WTM Latin America Trends Report 2017

The latest trends from the Latin American travel industry
WTM Latin America 2017

The WTM Latin America Trends Report, is a spin-off of the WTM Global Trends Report, which has been released at WTM London since 2006. Both reports are at the forefront of predicting major trends in the travel and tourism industry.

The 2017 edition of the WTM Latin America Trends Report is no different, forecasting trends I’m sure will come to fruition over the coming years.

This year the report has three different trends affecting Latin America, so there will at least be one trend of interest to all that participate in WTM Latin America.

I would like to thank Euromonitor International for compiling the WTM Latin America Trends Report 2017.

I hope you find the report useful and interesting and wish you a thought-provoking and productive WTM Latin America 2017.

Paul Nelson
World Travel Market Portfolio Press & PR Manager
UK - London
Euromonitor International

In the last few years, we have seen a change in Latin American consumption patterns, as consumers increasingly gain power to make their own informed decisions and reevaluate their preferences. The three trends presented in this document – ageing travellers, “boss-less” workers and female empowerment – are interconnected and align with the global megatrends identified by Euromonitor International, such as consumer empowerment and a shift in consumers’ values towards prioritising and enjoying the present moment.

Tourists in Latin America are seeking personalised offerings and services that match their needs and desires. Overall, the common denominator amongst regional tourists is a search for doing, seeing and feeling over having more “stuff”.

Euromonitor International is pleased to partner with WTM Latin America once again to bring to its audience the key trends shaping the future of the region’s travel industry.

Marília Borges
Research Analyst, Brazil
Euromonitor International
About Euromonitor International

- **12 OFFICE LOCATIONS**
  - London, Chicago, Singapore, Shanghai, Vilnius, Santiago, Dubai, Cape Town, Tokyo, Sydney, Bangalore, and São Paulo

- **100 COUNTRIES**
  - in-depth analysis on consumer goods and service industries

- **210 COUNTRIES**
  - demographic, macro- and socio-economic data on consumers and economies
Our methodology

**TOP DOWN**
**GLOBAL INSIGHT**

**INDUSTRY SPECIALISATION**
Dialogue with key players, global research inputs

**COMPANY ANALYSIS**
Global and local company data and accounts

**MARKET ANALYSIS**
Data substantiated, market trends explained

**DESK RESEARCH**
All public domain material accessed and interpreted

**DATA VALIDATION**
Exhaustive audit and cross-referencing of data

**LOCAL KNOWLEDGE**
**BOTTOM UP**

**STORE CHECKS**
A first-hand view of place, product, price and promotion

**TRADE SURVEY**
Discussion on data and dynamics with local industry
Tourism in Latin America
Looking Ahead

Mobile sales
Increasing penetration of smartphones is driving Latin Americans’ engagement with the mobile channel. However, sales are still insipient and forecasted to gain significance only as connectivity infrastructure improves and consumers become more confident about the secure nature of those transactions.

Lodging alternatives
Significant growth recorded for short-term rentals in Latin America, with Airbnb.com leading the category. Despite being commonly used by inbound tourists from other regions such as Western Europe, Latin Americans are expected to become increasingly engaged with sharing economy lodging alternatives.

Economic prospects
Over the past few years, most Latin American countries experienced an economic slowdown. As the economies gradually recover their pace, tourists are expected to find outbound destinations worthy of consideration.
AGEING TRAVELERS
Ageing: a change in perception

Almost 26% of the world’s population will be 50+ in 2017

Longevity economy

- Ageing population is a global trend
- Global life expectancy has risen to 72 years due to factors such as better healthcare and disease prevention
- Baby boomers will change the perception of what it is like to be older
Tourists aged 50+ outpace all other groups

Travelers by Age Group in Latin America 2010-2020

Million people


Over 50 35-49 25-34 15-24 0-14

63.19
88.70
Tourists aged 50+ represent a new target group

Comparing 2010 to 2020:

• 40% growth, the most dynamic growth group
• Increase of 26 million tourists

This represents:

• Nearly the number of outbound departures from Spain in 2015
• Almost twice the population of Buenos Aires in 2015

28% of all Latin American tourists by 2020
Governments invest in the elderly as tourists

<table>
<thead>
<tr>
<th>Country</th>
<th>Details</th>
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<tbody>
<tr>
<td>BRAZIL</td>
<td>Brazil’s Tourism Ministry: “Tips to Provide Good Service to Senior Tourists” (2016)</td>
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<tr>
<td>ARGENTINA</td>
<td>Nation’s Tourism Ministry: Promotional season in late 2016 targeting the elderly</td>
</tr>
<tr>
<td>CHILE</td>
<td>National Tourism Service: Vacaciones Tercera Edad offers subsidised tourist packages</td>
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The market takes its own actions

Specialised travel agencies emerge, while traditional ones rush to meet growing demand

Peru
Uruguay
Brazil
Argentina
The elderly represent a unique type of consumer

- In-person transactions
- “Age-appropriate” destinations
- More spare time, more trips
- Low season
- Insurance, companions
THE “BOSS-LESS” PROFESSIONALS
The number of “boss-less” people grows

Employers and self-employed increase 10% from 2010 to 2016
This means an increase of 7.4 million workers which represents Ecuador’s entire Economic Active Population in 2015
Economic reasons and changes in lifestyles
The gig economy: Life values reshape work ties

End to “job for life”

A trade-off between freedom and security

A twofold impact on business:

Changes in consumer lifestyles and consumption and social trends

Implications for how to manage the workforce
Potential opportunities

Business centres and financial districts

Flexible work and decision where to stay

PERSONALISATION

Blurred lines between business and leisure
Short-term rentals becoming more popular

- Since 2015 Latin Americans have been growing accustomed to using lodging alternatives that are still more popular among European and North American tourists who visit the region for leisure.

- This has helped put lodging alternatives on the radar of Latin American tourists travelling for business as a choice worthy of consideration.

Note: Retail value sales, fixed 2015 exchange rates
Case study: Airbnb for Business

July 2014
- New website
- Typical demands from consumers: Wi-Fi, flat iron, no shared spaces

Autumn 2014
- Integration with TripLink
- Direct booking, facilitated reimbursement

2015
- Revamped Airbnb for Business
- Track spending by HR facilitated
- Brazil and Argentina
Potential workforce to be incorporated

• The change in labour market dynamics can benefit the travel industry in Latin America not only through the rise of new work values.
• There is an increasing number of unemployed workers and employed people seeking opportunities to improve their monthly incomes due to economic slowdown or even recession in several Latin American countries.
• They represent a workforce that can be incorporated into on-demand solutions for travel company operations.
Case study: Hertz

• In 2016, the car rental giant Hertz, which held a 7% share of the total car rental industry in Latin America in 2015, invested US$50 million in Luxe, a startup that valet parks cars when the owners can’t find a spot in the city.

• Luxe’s workforce is made mostly of people who are unemployed or looking for an opportunity to increase their income.

• So, the growing number of workers looking for alternatives to cope with financial woes during tough economic cycles represent a potential workforce for on-demand solutions that may benefit tourism industries like car rental.
FEMALE EMPOWERMENT
The birth of female empowerment

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<th>Argentina</th>
<th>Brazil</th>
<th>Chile</th>
<th>Colombia</th>
<th>Mexico</th>
<th>Venezuela</th>
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<tr>
<td>Female head of households</td>
<td>34.1%</td>
<td>36.4%</td>
<td>37.0%</td>
<td>34.6%</td>
<td>27.1%</td>
<td>42.2%</td>
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<tr>
<td>Female employment rate</td>
<td>32.5%</td>
<td>54.9%</td>
<td>50.9%</td>
<td>54.8%</td>
<td>43.8%</td>
<td>48.0%</td>
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<tr>
<td>Female per capita annual</td>
<td>7,375</td>
<td>4,902</td>
<td>7,273</td>
<td>3,273</td>
<td>4,580</td>
<td>807</td>
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<td>disposable income (USD)</td>
<td></td>
<td></td>
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<tr>
<td>Female students in higher</td>
<td>61.1%</td>
<td>57.3%</td>
<td>52.1%</td>
<td>52.9%</td>
<td>49.2%</td>
<td>66.7%</td>
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<tr>
<td>education</td>
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The digital world: Sharing experiences

Recent years have witnessed the appearance of websites and blogs written by women reporting their experience as autonomous travelers. Most often, women travel alone in search of freedom to arrange their own travel itinerary, as well as to have experiences of their own and gain a feeling of confidence.
Safety is the main concern when travelling solo

One out of eight women are willing to travel solo*

Largest concern is SAFETY

- Most women report checking reviews on travel websites such as TripAdvisor, Hostelz and Oyster in order to research not only the actual hotel, but the neighbourhood in which it is located and to choose the safest places to go.

- When making a reservation on platforms such as Airbnb and CouchSurfing, women usually pay special attention to places with a large number of positive reviews.

- Asking for a GPS when renting a car, taking portable door or window alarms with them are also common practices among women who travel solo - especially those who prefer staying at hostels.

*Source: Brazil’s Ministry of Tourism
Leisure destinations near the US may benefit

- Leisure destinations in **Mexico**, as well as in Central American countries such as **Nicaragua**, **El Salvador** and **Costa Rica**, benefit from initiatives targeted at female tourists.

- US-based companies such as Las Olas, Portals to the Self and SwellWomen offer travel packages that include **surfing lessons and yoga** for women looking for a **retreat**.

- Most common destinations are Puerto Vallarta, Isla Mujeres (Mexico), as well as resorts located in Puerto Viejo de Talamanca (Costa Rica) and Playa de los Mangos (El Salvador).

- **Proximity** to the US is key for boosting those destinations.
Convenience plays an important role as well

• For those women who do not want to travel alone, finding a companion is not always easy, not only do other people need to be willing to visit the same places as them, but timing is also important, as trips require planning.

• Travel agencies such as Mulheres Pelo Mundo from Brazil connect women who are seeking companionship for travelling when buying specific travel packages. In this case, convenience rather than safety has a strong appeal.
Key takeaways

FOCUS ON EXPERIENCE

PERSONALIZATION
Thank you!

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