

INTERAMERICAN NETWORK

Latin America Outlook 2019



IN



Nice To Meet You!

Danielle Roman

President and CEO of Interamerican Network.

IN

Travel, the dream and emotional experience of reaching faraway places.

Latin Americans, the friendly warm and affection people who are seeking for new experiences.

Iceland, the gateway to new experiences, a country of sharp contrasts, where fire and ice co-exist.

IN Top Five Business Trends to Monitor in Latin America

Digital Transformation

We arrive at the end of 2019, with **60,9%** of Latin-Americans accessing the Internet.



IN Top Five Business Trends to Monitor in Latin America

Millennials

Are the main Latin American group seeking for authentic experiences. At the same time, **middle-class families** and millennials are **reaching for more international travels.**



IN Top Five Business Trends to Monitor in Latin America

Retail

online sales are still under 5% of total sales in the region, but the online presence and the adoption of an omnichannel approach is a growing strategy among all industries.



IN Trends for Latin America

Augmented Reality

By investing, companies will gain an advantage and the chance to **establish their brands as innovative, inspiring** consumers to **engage** and **raising the bar** for the **competition**.



IN Trends for Latin America

Evolution of Luxury

Companies must be prepared to offer unique and transformative experiences in exotic, remote and unconventional destinations.



IN Trends for Latin America

Extreme Adventure

Living on the edge and exploring the unknown makes extreme and remote destinations the newest darlings for thrill seekers.



IN Trends for Latin America

Multigenerational Travel

Baby boomers, Generation X and Z, millennials: Each group has different interests and behavior, but more than challenge is to reconcile them.



IN Trends for Latin America

From Wellness to Well-being

From physical to emotional well-being: Simplicity makes room for a variety of options in the escape from anxiety. Well-being tourism is expecting to grow 50% faster than the global tourism industry in the next 5 years.



IN Trends for Latin America

Economy of Sharing and On-Demand

Consumers **no longer want to own** and instead would rather **have access to properties** worldwide. In tourism, the best example is the **constant growth of Airbnb**.

IN Trends for Latin America

“Overtourism” X Authenticity

In contrast to “over tourism,” there is a new preference for conscious travel, with trips out of high season to suburban neighborhoods and towns



IN Trends for Latin America

New Version of Bleisure

Aside from the traditional corporate travel industry, there is a new audience of digital nomads who are looking for long-term programs to travel, work and live anywhere in the world.



Key Markets at a Glance



IN Argentina

- 2019 is elections year
- Country on standby until new president assumption (Dec 2019)
- Travel is key in Argentinean idiosyncrasy
- Currency devaluation
- Exotic and luxury destinations were less affected by the economic situation that other destinations (like the Caribbean).

Population: 43 million
GDP: 518 billions dollars (2018)
Main cities: Buenos Aires, Cordoba,
Rosario, Mendoza, Tucuman
Tourists abroad: 5.381 million



IN Brasil

- South America's most influential country
- Huge as a continent
- Eighth-largest economy in the world
- Recovering from 2015 recession
- Huge Digital and Social Media users
- Strong US currency x Euro currency
- Value for money is key
- Increase on online purchase

Population: 210 million

GDP: 1.9 Billion Dollars in 2018

Main cities: São Paulo, Rio de Janeiro,
Belo Horizonte, Curitiba, Brasilia,

Number of tourists abroad: 10 million



IN Chile

- Known as the Switzerland of Latin America
- Tend to follow Argentineans trend
- Market remains very traditional on family matters and many of its travels include grandparents, parents and children
- Travelers don't mind doing flight connections

Population: 19 million
GDP: 438 million dollars in 2018
Main cities: Santiago, Viña del Mar.
Number of tourists abroad: 4,3 million



IN Colombia

- Stable and solid growth for the past two decades.
- Gateway to South America (from Northern Hemisphere)
- One of the best environments in Latin America to do business.
- Extensive international air connectivity
- The current peace process and tourism figures that increase year by year.

Population: 49 million

GDP: 711,6 billion dollars in 2017

Main Cities: Bogotá, Medellín, Cali and Barranquilla

Number of tourists abroad: 4,3 million



IN Mexico

- Mexico is Latin America's second-largest economy (after Brazil)
- World's 6th largest emerging market, according to the International Monetary Fund.
- International travel has grown, 5.3% per year since 2012.
- Arrivals and departures have expanded at similar rates.
- Mexico is the 8th most visited destination worldwide.

Population: 126 million
GDP: 1.223.81 billion dollars
Main cities: Ciudad de México, Guadalajara, Monterrey y Querétaro
Tourist abroad: 24 million (2018)



IN Peru

- A favorable external environment
- Prudent macroeconomic policies
- Fast-growing country with an average GDP growth rate of 6.1% annually.
- Structural reforms created a scenario of high growth and low inflation

Population: 31 million
GDP: \$397.7.Billion Dollars
Main cities: Lima, Arequipa, Trujillo
Tourist abroad: 2,6 million



Travel Trade Distribution System





Approximately 5 thousand travel agencies.

More than 60% are in Buenos Aires

3 major OTAs: Despegar, Al mundo.
and Avantrip.



Major distribution channel is via the tour operators

Affluent and frequent travelers who prefer to arrange their own trip and have no issues in purchasing online.

Many tour operators began as travel agencies, and use technology and improve efficiency.

Brazilian Tour Operators Association (Braztoa) and Brazilian Travel Agencies Association (ABAV)

25 OTAs.

The fast-growing incentive segment focuses on aspirational destinations.



The ACHET has 130 members partners who are certificated travel agencies and tour operators.

Most of the operators act like travel agencies and are multi-destination.

Tourism groups that are usually owned by banks or financial institutions, responsible for 75% of the air tickets sold in the country.



One of the fastest growing markets in Latin America.

After drug dealing issues, the country is a promising outbound destination.

Wholesalers and tour operators customize trips to their clients in different segments such as students, quinceañeras (girls celebrating their 15th birthday), golf, luxury and wellness, nature tourism and MICE.



When planning the trip, the main sources of information are online.

When language or technology are a barrier, the traditional channels are the best way to get information.

For bookings, the preference will vary according to traveler profile which can be online or via a travel partner.



5,700 certified travel agencies.

Several little tiny agencies instead of the big travel groups

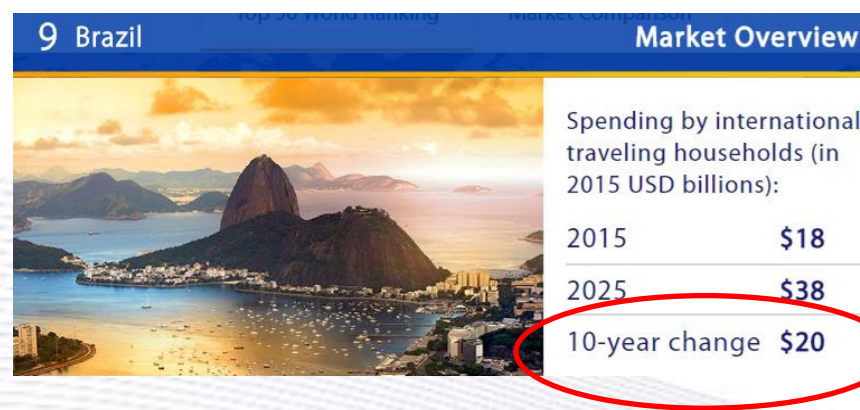
Very traditional market where technology still needs time to embrace the travel trade.

Outbound Travel



IN Projections of Spending in Outbound Travel for 2025

- According to the UN World Tourism Organization, the world will have more than **1.8 billion world travelers** over the **next 10 years**
- International travel spending is also expected to increase
- **Countries in Latin America** among the **top 50 countries**



IN Travel & Tourism Trends for Latin America

Blurring Industry Lines

“consumers are travelers for a limited period of time but are **consumers all year round**”.

Access Economy Taking Flight

usually referred to as “sharing economy”.

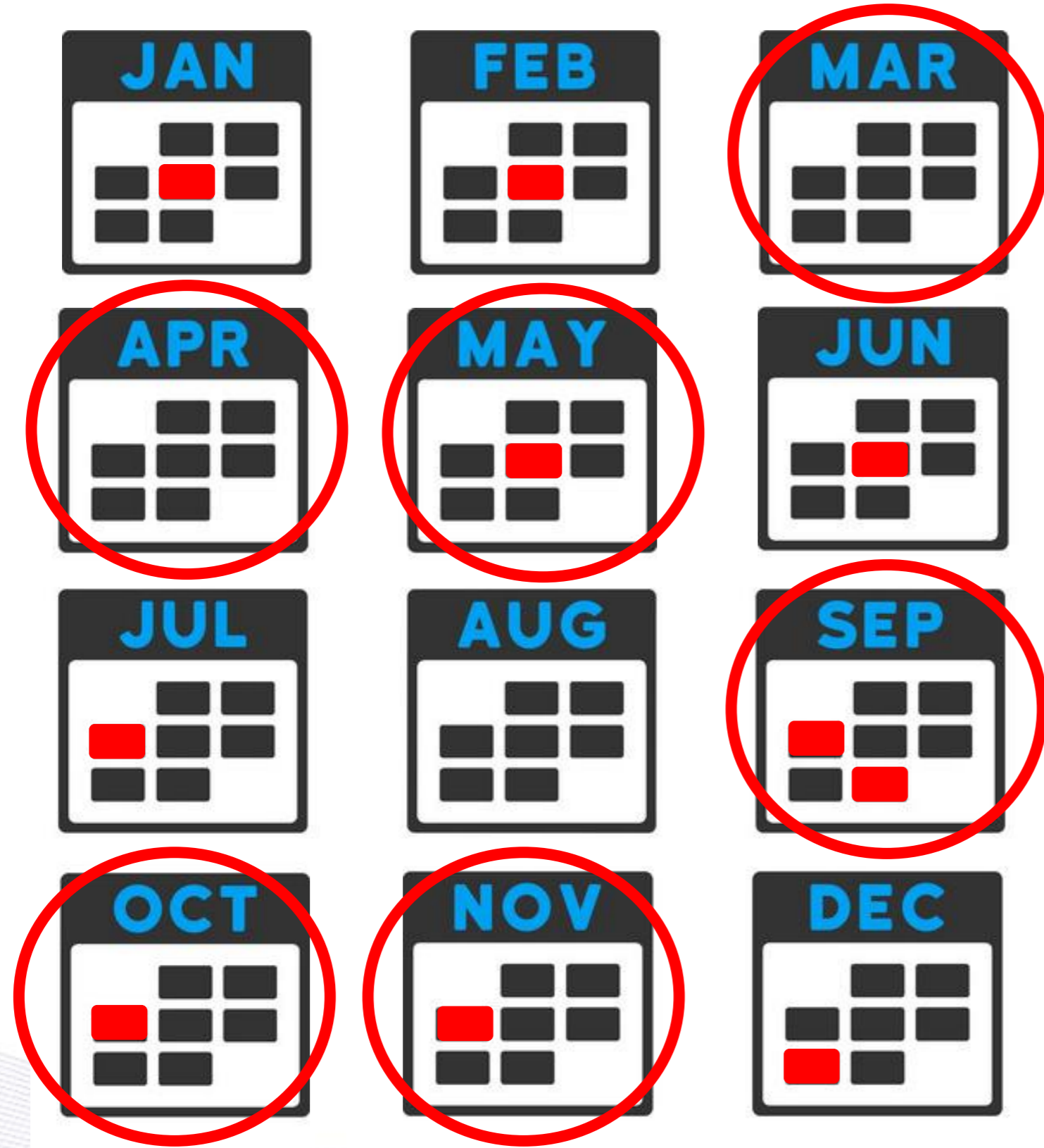


IN

Latin American countries have similar holiday seasons.



IN



Average of **10** short breaks through the year.

Mid seasons during **March, April, May** and **September, October, November.**

Traveler Behavior





Argentina has 15 to 30 day of annual leave.

They are usually last-minute buyers, although long haul destinations may be bought a couple of months in advance.

51.7% of the air and maritime tickets are bought online

60.3% of the tourist packages, accommodation and tours are bought in a regular travel agency.

57.3% payments are done electronically (debit card, credit card and other e-payments).

Instalments and special promotions like **Black Friday week, Hot Sale** and others are very important to boost sales.

73% Search for international destinations

27% interest in local tourism.

Mopst searched destinations:

46%Latin America

20% United States

14% Asia

14% Europe



Brazilians are social media freaks and tend to search from Google, to Facebook, Instagram and Whatsapp.

It include prices, local tips, places to go lodging.

The affluent traveler tend to organize their own trip.

If language or technology is a barrier, they **finalize the purchase with a travel agent or a tour operator.**

With **30 days of vacation** and a huge preference for the **United States,**

Brazilians are experiencing an extraordinary **shift towards Europe** due to currency exchange rate, air connectivity, possibility to visit more than one country.

And the **NO need for a visa.**



Annual Leave Entitlement: 15 days.

Holiday Travel Periods:

December, prior to Christmas

January – March, Summer Vacations

July – August, winter vacations)

The Chilean passenger prefers domestic destinations, followed by the United States, Spain, Peru and Argentina. With the recent increase of air connectivity the Chilean traveler is now seeking for special offers more than travelling to traditional places.

Chileans are well-known for their expenditure records and shopping skills when travelling abroad.

Even with a high dollar exchange rate in comparison with the local currency it is still worthwhile to acquire most of electronics and diverse products in the USA. People are used to purchase items that are not sold in South America due to extremely high taxes in the country.



Colombians make an average of 2.6 trips/ year

They spend an average of 91 USD per person per day including food and lodging

The trips duration is between 24 to 56 days.

Their preferences are:

Friendly reception

Beaches

Shopping

Culture

Gastronomy

adventure

Due to proximity, Colombians prefer

United States

Spain

Panama

Ecuador.



With an average staying of seven days, **59%** of Mexicans prefer to travel with family while **35%** are keen to do solo trips.

The favorite destinations in 2019 were (in order)
USA
Canada
Spain
France
Argentina
Japan has popped as a new aspirational destination.

The affluent traveler spend an average of **7 days abroad**.

Mexicans also tend to use cash versus credit card with an average spending of **3,100 USD per person** in an international trip.

Promotions are a key factor for Mexicans to define their next vacation destination.



Peruvians are extremely last minute

However, for long haul trips, they tend to book 60 days in advance.

They prefer 3 or 4 star hotels

Online buyers are mostly between 25 and 44 years old.

38% travel on their own

Due to air connectivity the most searched destinations are

Florida

Caribbean

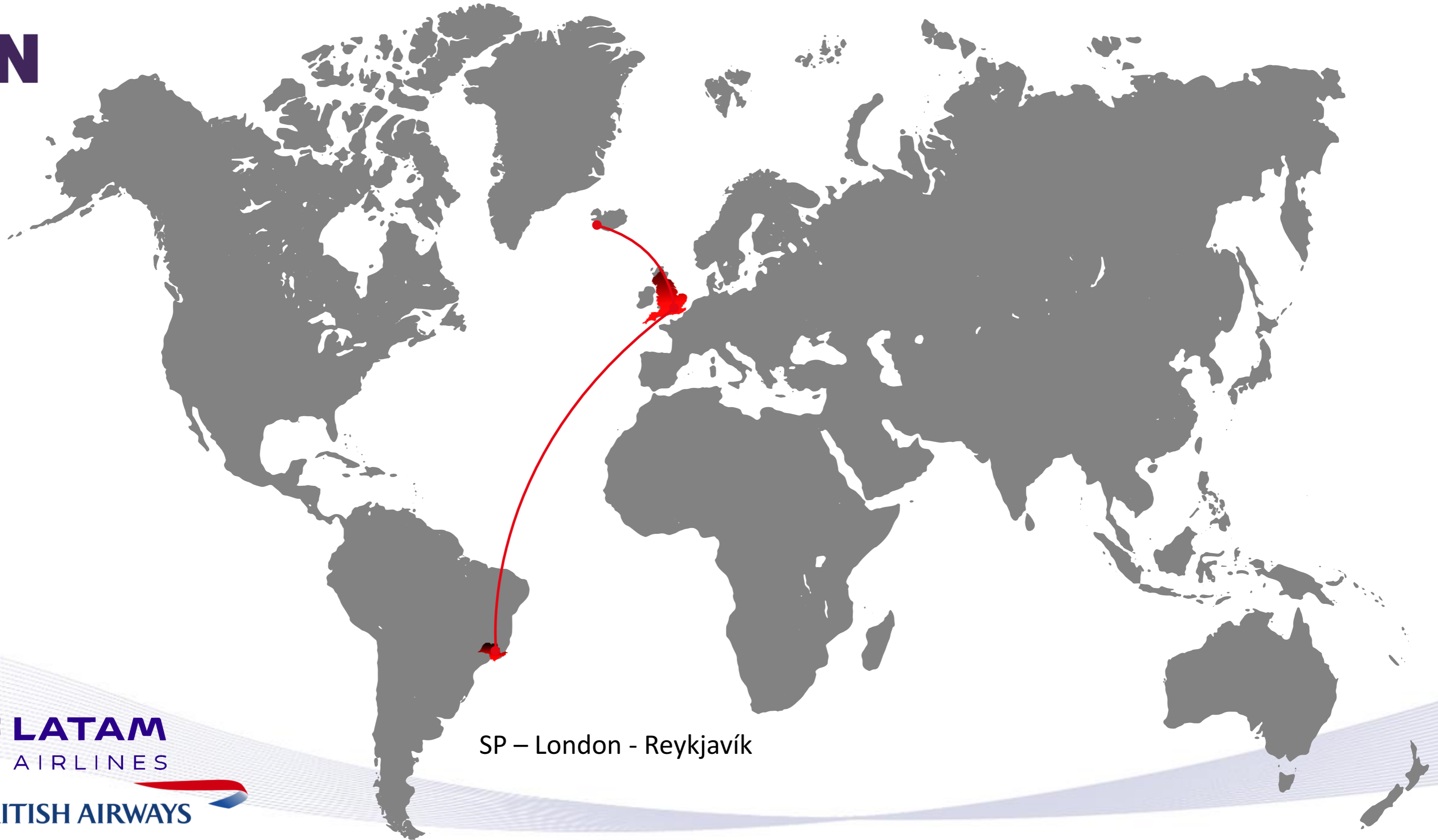
Mexico

62% of tourists travel during vacations

They spend an average of 4 days.

Daily

IN



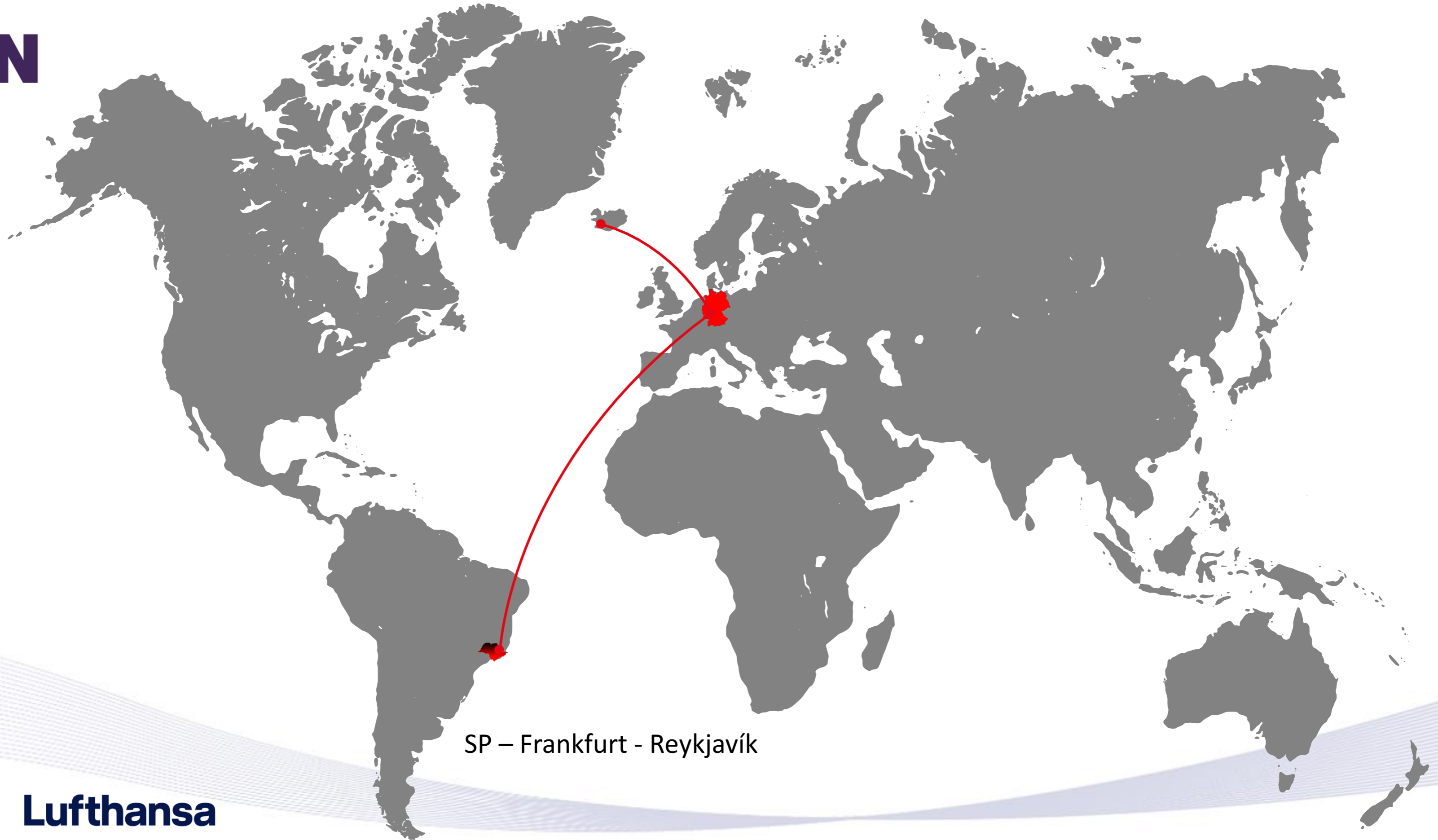
SP – London - Reykjavík

 **LATAM**
AIRLINES

 **BRITISH AIRWAYS**

Daily

IN



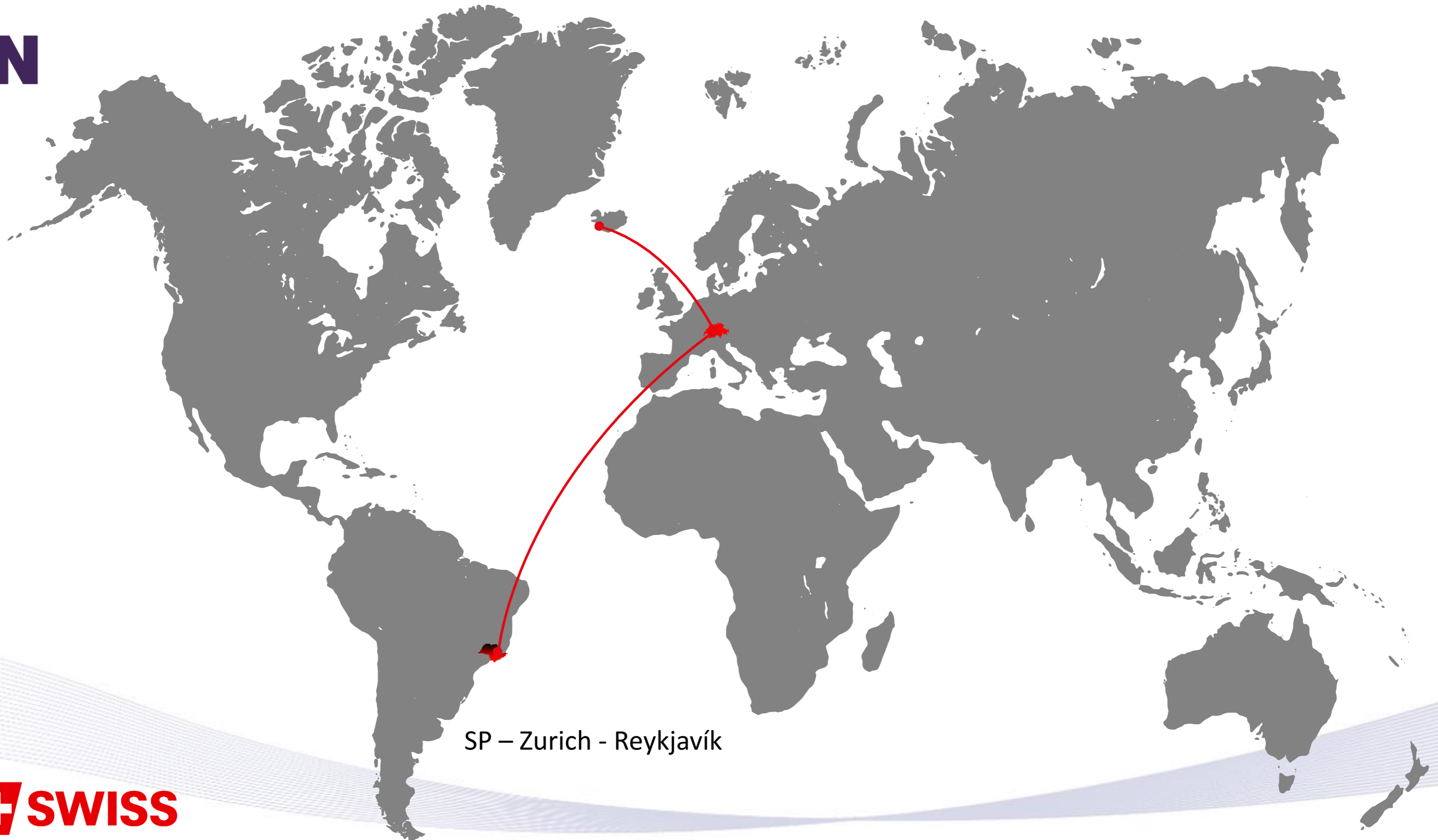
SP – Frankfurt - Reykjavík



Lufthansa

Daily

IN

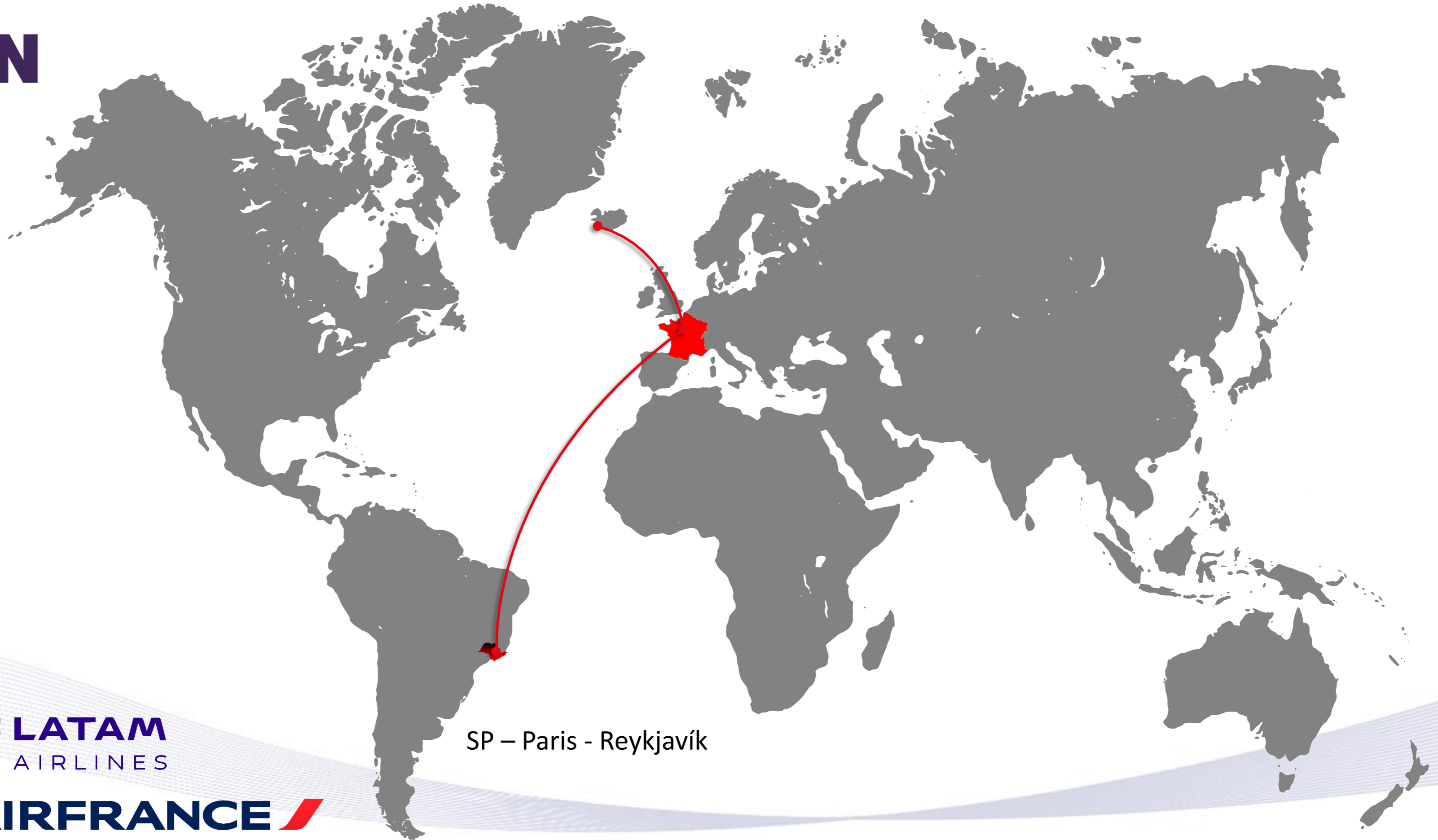


SP – Zurich - Reykjavík



Daily

IN



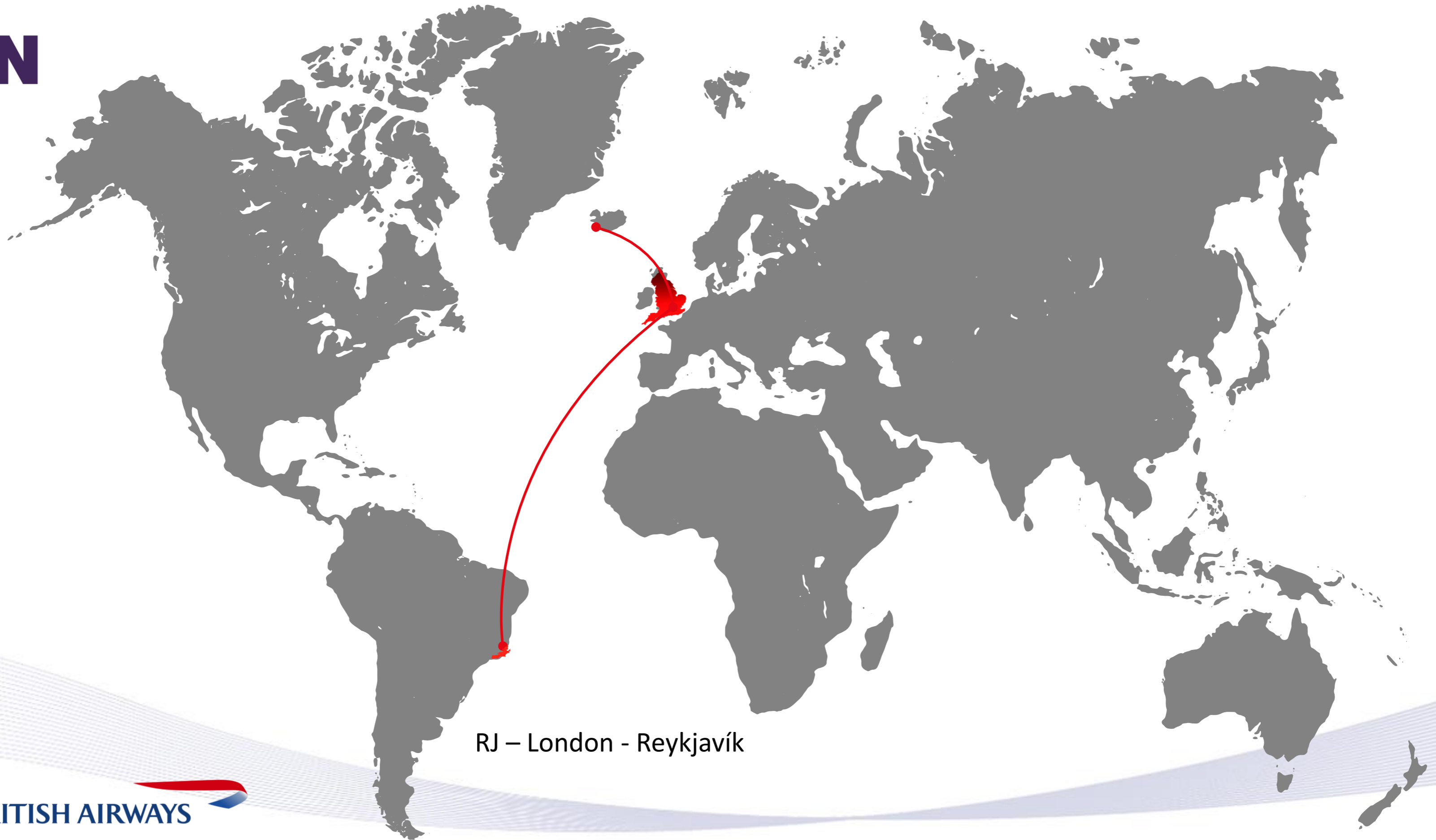
SP – Paris - Reykjavík

 **LATAM**
AIRLINES

AIRFRANCE 

Daily

IN

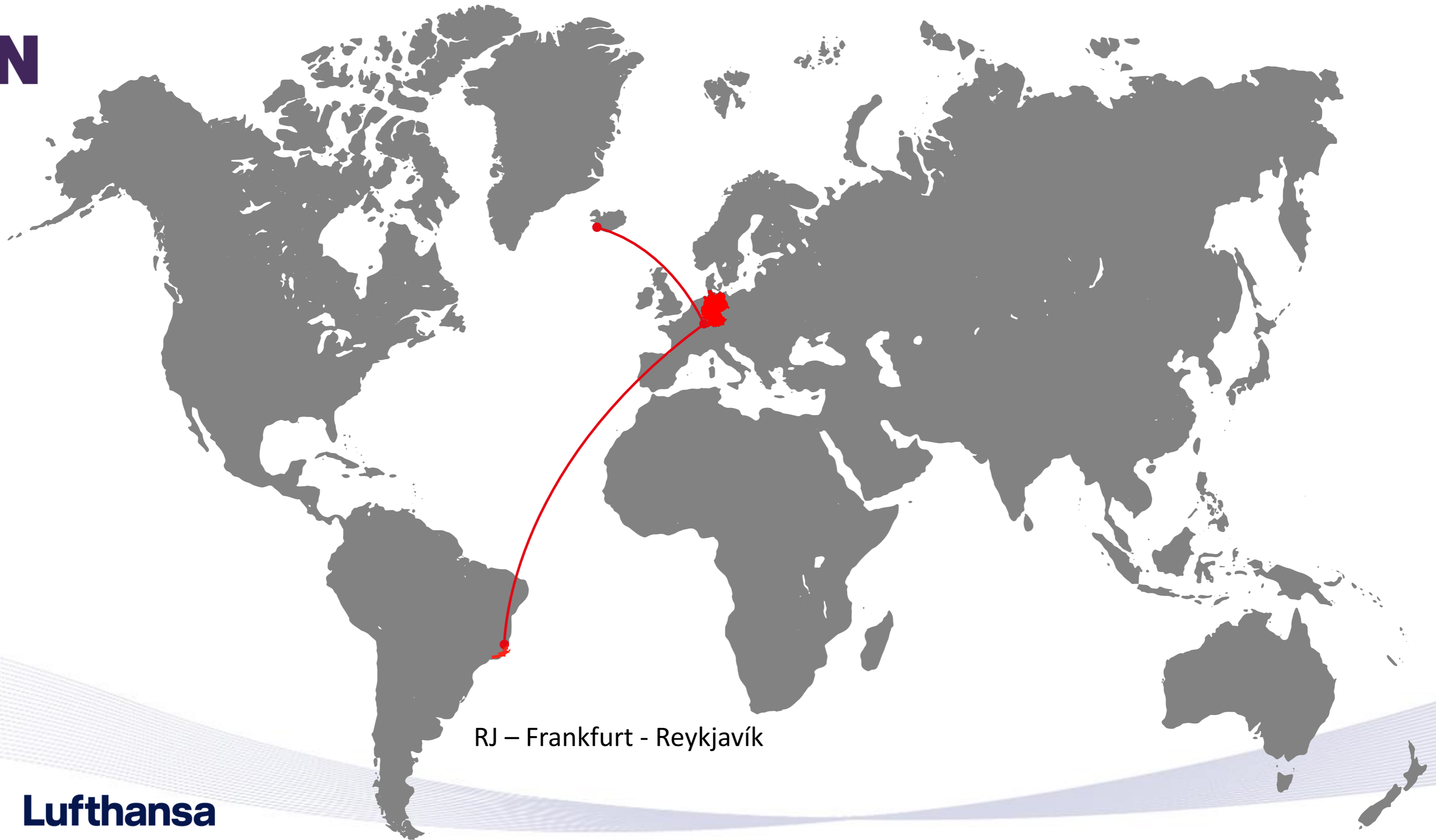


RJ – London - Reykjavík



Daily

IN



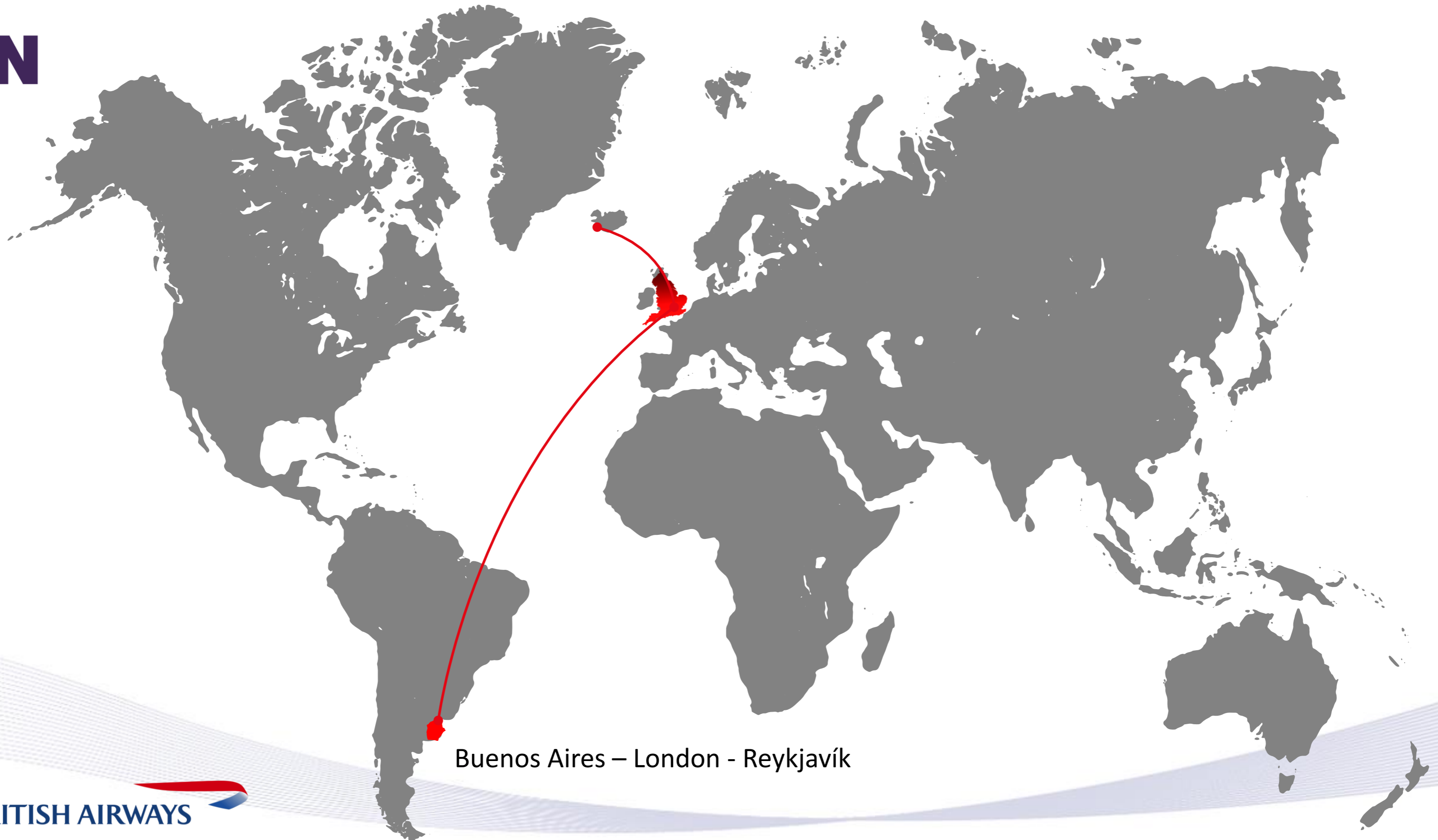
RJ – Frankfurt - Reykjavik



Lufthansa

Daily

IN

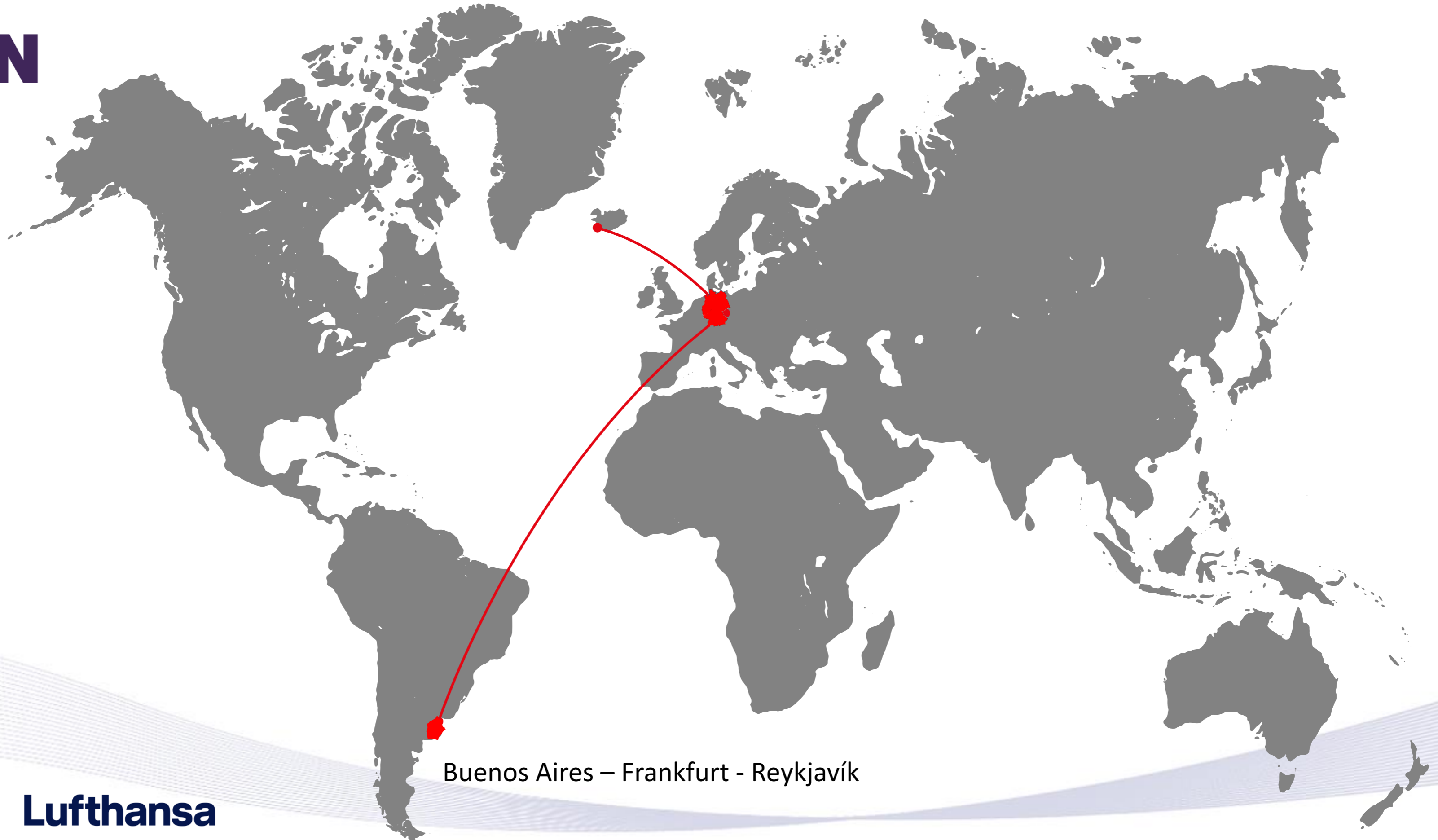


Buenos Aires – London - Reykjavík



Daily

IN



Buenos Aires – Frankfurt - Reykjavík



Lufthansa

2x week

IN

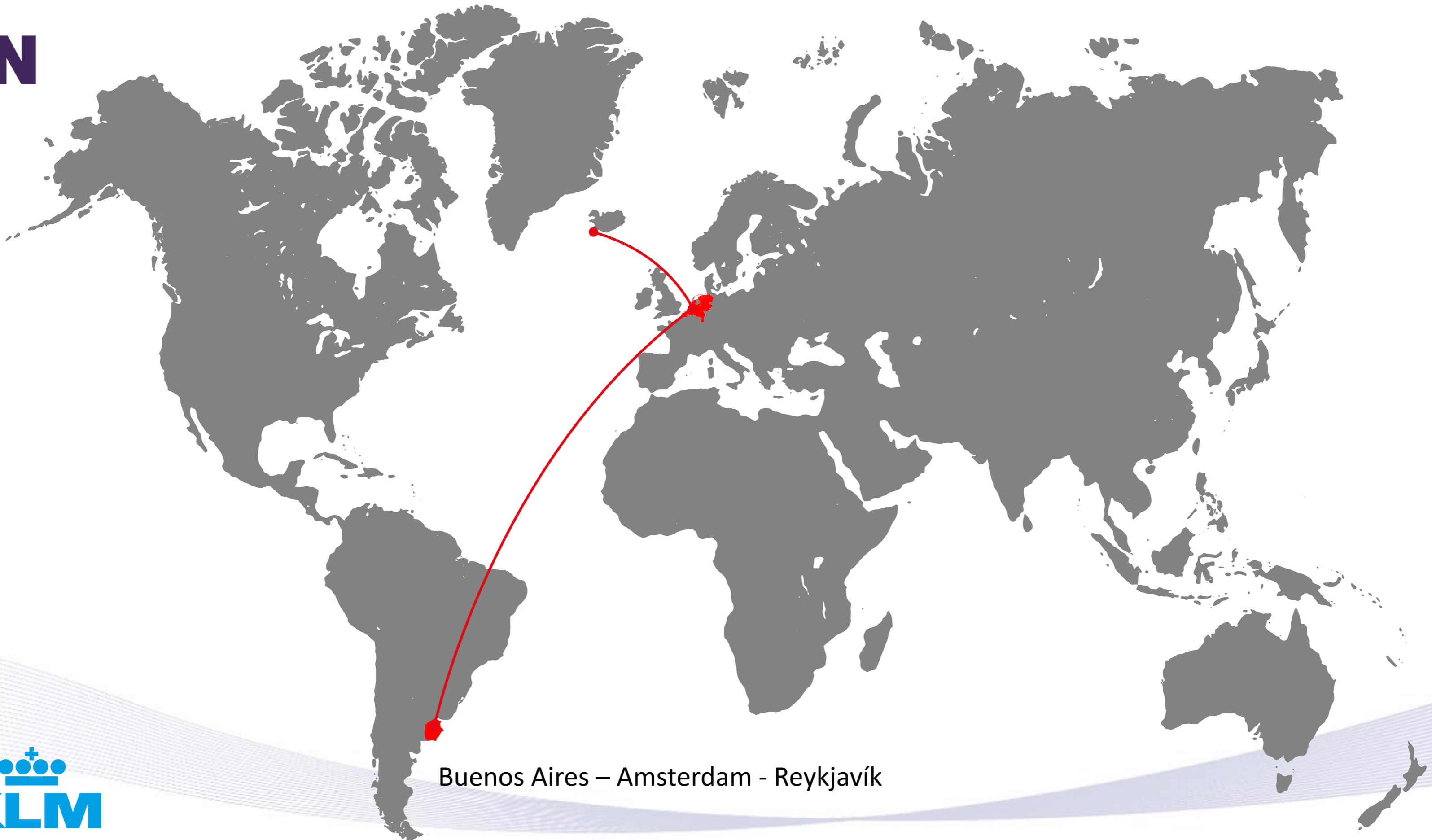


Buenos Aires – Madrid - Reykjavík

Aerolíneas Argentinas

3x week

IN

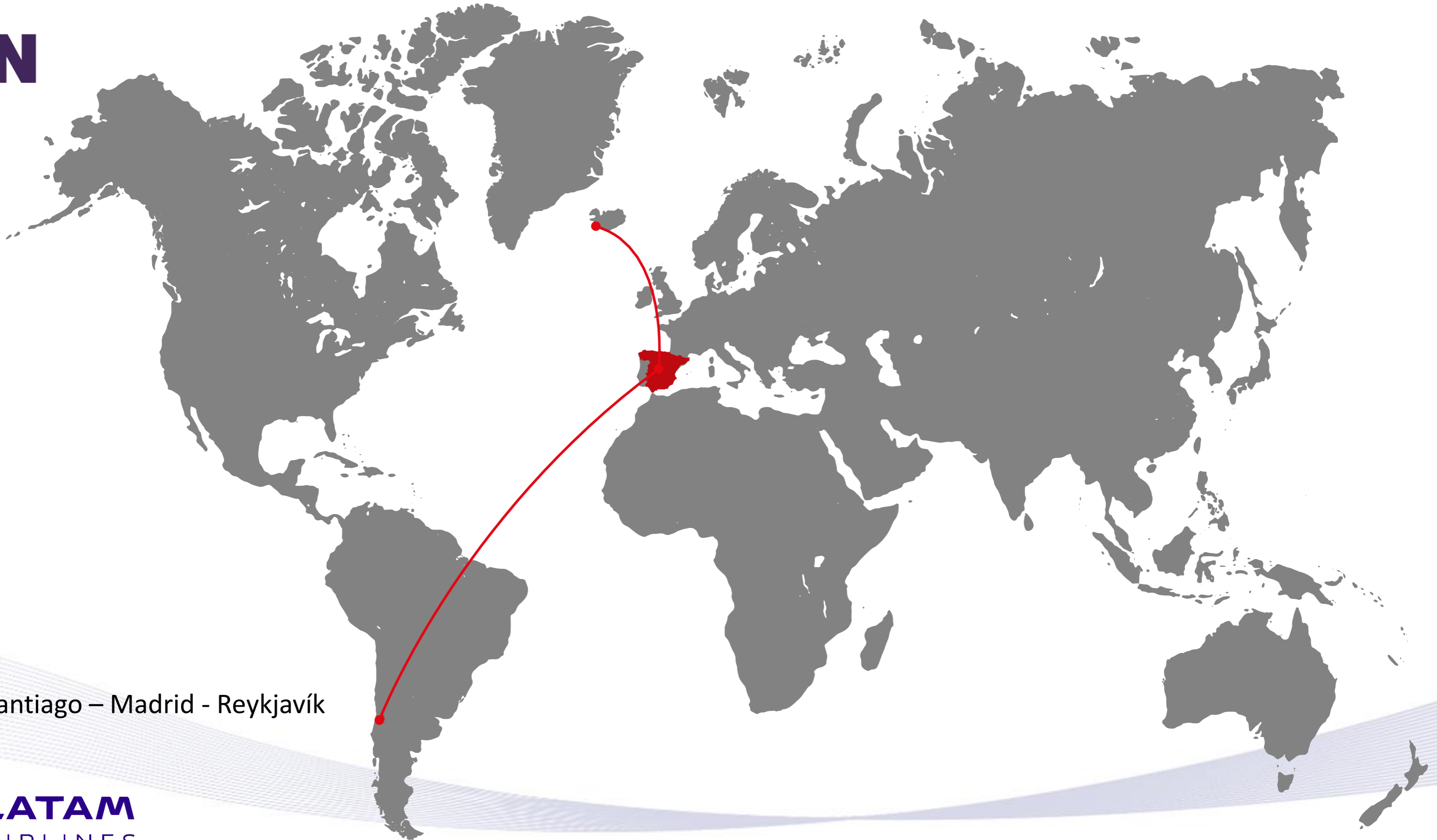


Buenos Aires – Amsterdam - Reykjavík

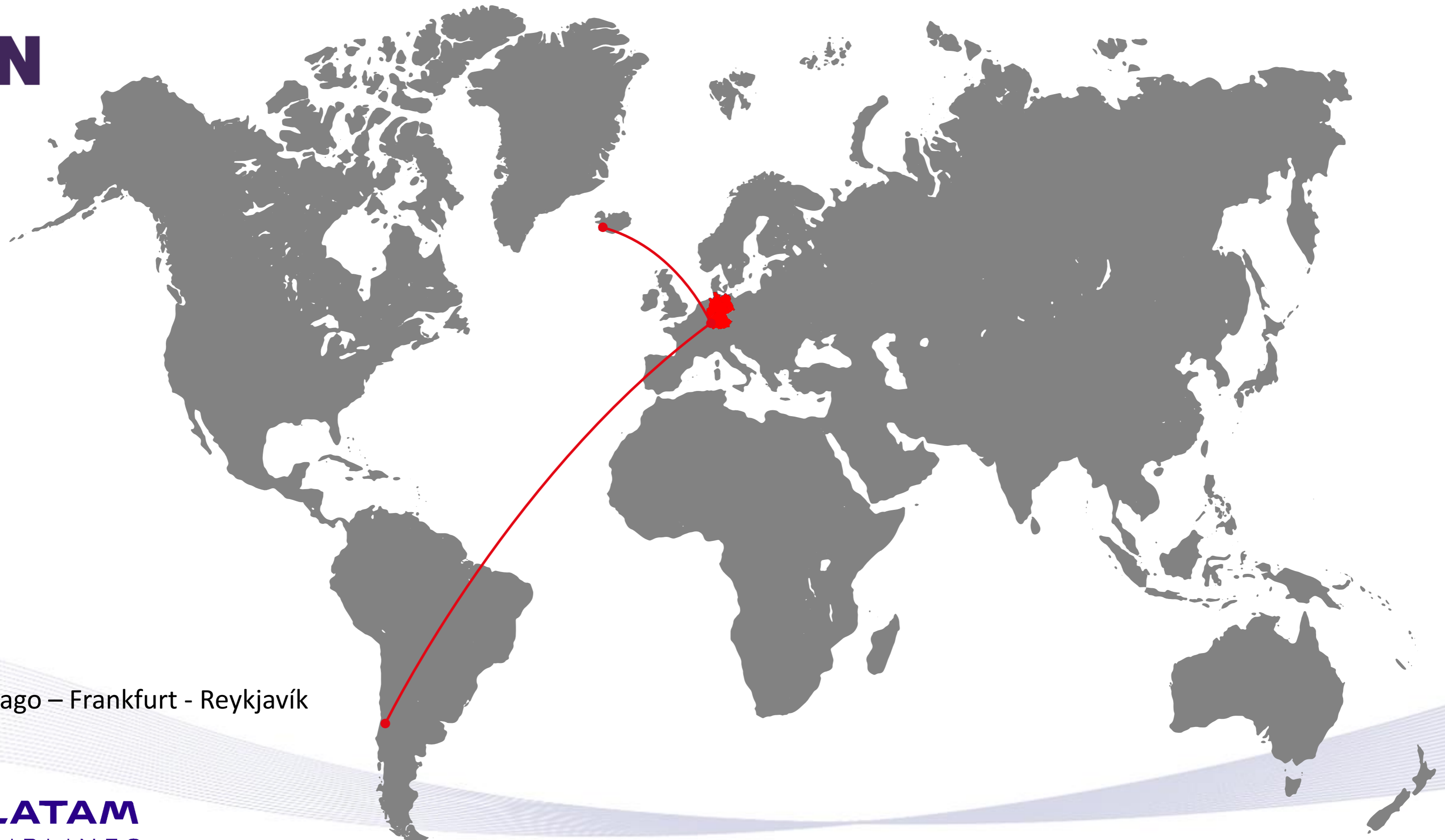


IN

Santiago – Madrid - Reykjavík



IN

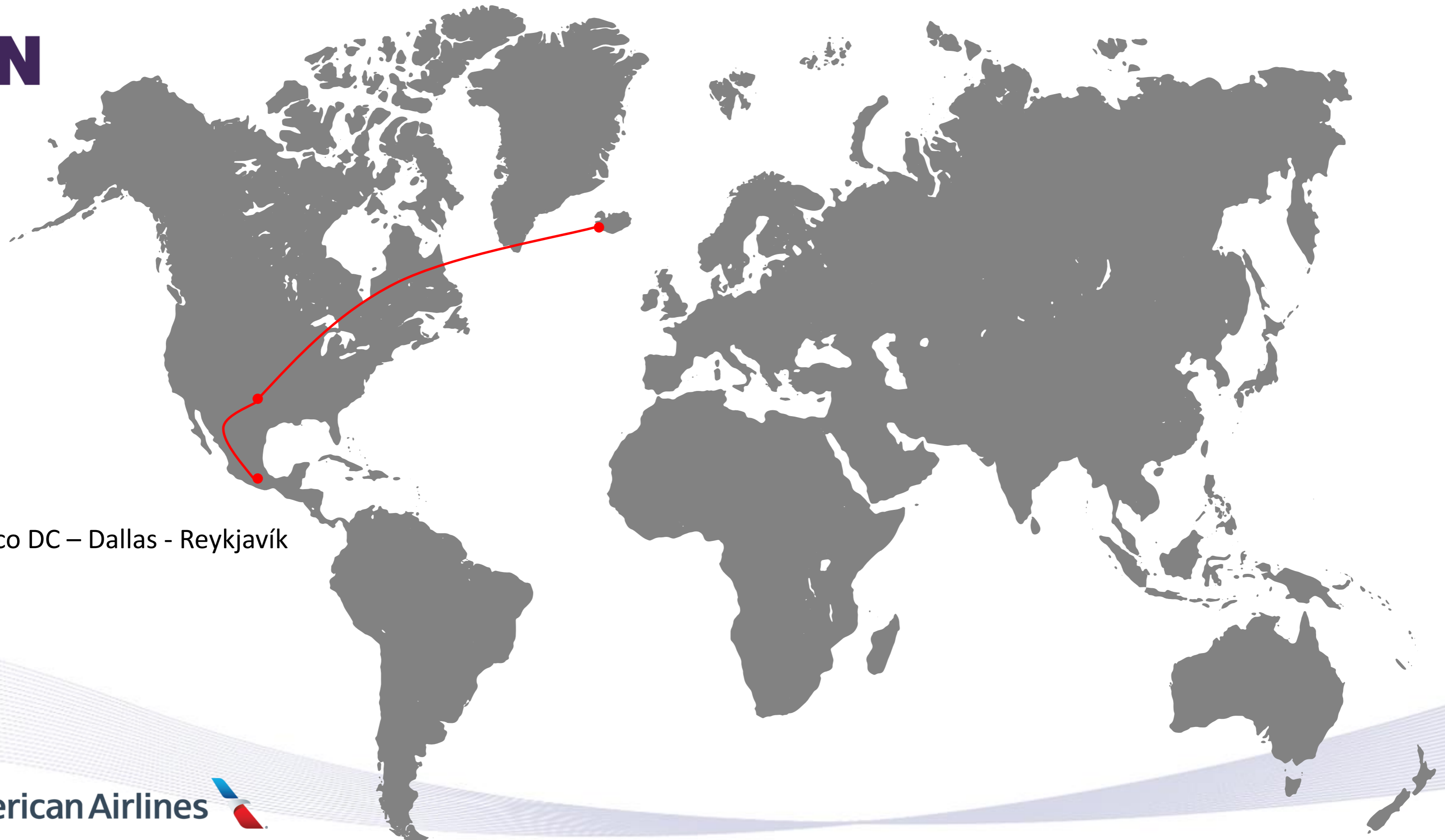


Santiago – Frankfurt - Reykjavík



Daily

IN

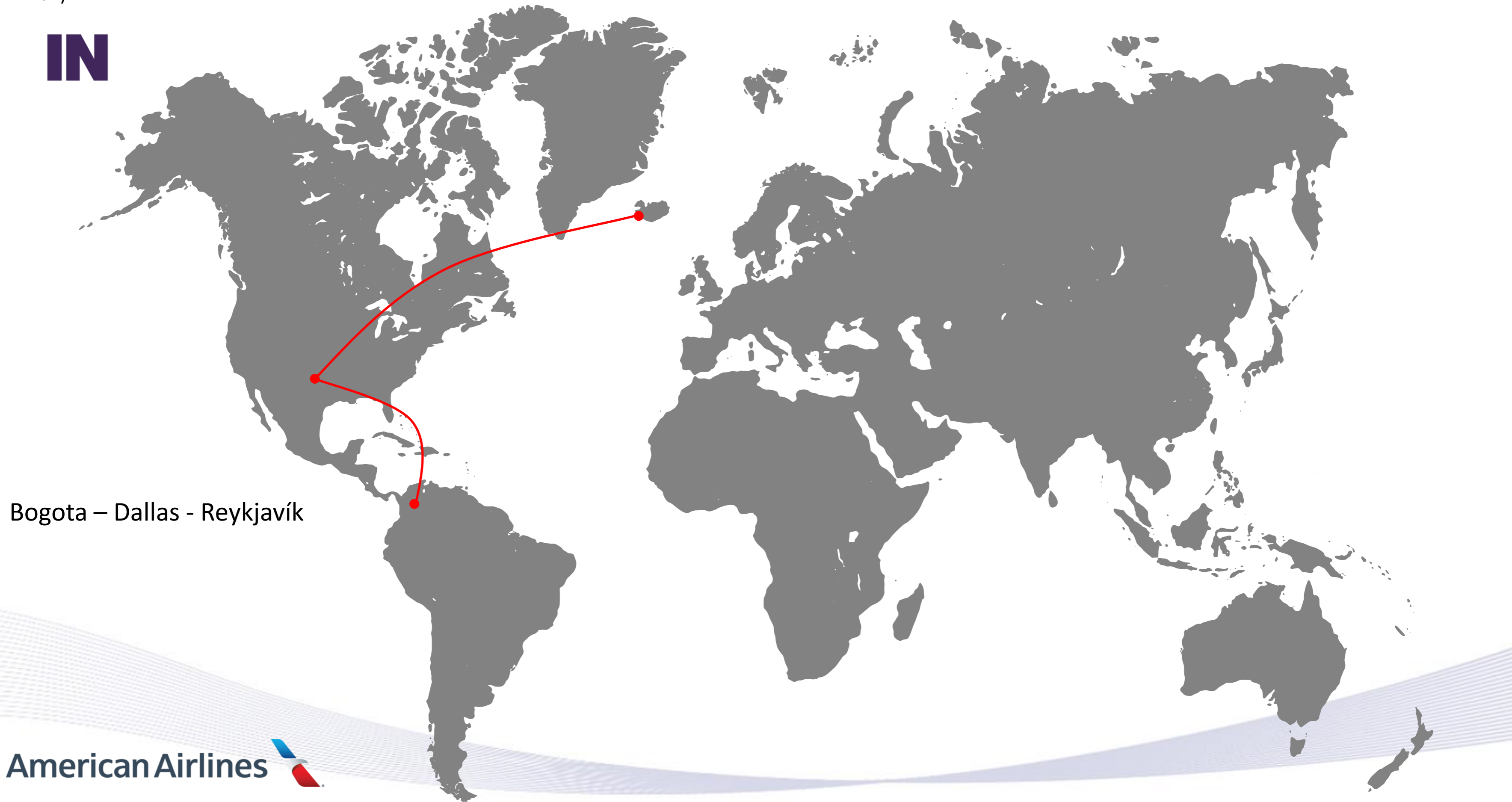


Mexico DC – Dallas - Reykjavík



Daily

IN

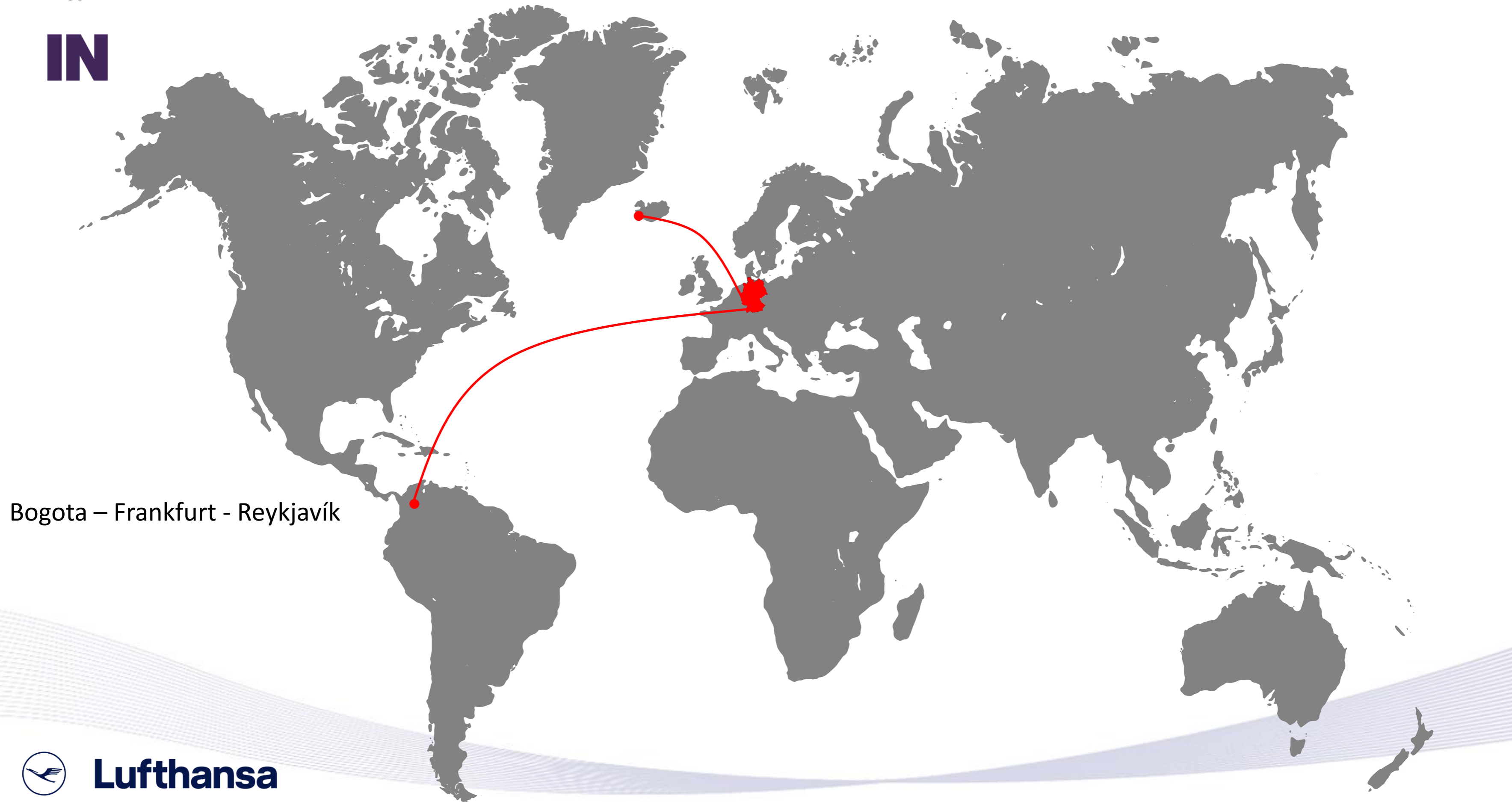


Bogota – Dallas - Reykjavík



2x week

IN



Bogota – Frankfurt - Reykjavík



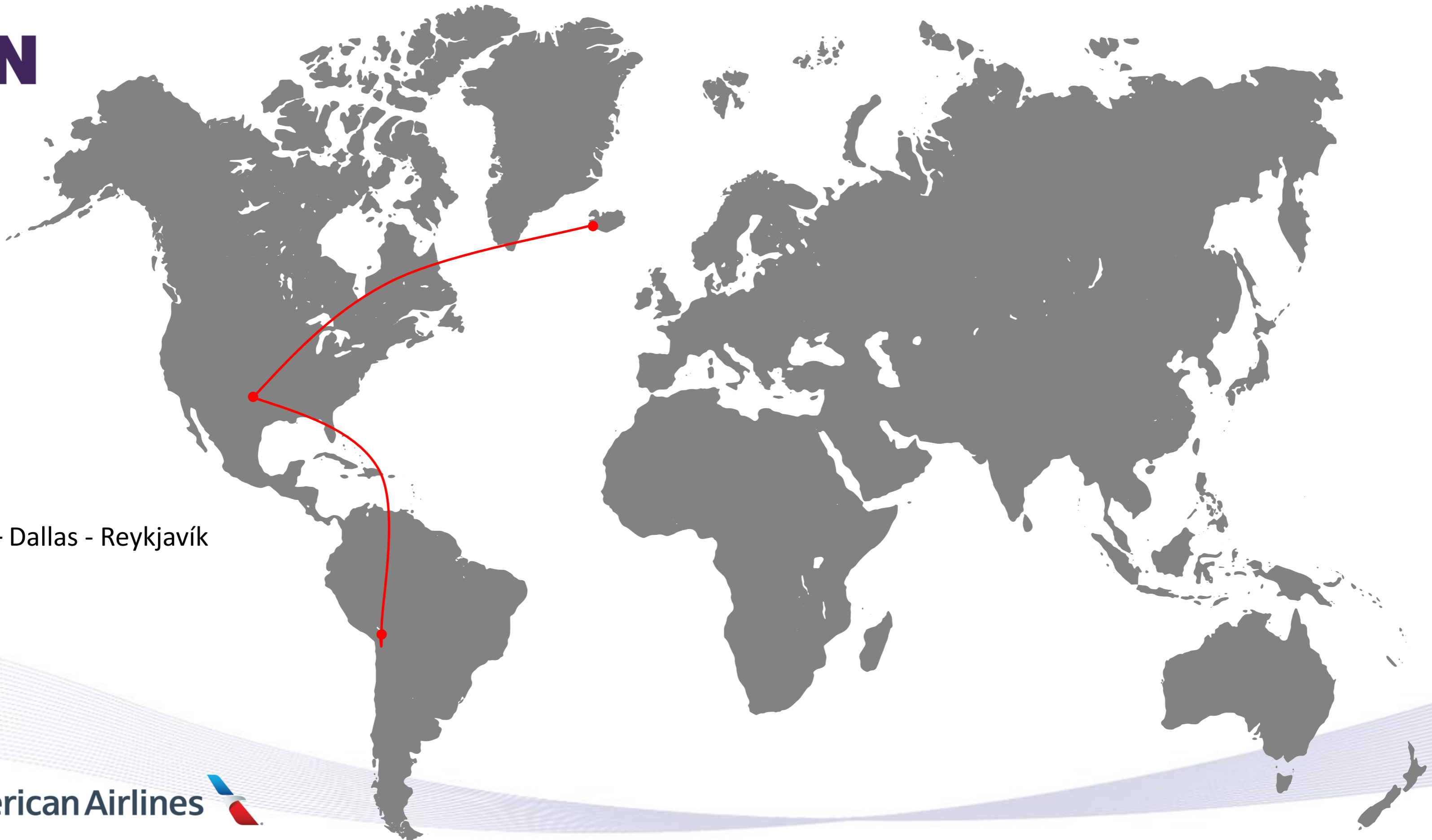
Lufthansa

2x week

IN

Lima– Dallas - Reykjavík

American Airlines

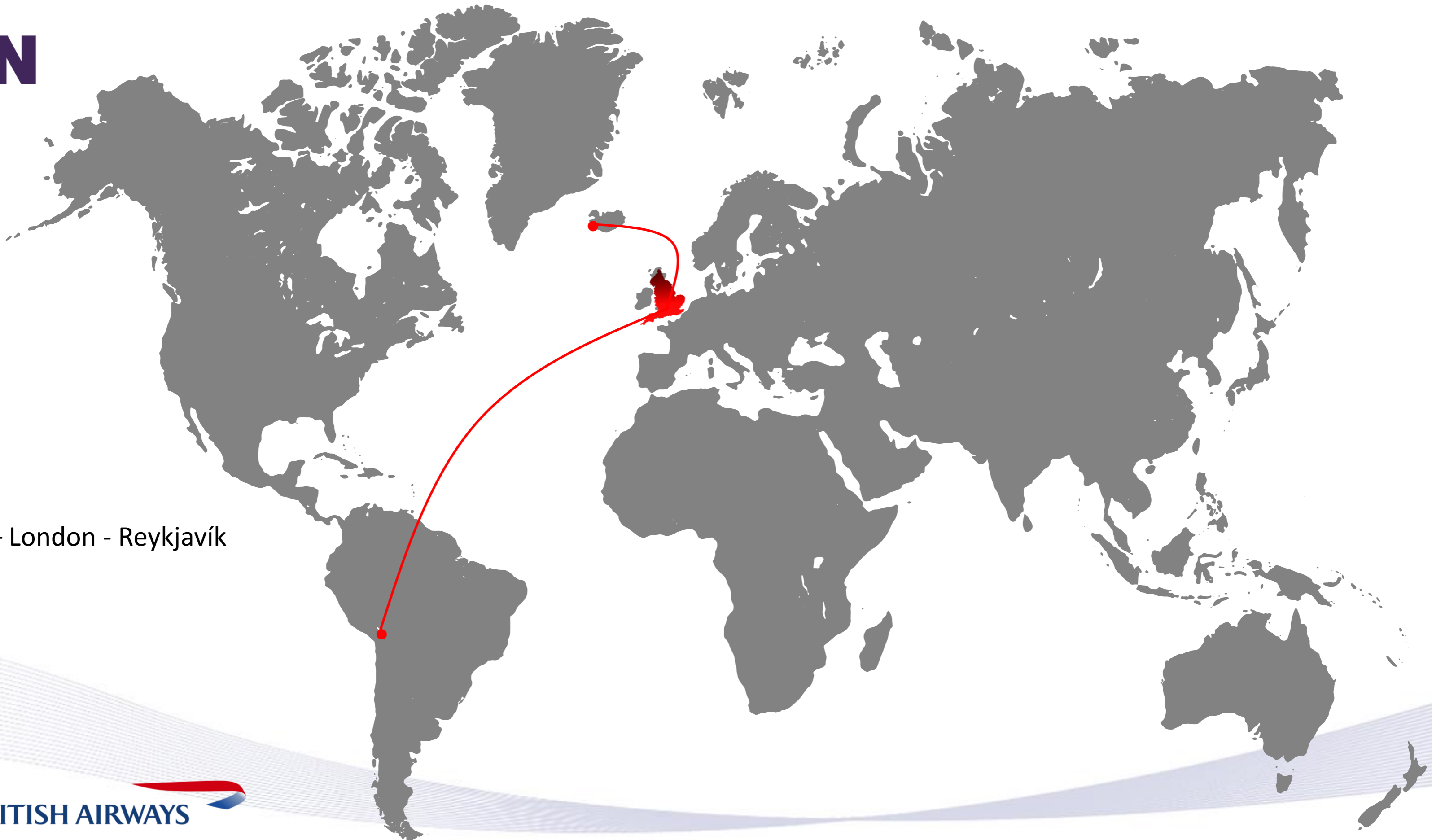


1x week

IN

Lima– London - Reykjavík

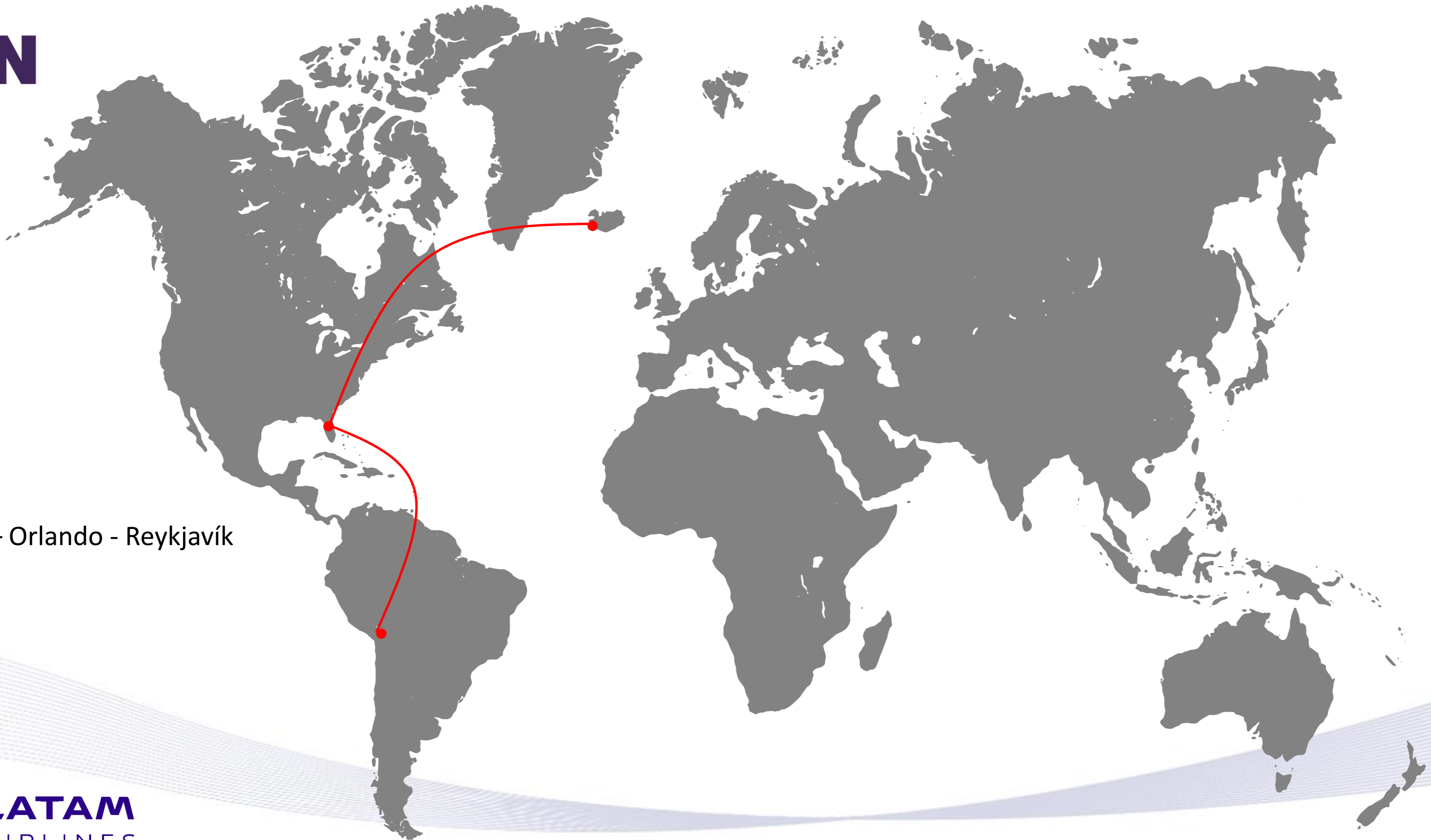
BRITISH AIRWAYS



3x week

IN

Lima– Orlando - Reykjavík



IN



Aerolíneas Argentinas

AIRFRANCE

American Airlines

BRITISH AIRWAYS

KLM

LATAM AIRLINES

Lufthansa

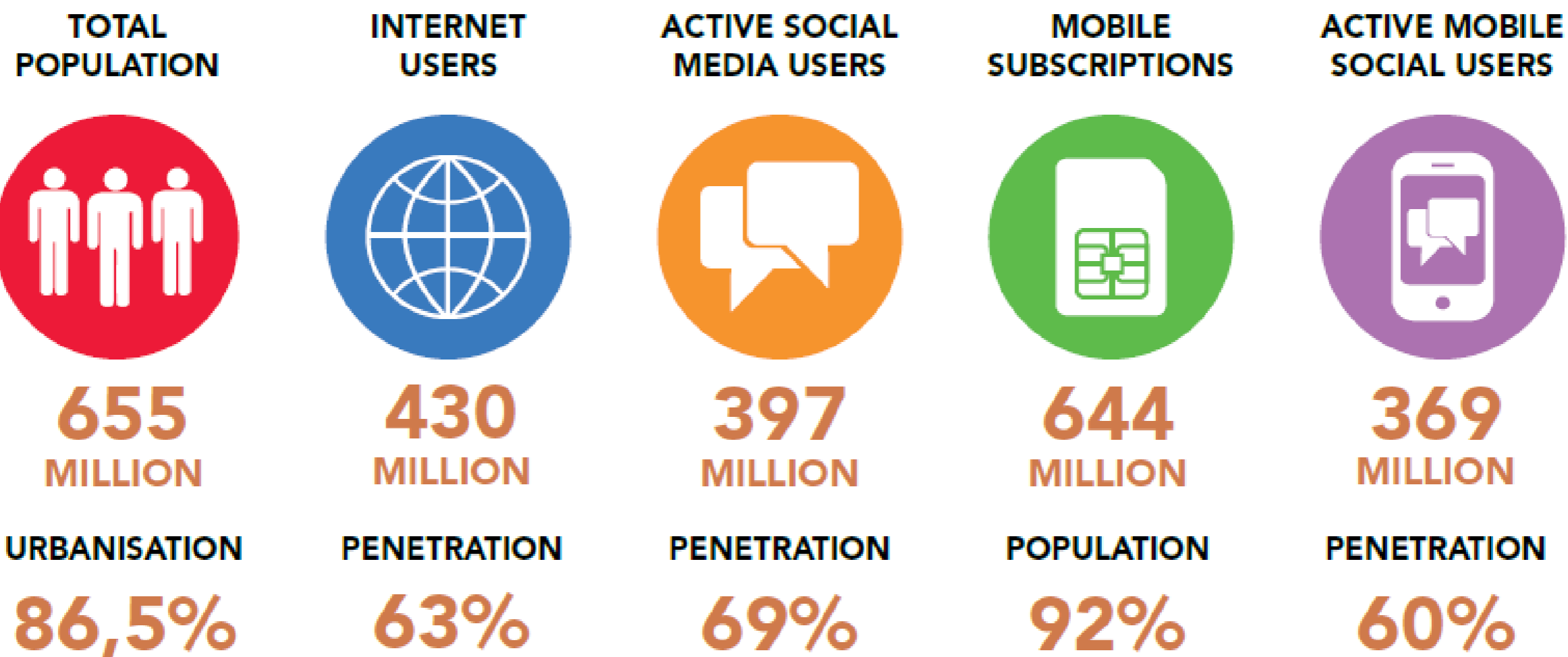
SWISS

Digital & Mobile



IN

Latam Digital Behavior Trends

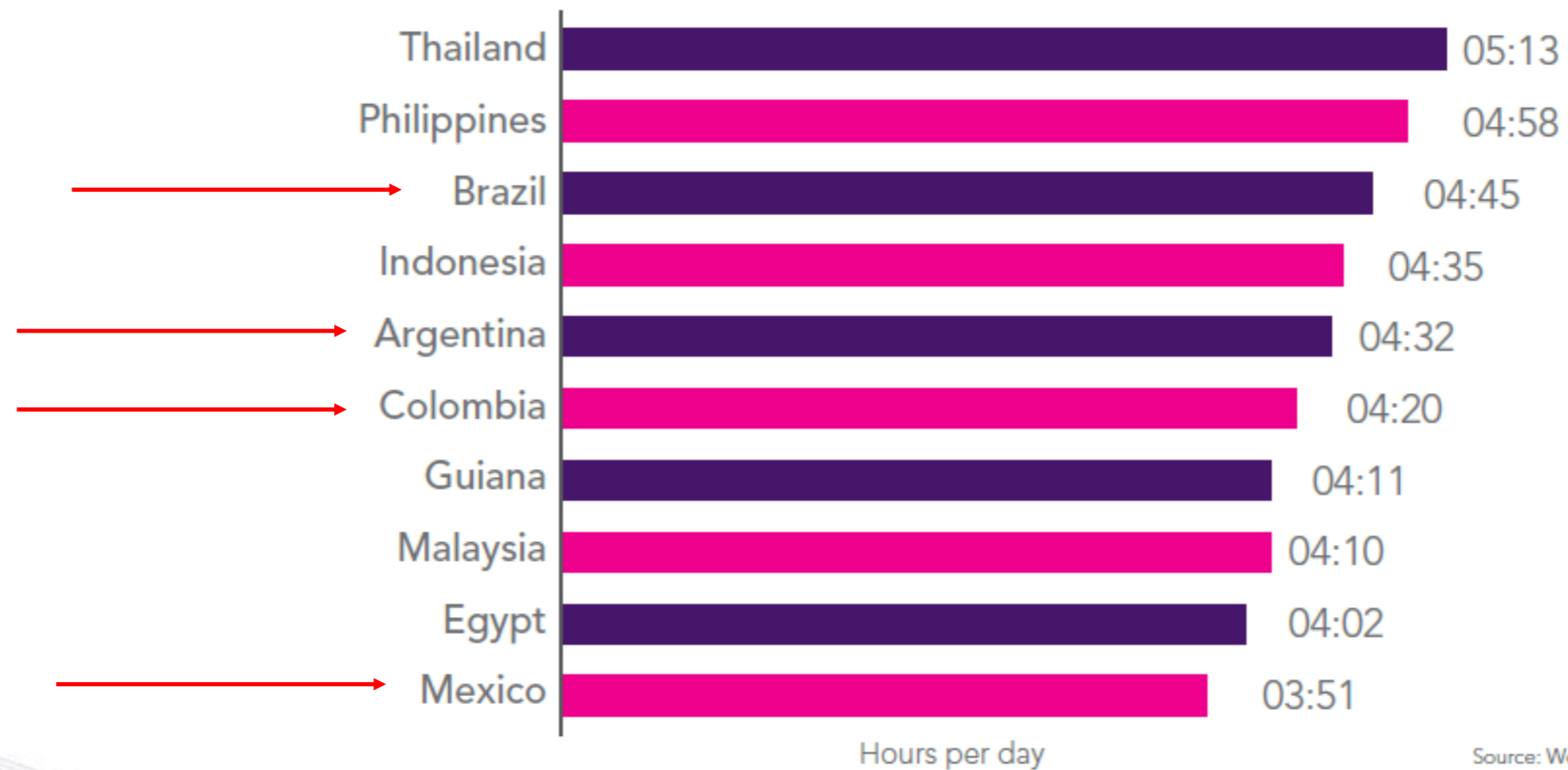


IN

Latam Digital Behavior Trends

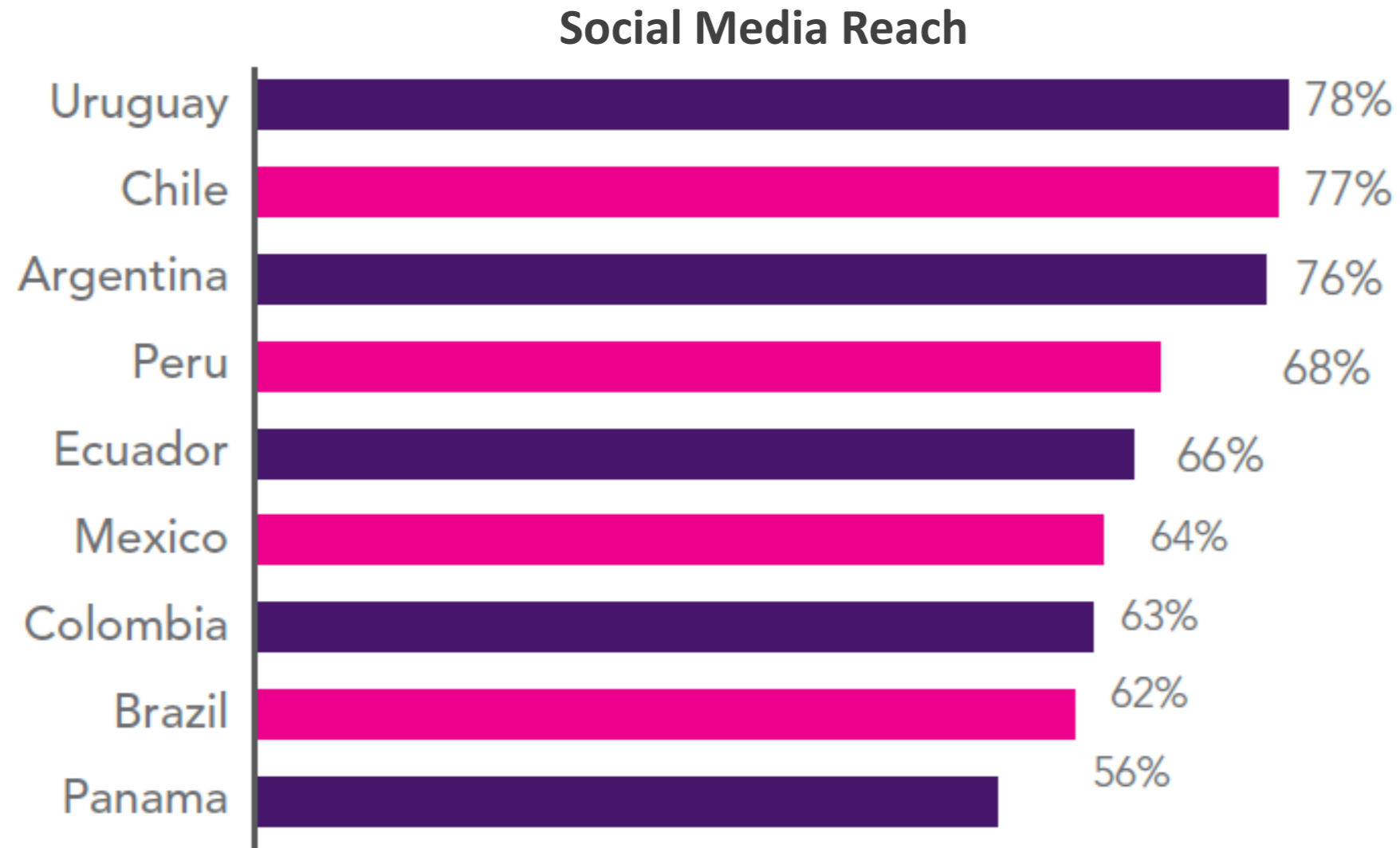
Latin Americans are heavy internet users with an average of **8,5 hours** spent online/day.

TIME SPENT ON INTERNET ACCESED VIA MOBILE DEVICE



Source: We are Social

IN Latam Social Media Behavior Trends



By percentage of economically active population. Source: Statista, 2019.

**Facebook alone accounts
90 million Brazilians
52 million Mexicans
21 million Argentinians.**

IN Latam ecommerce

Latin America will grow **21.3%** to **\$71.34 billion**, the world's **second-fastest-growing** retail ecommerce market.



Expected market growth and retail sales revenue by 2021

Source: Statista

IN Latam Mcommerce

Brazil (34.0%)
Mexico (28.9%)
Argentina (6.3%)

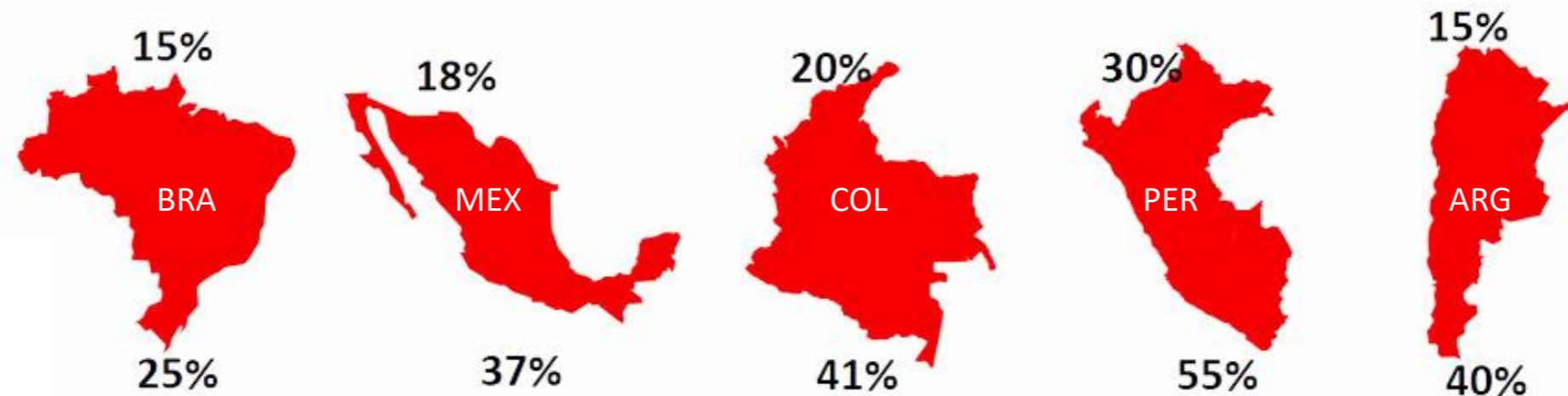
Retail M-commerce sales growth

| | |
|--------------------------|-------|
| Latin America | 36.3% |
| North America | 28.8% |
| Asia-Pacific | 28.6% |
| Central & Eastern Europe | 25.5% |
| Middle East & Africa | 25.1% |
| Western Europe | 16.1% |
| Worldwide | 27.5% |

E-commerce

Growth

M-commerce



Key Take- aways



Key take-aways

Rely on the trade.



Key take-aways

Long vacations,
currency flotation,
long trips and
a welcome feeling
matter.



Key take-aways

Still a lot to discover.



Key take-aways

Adventure, luxury and lifestyle are incentives!



Key take-aways

We have to
be social
and digital.

Thank you!

