offices, it is more likely that a model that combines the face-to-face with the virtual will be implemented (Radar Turístico, February 2021).

Global average stay in vacation rentals



Business travel and meetings

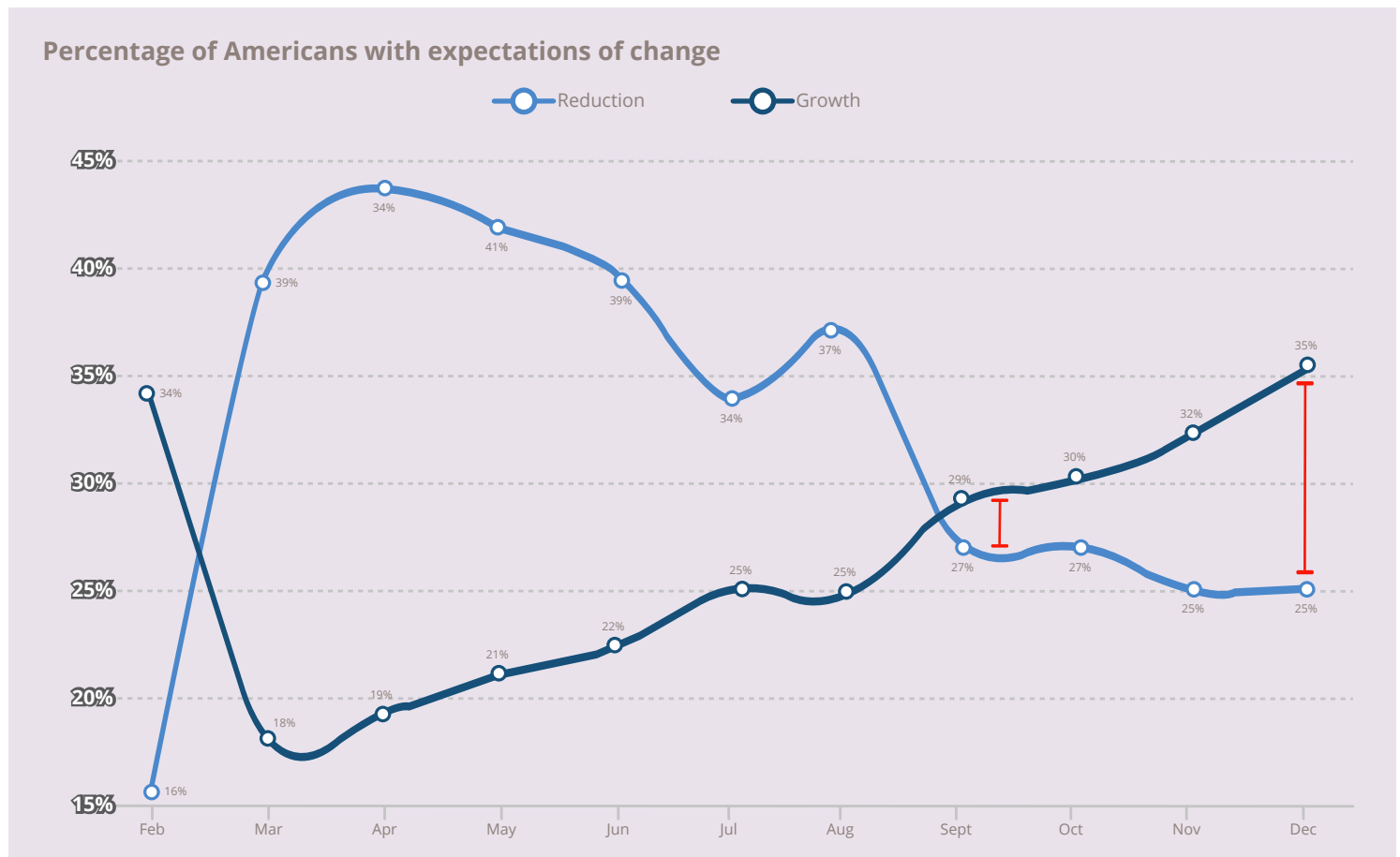
- Historically, the recovery of business travel has been slower than leisure travel. It is estimated that, in a best-case scenario, by the end of 2021, business travel spending will return to 50% of 2019 levels (McKinsey analysis, based on travel manager interviews, June, July 2020).
- The first to recover will be proximity travel and meetings between few people and, finally, conferences, conventions, exhibitions, and events (McKinsey analysis, based on travel manager interviews, June, July 2020).



PURCHASE HABITS

- The shift in loyalty. Travelers are no longer looking to accumulate points only; health, hygiene and safety are the new factors in gaining the trust and loyalty of customers. Better service for all is non-negotiable (Hosteltur.com with information from Travel Trends 2021, Amadeus).
- Increase in the spend expectation. As of September 2020, for the first time during the pandemic, more Americans planned to increase their travel spending for the next 12 months, rather than decrease it. The gap continues to widen (Skift Research Monthly Travel Tracker, Skift, December 2020).

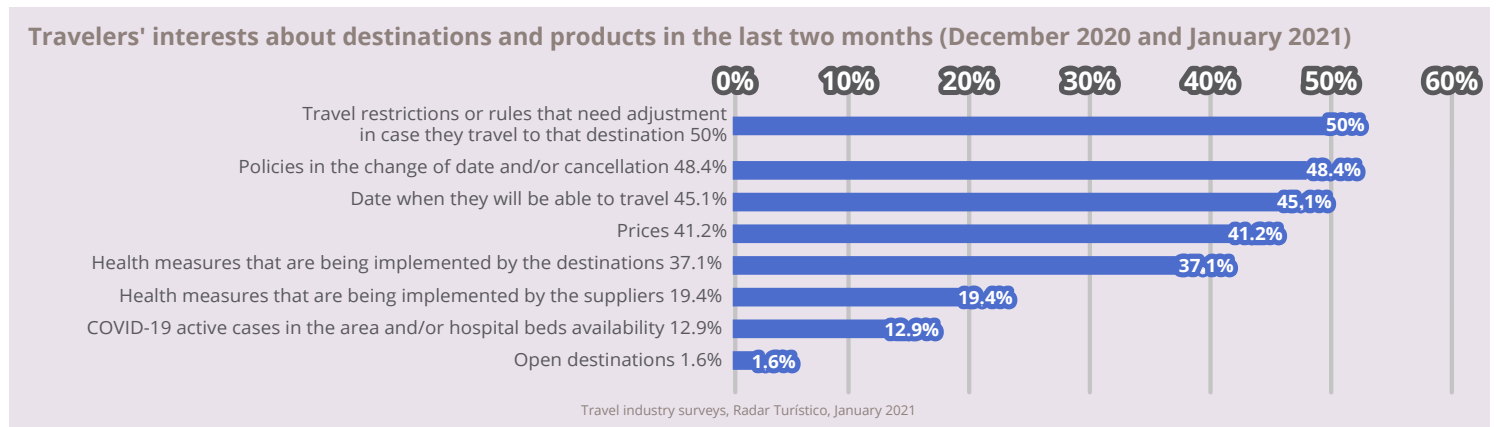
Would you expect any change in your total travel expenses in the next 12 months?



- Travel planning. Travelers are consulting information and planning their trips on OTAs 24% more than they used to before the pandemic. Destination sites are also being used 20% more for planning (Traveler Sentiment and Influences 2020 - 2021, Expedia Group, December 2020).
- Social climate with travel agencies. In the conversation analysis about travel agencies in social networks, it was found that 52% of the messages related to travel agencies are neutral and 36% are positive; in addition, content mentioning them increased 17% when comparing January 2021 to December 2020 (Social listening analysis, Radar Turístico, January 2021).
- 58% of travelers prefer to purchase services independently and directly, according to trends observed repeatedly in some of the country's destinations. The rest of the tourists are purchasing packages (Travel industry surveys, Radar Turístico, February 2021).

TRAVEL CONSIDERATIONS

Given the current situation and the measures imposed by several countries to cross their borders, the restrictions and rules that must be complied with when traveling to a destination have become the main interest of tourists when planning their trip, followed by the policies of changes in dates or cancellations, an issue that remains of interest. Price once again lagged, becoming secondary if the first two points are not resolved. Finally, sanitary measures continue to fall behind as travelers are becoming more and more accustomed to them, assuming them as something ordinary. (Travel industry surveys, Radar Turístico, February 2021).



According to the Google searches analysis for the keyword "travel," the neutral sentiment for this word increased 29%, while the negative sentiment decreased 20%. The desire to travel has not disappeared and the feeling of mistrust when taking a trip has decreased. Internauts now speak more naturally about their travel plans, unlike in the summer of 2020, when doing so was subject to criticism (Social listening analysis, Radar Turístico, January 2021).

TRAVEL EXPERIENCE

What tourists continue to value, according to their most recent trips, are flexible change and return policies, followed by competitive prices and safety protocols. Interestingly, destinations were not the main deciding factor, the current situation prioritizes the possibility/feasibility of travel over preference or taste: where I want to go versus where I can go (Travel industry surveys, Radar Turístico, February 2021).

Personalized and human attention is also highlighted, even though Mexico is already a welcoming country by nature, this emphasis is probably due to the appreciation of good treatment after spending months in confinement or to the fact that service providers are trying to generate added value through the experience (Travel industry surveys, Radar Turístico, February 2021).

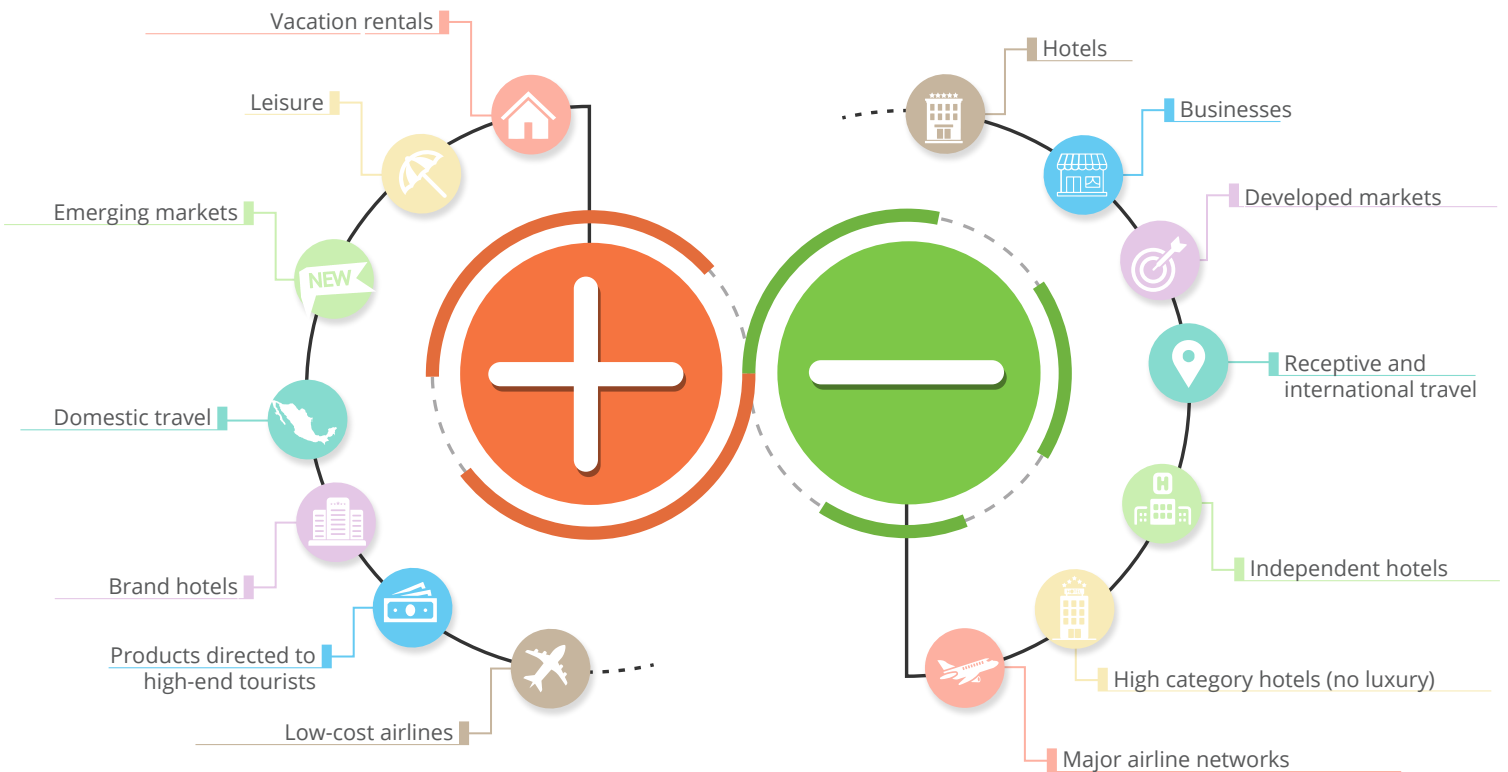
What did travelers value the most during December and January?



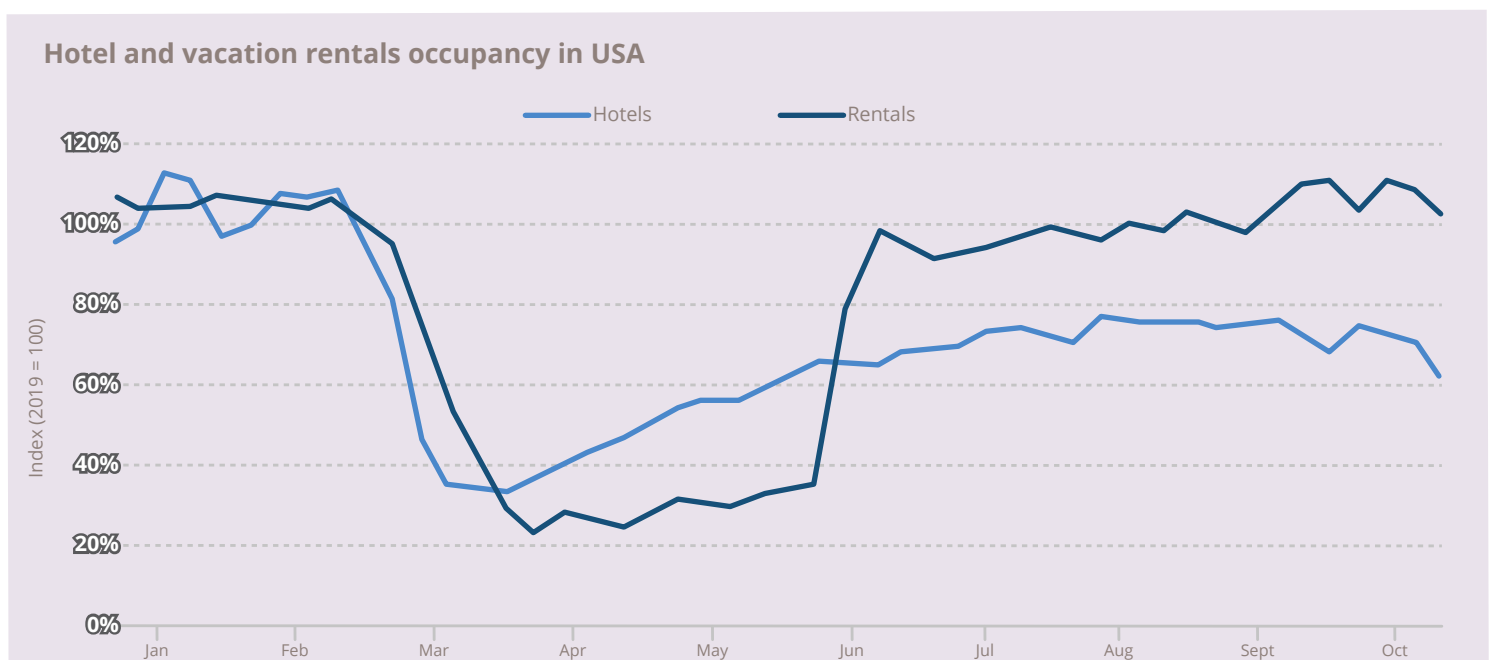
64% of travelers reported having an equal or better experience than on their previous trips, an indicator that tourism service providers are trying to provide better or warmer treatment than they did before the pandemic, despite staff and salary cuts, maximum occupancy allowed, among other things (Travel industry surveys, Radar Turístico, February 2021).

CONTEXT

Impact of the crisis on different members of the industry. When comparing competing and/or related segments, the group of companies on the left are the apparent winners versus those on the right that are losing market share (Skift Research Global Travel Outlook 2021, Transparent, STR, Skift, December 2020).



Vacation rentals are the winners in the pandemic and have benefited from changes in consumers' behavior and expectations (Skift Research Global Travel Outlook 2021, Transparent, STR, Skift, December 2020).



AIRLINE INDUSTRY

There is a higher demand expected this year than in 2020 despite travel restrictions, vaccination processes, the very competitive business model, tight profit margins and high dependence on fuel oil prices. This represents a major challenge that the airline industry has been able to overcome with various actions such as the following:



Contactless technology. Technology as a support to reduce the interaction between passengers and airport employees during baggage check-in, payment, security and in-flight entertainment processes.



Instant COVID-19 testing. Set up centers that apply rapid PCR tests to passengers with results in just 30 minutes.



Health passports and vaccination visas. Initiatives are underway to create a standard way to verify vaccination certificates through a digital passport.



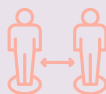
Advanced self-service and biometrics. Some airports in Europe are already incorporating biometric identification and identity systems for passenger and crew screening, along with a travel assistant to enhance the passenger experience.



Robotics and automation. With the COVID-19 crisis, the use of Artificial Intelligence and robots to perform activities going from sanitization and passenger's temperature measurement to cleaning floors in airports will increase.



Cleaning technologies. Development of systems for cleaning and disinfecting cabins with ultraviolet (UV) light in 10 minutes to avoid the use of chemical products, which helps avoid delays between flights.



Social distancing technology. Airports can manage the flow of people, with the help of video cameras, sensors, and digital alerts to avoid conglomerations.



External processes. Offer travelers to check bags from home and go to the airport without luggage, a process that can be done up to 24 hours before the flight.

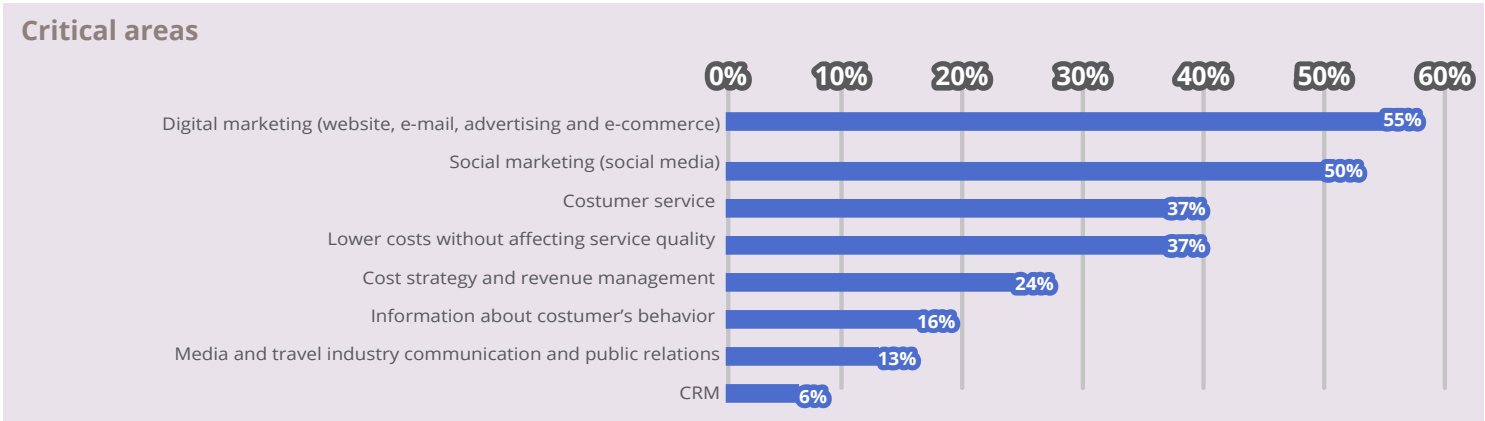


App development is also a work in progress. IATA TRAVEL PASS is a mobile app under development that allows travelers to store and manage certifications for testing or COVID-19 vaccinations. It will be available in March 2021 for iOS and Android (IATA, 2021). It will allow:

- Global registry of health requirements.
- Global registry of testing and vaccination centers that meet destination standards.
- Lab app to locate authorized laboratories and testing centers.
- Digital passport module that allows passengers to compile testing and vaccination certificates, verify that they are sufficient for their itinerary, and share the data with airlines and authorities.

FACTORS INFLUENCING COMPETITIVENESS DURING 2021

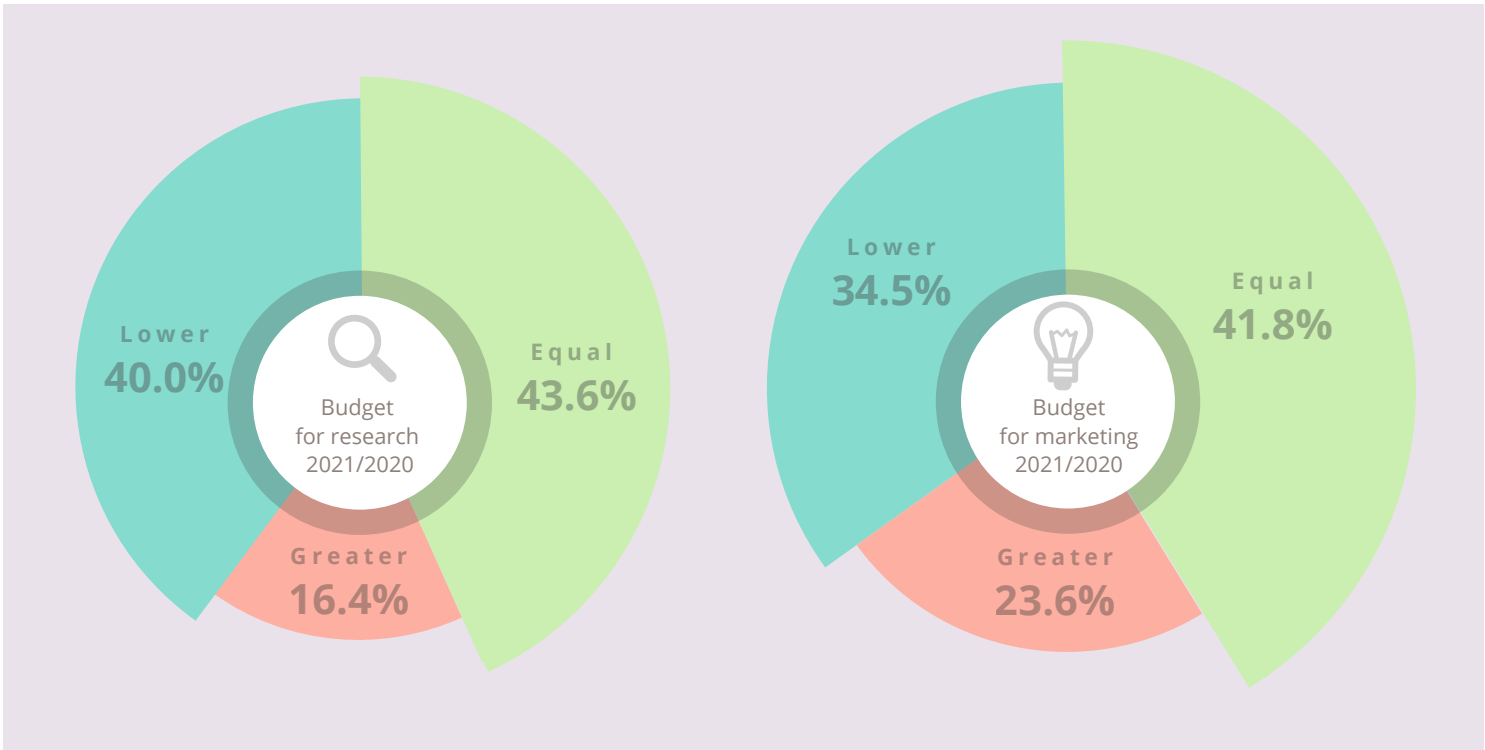
The tourism industry considers that to maintain or improve the competitiveness of their companies during or after the pandemic, the critical areas are digital marketing (whether it is advertising and e-commerce, or presence in social media). Closely linked to what was previously mentioned about what tourists' value, customer service has become vital. Finally, lowering costs without affecting quality and therefore offering competitive prices complete the travel industry's priorities (Travel industry surveys, Radar Turístico, February 2021).



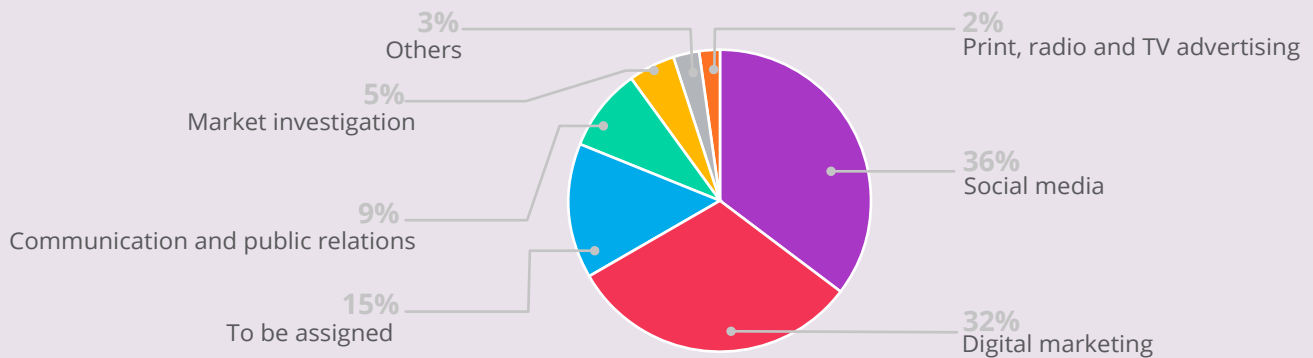
2021 BUDGET

The travel industry in Mexico will not change its budget allocation for 2021:

- In terms of research and marketing, 60% and 65% respectively will invest the same or more than last year.
- The area that represents the greatest investment is social media and digital marketing, in response to the digitalization of the consumer that we have observed.



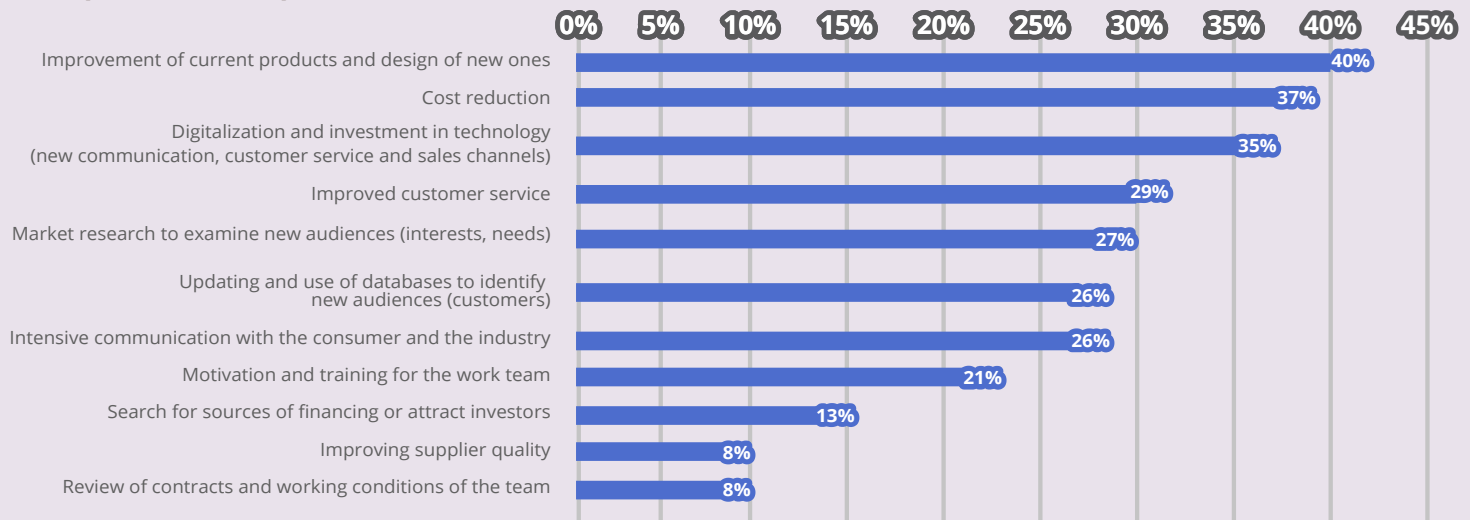
2021 Budget conformation



PRIORITIES

Given the market conditions, the tourism industry believes that improving current products and designing new ones, along with cost reduction, are the elements we should focus on this year. Customer focus (through customer service, research of current and potential tourists as well as effective communication) is once again a necessity as the customer is expecting and valuing it (Travel industry surveys, Radar Turístico, February 2021, multiple choice).

Focus points for companies in 2021



When the travel industry was asked about their priorities for 2021 in an open questions format (without predetermined options), they covered topics such as:

Creation of new products

Investment in social media and digital marketing to achieve or maintain the company's current positioning

In relation to customers: to improve customer service, as well as to maintain current customers and acquire new ones

Minimize costs

To better understand current and potential tourists through market research

Survive the crisis and stay in business

GLOBAL TRENDS

Subscription services and personalization in tourism (Big Ideas 2021, LinkedIn, December 2020). Some tourism service providers have found in subscriptions a guarantee to secure revenue on an ongoing basis:



TripAdvisor is offering an annual subscription service called TripAdvisor Plus for \$99 USD to give customers access to travel offers and other advantages.



Some airlines are offering flights at a fixed price in exchange for a secure and continuous source of revenue.



Workspace subscriptions that will allow hotel chains to offer flexible bookings and benefits for guests, so they stay and work at any of their hotels.

OPPORTUNITIES IN THE DIGITAL WORLD



Tourism brands with presence on websites, social media or an app will have better opportunities to offer customized products and services (Smart Travel News). To achieve this, it will be necessary to seek alliances with other brands or form clusters that will allow them to put together investment amounts to compete with large players such as Amazon, Google, etc.

In the last 13 months, the number of people using video games increased from 31.1 million in August 2019 to 41.2 million in July 2020 (+32%) (Talk walker, Social Media Trends 2021, January 2021). Knowing and understanding this community can provide brands with a great opportunity to position themselves in front of potential consumers with good purchasing power.



Using "hopeful" content in different channels, which helps to regain travelers' trust, will be vital: messages and images that show social distancing, reduced capacity, contactless services, reinforced use of face masks and intense hygiene measures (Traveler Sentiment and Influences 2020 - 2021, Expedia Group, December 2020).

As we are facing an uncertain future and many changes are occurring at the same time, the pandemic has brought the issue of misinformation (fake news) to the forefront. It is expected that 2021 will be the year that brands will focus on highlighting the truth and quelling "fake news" across all their channels (Talk walker, Social Media Trends 2021, January 2021).



In 2020, the social consciousness of many people was apparent so, to become or stay relevant, companies will have to address more issues such as mental health, inclusion and social justice, food trends, etc. (Talk walker, Social Media Trends 2021, January 2021).

User-generated content generates 28% more engagement than standard brand-driven content (Talk walker, Social Media Trends 2021, January 2021). Therefore, it is important for tourism companies to encourage and promote their visitors and users to share their own experiences on social media.



PREDICTIONS AND POSSIBLE SCENARIOS FOR 2021

SALES



According to the results at the close of 2020, sales were 73% lower compared to 2019 (Travel industry surveys, Radar Turístico, February 2021).



Thinking about 2021 and comparing it to 2019, the tourism industry expects sales to be 34% lower, which shows that a difficult year with a slow recovery is expected as it is far from the levels reached in 2019 (Travel industry surveys, Radar Turístico, February 2021).

ESTIMATES

Arrival of international tourists

22.6% VS 10%



- 30.4 million of international tourists coming to Mexico
- 5.6 million more than 2020 (+22.6%)

- 27.0 million (+/- 10%)
- -40.0% compared to 2019
- 10.9% above 2020

Income from international tourists

27.4% VS 10%

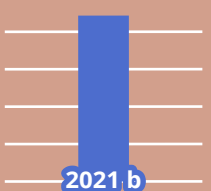


- 14.4 billion dollars
- 3.2 billion more than 2020 (+27.4%)

- 13.7 billion dollars (+/-10%)
- -44.5% compared to 2019 and 24.1% above 2020

2021 hotel occupancy estimated percentage (overall)

50.9% VS 10%



- The average occupancy in 2021 will be 50.9%, 10.4pp below 2019

- Tourist arrivals to hotels at 33.5 million
- -46.2% compared to 2019 and 27.6% above 2020

Expectations for the end of 2021, SECTUR

Keys for the recovery of the Mexican tourism industry, January 2021, CICOTUR

RECOMMENDATIONS

1

Make sure your offer and communications highlight how travelers will be able to meet or satisfy their priorities at your destination, hotel or tourism service.

2

Stay up to date on entry restrictions and requirements for different states and countries. Focus on places where tourists can travel in the short term.

3

Implement a human and personalized treatment. Remember that people are the most important; travelers and your work team and those who serve tourists directly.

4

Work on customer service from your digital channels. Keep in mind that behind a website or a social network, travelers expect an empathetic person.

5

Offer flexibility, not only in the policies of changes and cancellations, but also in the products, services and packages you offer. Remember that everything keeps changing.

6

Look for your customers where they are, do not wait for them to come find you. Focus your tactics and budget on the psychographic or situational niches that are most likely to visit your destination or hotel.

7

Speak the language of your customers, include in your messages the words they are most looking for, in the tone and sentiment in which they express themselves.

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. Online surveys by invitation from February 2 to 6. Respondents were: travel agents (retailers) 66%, hotels 10%, tour operators 15%, airlines 1%, 3% tourism destinations and others 5% (consultants, marketing agencies, media or meeting planners). 2. Secondary sources revision, process and analysis. In each case, the corresponding source is mentioned. 3. Social listening about travel intentions. 118,728 relevant Facebook, Twitter, Instagram and Blog 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 sector. Period of January 1 to 31, 2021.



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
www.radarturistico.mx/en



Conectamos tu marca con el viajero correcto

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.

www.prcentral.com
magdalena.bermea@prcentral.com
+5255 8114 8755



We support you to translate the information into experiences that will get a WOW! out of your clients and that will improve your business results. We are ready to support your 2020-2021 reactivation.

www.oghen.com
ashapiro@oghen.com
+5255 2155 6044



De lo observable a lo accionable

Commercial intelligence specialized in tourism and meetings. We do market studies, planning processes, we define development strategies and create business plans. From what can be seen to what can be done.

www.staconsultores.com
Info@staconsultores.com
+5255 6390 9852



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. www.radarturistico.mx/en