

Market Update LATAM

January, 2024

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MAIN MARKETS

2021 DATA

ARGENTINA

Population
45.84million

GDP
455.17 trillion

BRASIL

Population
213.32million

GDP
1,645 trillion

3X Argentina
4X Chile
5X Colombia

CHILE

Population
19.72million

GDP
331.25billion

COLOMBIA

Population
51.05million

GDP
300.79billion

MEXICO

Population
128.97million

GDP
1,269 trillion

Source: The World Bank, UN and UNWTO
Panrotasbrazilianoverview20222023

Brief review of 2023 (Source GVA / Mastercard)

- Latin America's own economic growth has positively impacted its outbound travel.
- The emerging middle class is seeking and expanding their connections with different cultures
- Improved air connectivity and competitive pricing have enabled Latin American travelers to explore more international destinations, particularly in Europe.
- 12.000.000+ travelers from the TOP 5 Travel Markets Outbound Passengers to Europe.
LATAM Outbound travel market share to Europe average 25-30%
- Leisure flight bookings in Brazil were up 37% in March 2023 compared to March 2019
- Leisure flight bookings in Mexico were up 43% in March 2023 compared to March 2019
- The recovery of business travel lags in comparison to leisure travel, however demand for in-person business meetings remains robust with commercial flight bookings well above pre-pandemic levels

General trends for 2024

- Democratization of travel:
 - More digital planning.
 - Implementation of AI in travel planning
 - Z generation are reaching the age for travel decision making with new ways of buying trips and travelling.
- Combining business and leisure travel: “Bleisure”
- Destinations inspired by media: Social media, cinema, TV, music stars, etc: 22% of Brazilians choose travel experiences highlighted by influencers, while 60% of Generation Z travelers have a strong desire to travel the world.
- Environmentally conscious travelers: Consumers are increasingly opting for eco-friendly travel. The majority of surveyed Mexicans (85%) will choose eco-friendly travel if it is available at an equal or lower price than alternative options, while 71% of Brazilians are very interested in eco-friendly options.

Opportunities

- High end markets
- Influence from SoMe
- Bleisure
- Increased interest for eco-friendly experiences
- Increased interest for slow travel
- Destinations inspired by social media, travel combining work and leisure, and more democratic and eco-friendly experiences will shape the industry in 2024.

Challenges

- Higher cost of air tickets
- High currency exchange rates (dollars and euros)
- Continuing economic uncertainty
- Geopolitical developments and conflicts

Long terms expectations 2025-2030

- Travel will remain a priority
- Carbon taxes, visitor taxes and mandatory climate rules will place limits of travel
- Travel and travellers will become more responsible & sustainable
- Slow travel
- Drastic change in seasonality

Brazil

Brazil

General Overview

POPULATION: 215.586.573 people

Age distribution:

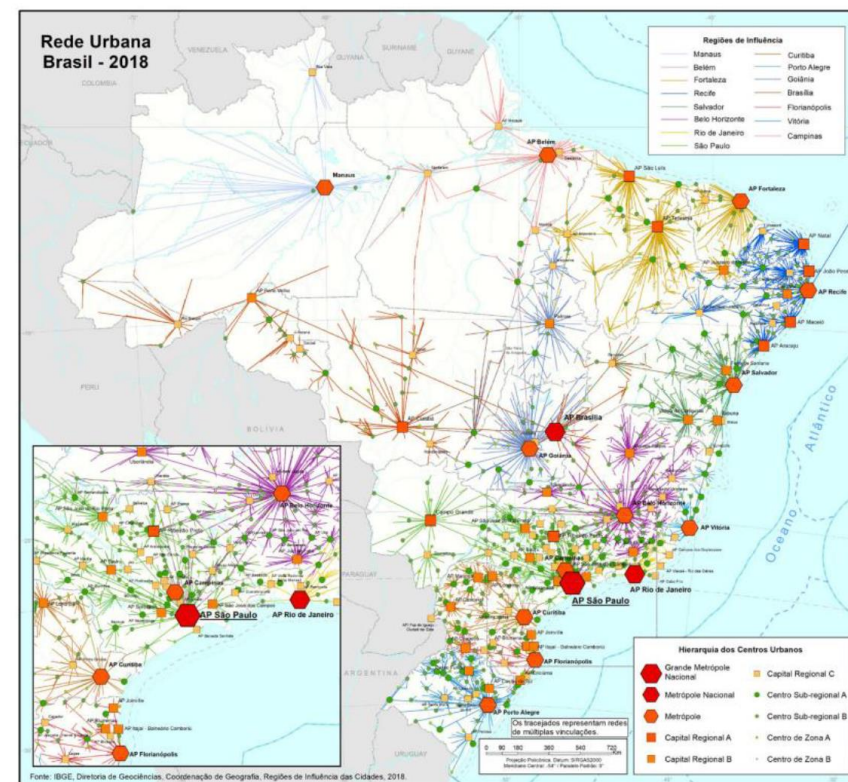
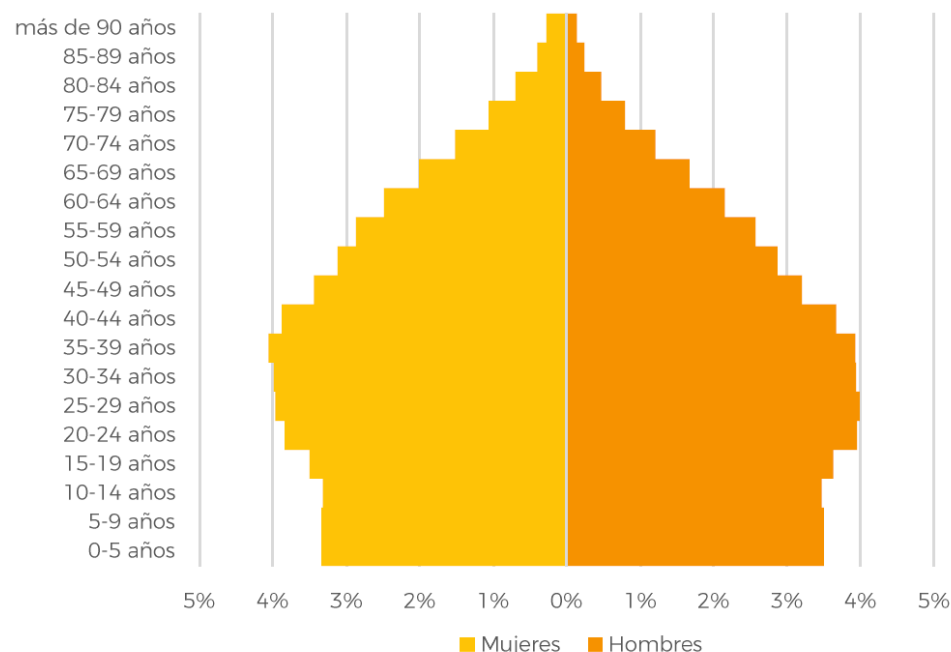
Most 15-49 years old

Distribution in the country:

Concentration in the Atlantic Coast

And in 15 big cities

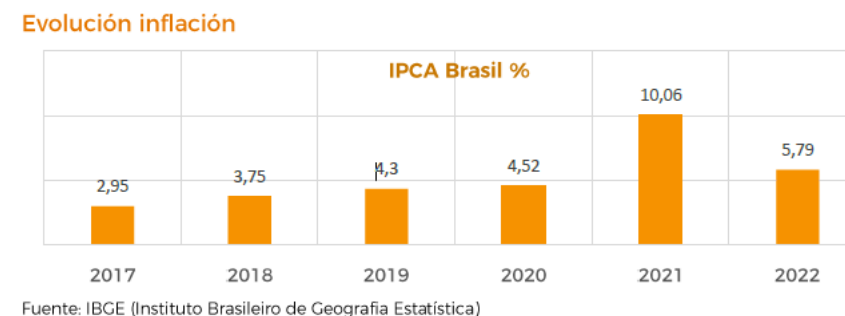
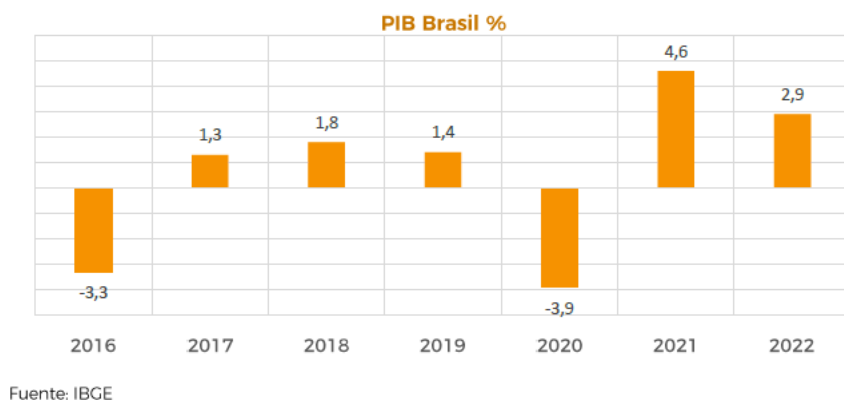
PIRÂMIDE DE POBLACIÓN BRASIL 2022 (proyección)



Fuente: Instituto Brasileiro de Geografia e Estatística (IBGE), Regiões de Influência das Cidades 2018

Economic situation

- COVID affected very dramatically Brazil economy and in 2020 the GDP had the worst result ever with -3,9%
- During 2021 economy recovered with an increase of 4,6% and in 2022 there was a 2,9% GDP interannual growth.
- Main sector is “services” and the engine for the recovery has been tourism.
- Inflation went down from 10.06% to 5.79% in 2022



ECONOMY. GDP 1.920 trillion

Unequal distribution of wealth

COEFICIENTE GINI			
	Coef. Gini	Año más reciente	PIB per cápita (US\$ a precios actuales)
Francia	30.7	2020	43,659.0 (2021)
Alemania	31.7	2019	51,203.6 (2021)
Portugal	34.7	2020	24,567.5 (2021)
Japón	32.9	2013	39,312.7 (2021)
España	34.9	2020	30,103.5 (2021)
Italia	35.2	2020	35,657.5 (2021)
EE.UU	39.7	2020	70,248.6 (2021)
Chile	44.9	2020	16,265.1 (2021)
México	45.4	2020	10,045.7 (2021)
Brasil	52.9	2021	7,507.2 (2021)

Fuente: Banco Mundial (<https://data.worldbank.org/indicator/SI.POV.GINI>)

Increase in consumption and in the confident index

Evolución PIB per cápita

CUADRO MACRO					
	2018	2019	2020	2021	2022
PIB PER CÁPITA (R\$) ¹ (Tasa de variación interanual)	1.0%	0.4%	-4.8%	3.8%	2.2%
CONSUMO DAS FAMILIAS ² (Tasa de variación Interanual)	1.8%	1.0%	-5.2%	3.4%	4.3%
ÍNDICE DE CONFIANZA ² (Puntos en DICIEMBRE)	93.8	91.6	78.5	75.5	88.0

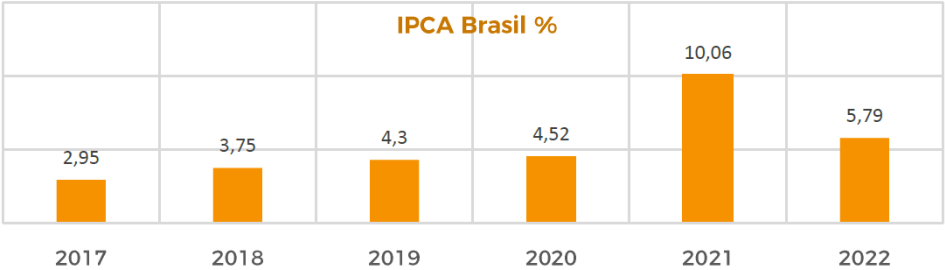
Fuente: IBRE/FGV

Decrease in unemployment rate



Decrease in inflation rate

Evolución inflación



Fuente: IBGE (Instituto Brasileiro de Geografia Estatística)

Per capita GDP, consumption and confidence index

All indicators show positive development

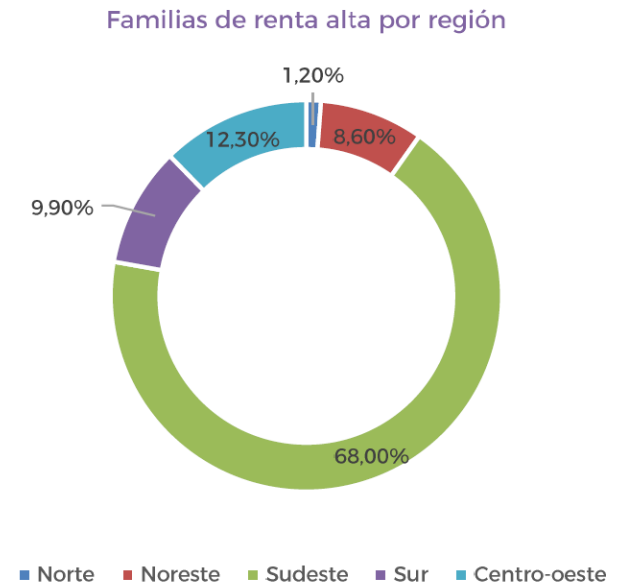
Evolución PIB per cápita

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PIB PER CÁPITA (R\$)¹ (Tasa de variación interanual)	1,0%	0,4%	-4,8%	3,8%	2,2%
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ÍNDICE DE CONFIANZA² (Puntos en DICIEMBRE)	93,8	91,6	78,5	75,5	88.0

Fuente: IBRE/FGV

High income segment

- According to research done by the official statistic department of Brazil families with higher income than 5.700 € per month is around 2,5% of the population. But they represent 23.5% of the total spenditure in tourism.
- 70% of this segment live in the south east of the country and Sao Paulo state represents around 50% of the total.
- According to Global Wealth Report 2022 Brazil is the country where the number of millionaires, with an income more than a million dollars, will grow more in the whole world.



Fuente: IBGE

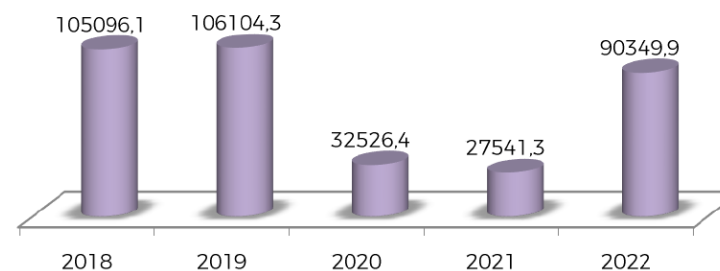
Brazil Tourism Abroad

Market overview

- In **2022** there were around **6.500.000 travelers** abroad.
- Spending was around **17.000 million €**, **-14,8% compared to 2019**. Domestic is recovering faster than international travel.
- School holidays are **during July, December and January** but they travel all over the year.

Spending in travel abroad

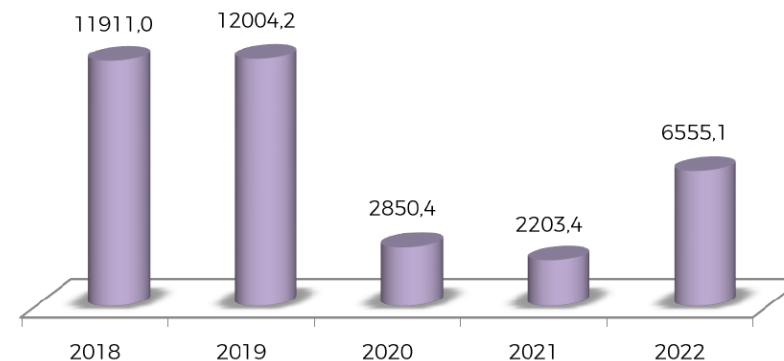
Gasto total turismo emisor (Millones de reales)



Fuente: Euromonitor

Number of trips abroad

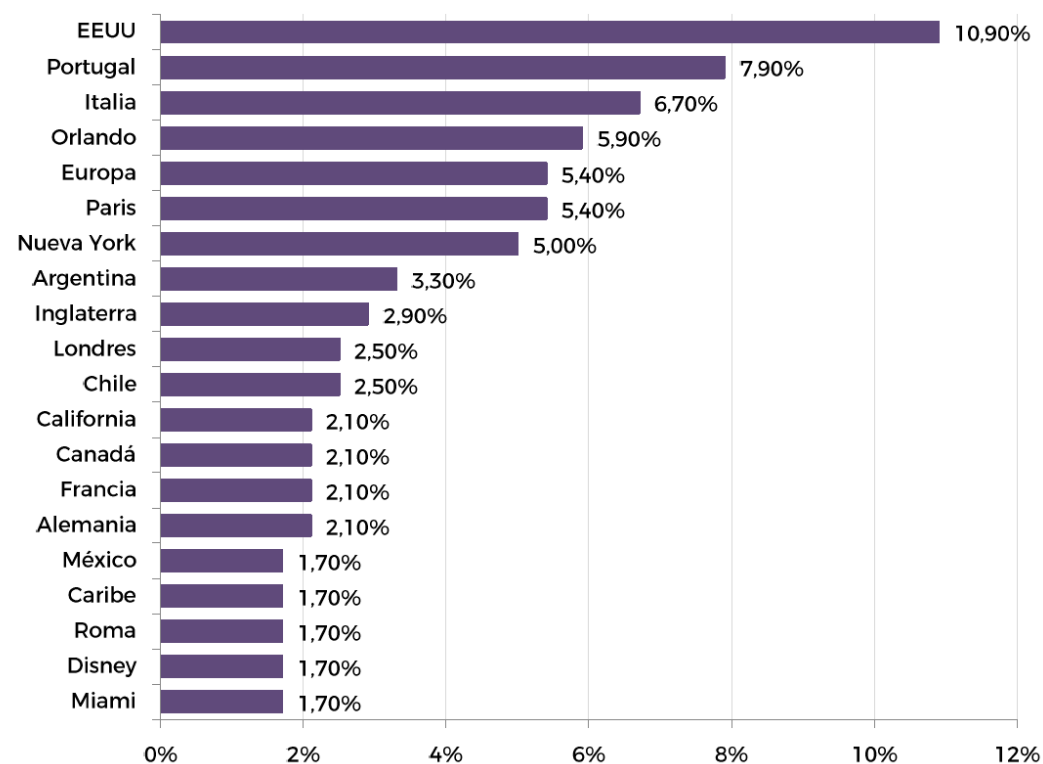
Viajes al exterior (miles)



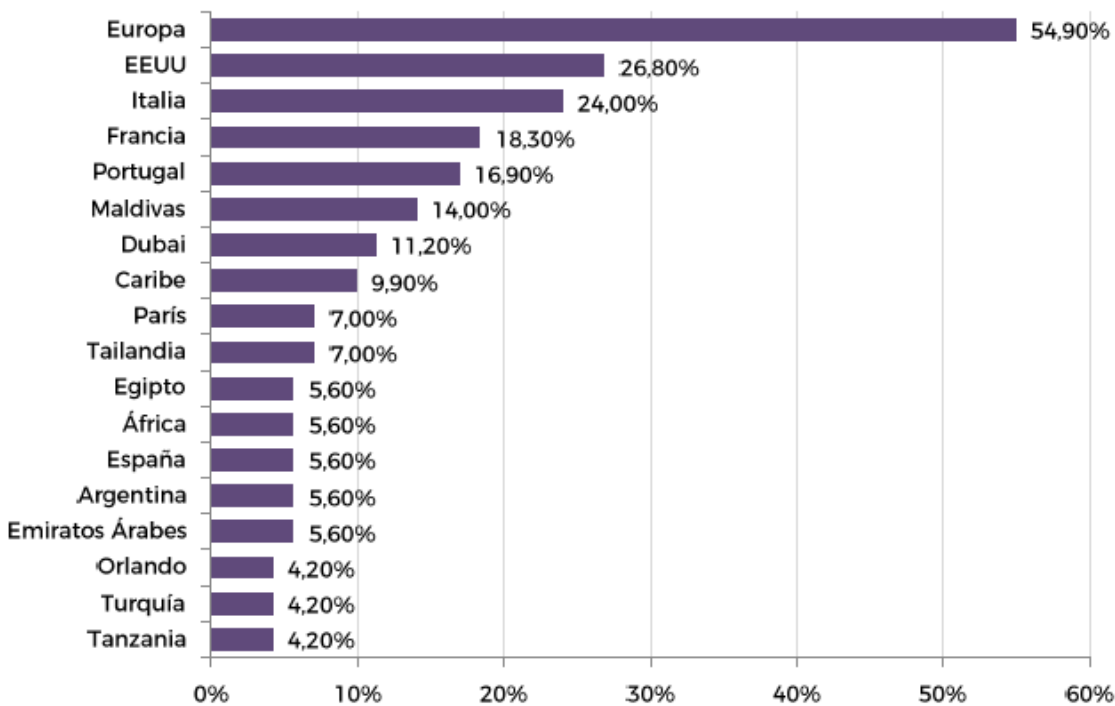
Fuente: Euromonitor

Preferred destinations for next trips. According to travelers and to the travel sector

Principales destinos para el próximo viaje según los turistas (%)



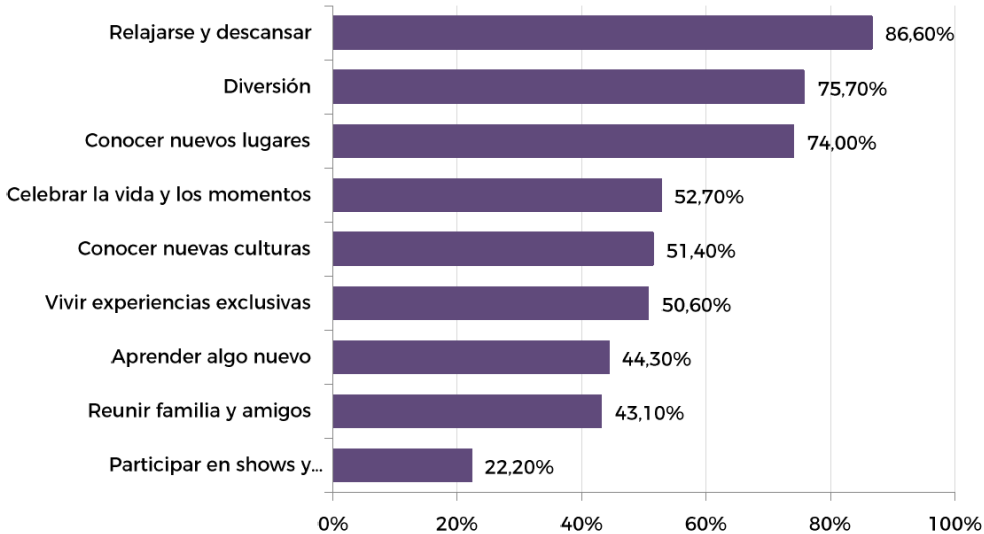
Principales destinos para el próximo viaje según las empresas (%)



Fuente: Annual Luxury Travel Report 2022/2023 ILTM/Panrotas

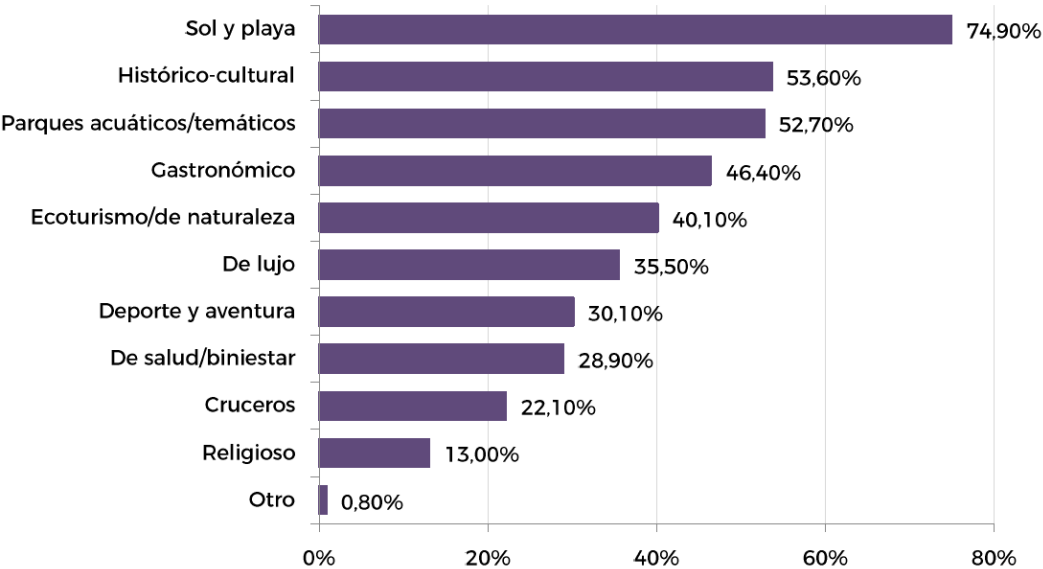
Motivations for travel and niches

Principales propósitos (%)



Fuente: Annual Luxury Travel Report 2022/2023 ILTM/Panrotas

Principales nichos para el próximo viaje (%)



Fuente: Annual Luxury Travel Report 2022/2023 ILTM/Panrotas

Some travel patterns high rent tourists

- Main reservation channels: **OTA's** and metasearchers. Travel agencies also have a big weight
- EEUU, Portugal, Italy and France are the most demanded destinations for next trips.
- They appreciate **tailor made** itineraries
- Type of accommodation. Mostly **5 star luxury** hotels
- Preferred activity is sun and beach but there is an increased interest for **culture, history and gastronomy**.
- Increased concern about **sustainability** in travel
- The population pyramid in Brazil is moving towards **millennial and Z generations** with increased market share in tourism and with new travel behaviour and needs.

Bednights Brazil in Norway

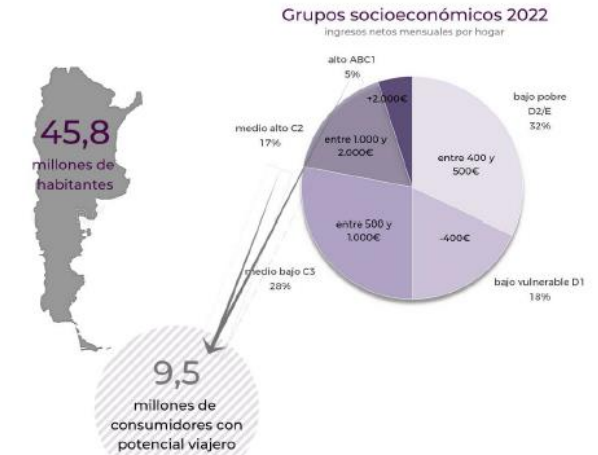
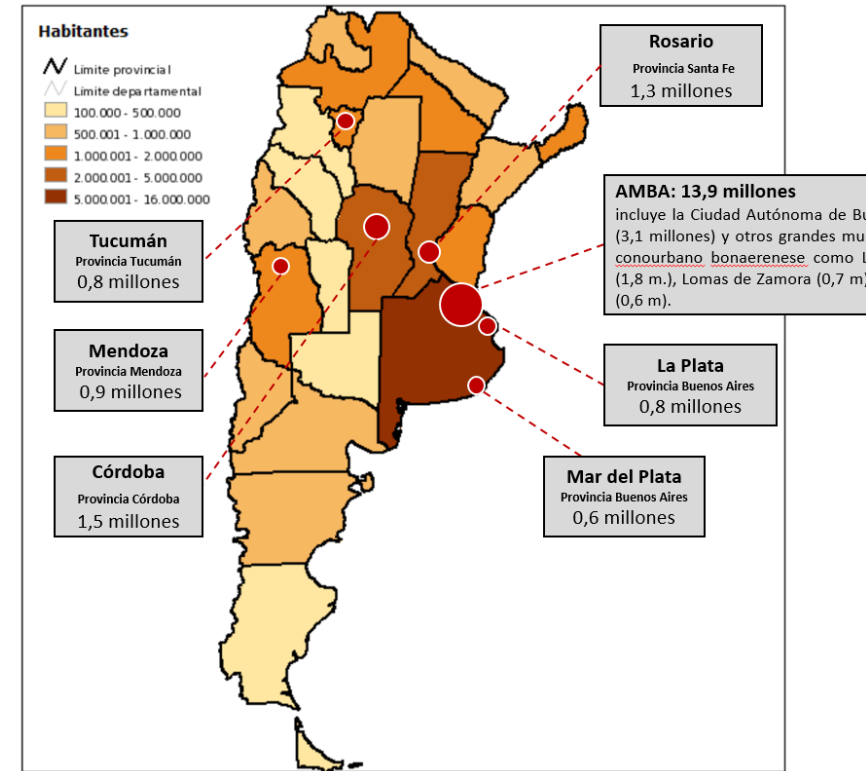
•2019	50.726
•2020	11.001
•2021	4.516
•2022	30.326
•2023	40.961 (up to November)

Argentina

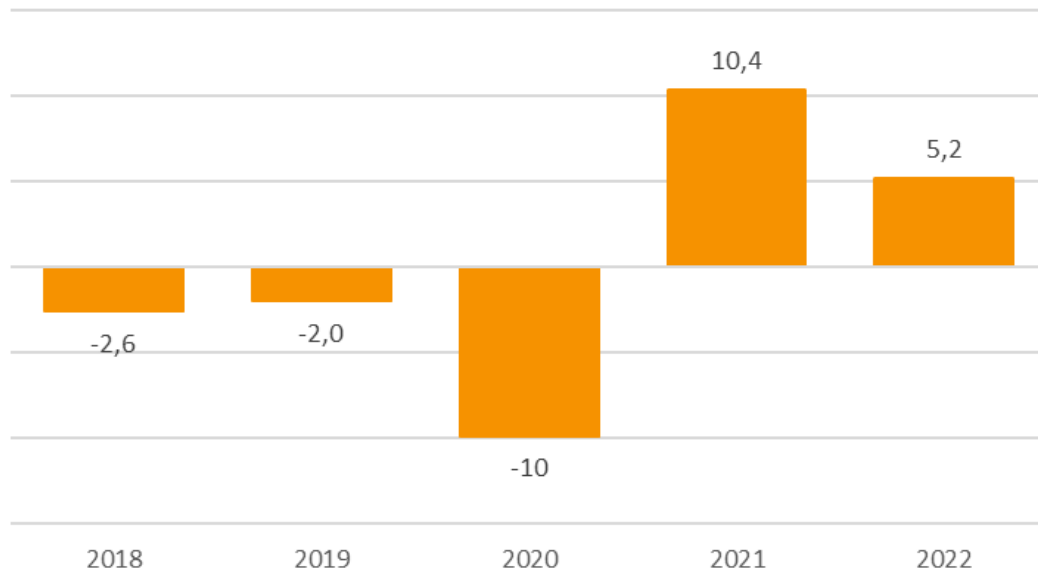
Argentina General Overview

Some facts (2022)

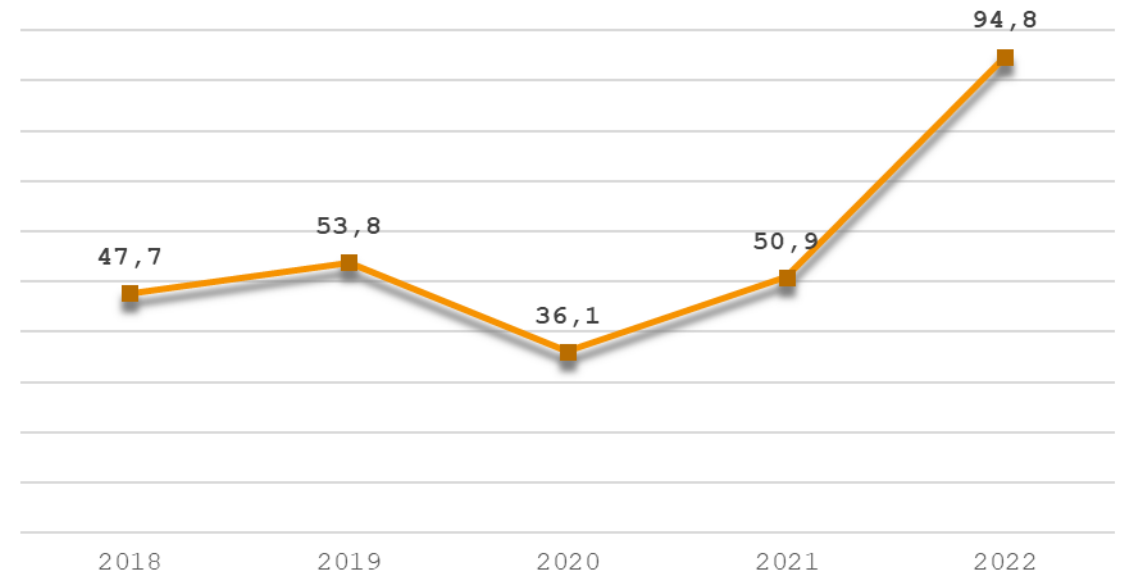
- **46,05 million inhabitants**, 51,76% are women and 48,24% are men. It is the 4th most populated country in Latin America.
- Only 16,5 inhabitants per Km2. Very concentrated population. **65% concentrated in Buenos Aires and four provinces.**
- **Strong wealth differences** and 39% of the population are considered poor in 2022.
- It is number 70 in the world ranking of rent per capita (low level of life).
- Unemployment rate; **6,3%**



GDP (Euromonitor)



Inflation (INDEC)



Argentina Tourism highlights

The travel sector

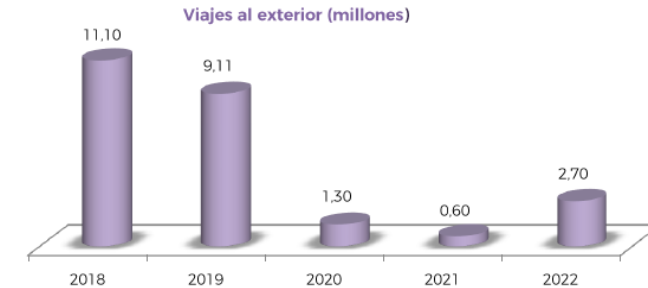
- **5.217** retail travel agencies in 2023. Around 47% in Buenos Aires area.
- **65%-70%** of total agencies are still **traditional travel** agencies while only 30-35% are online.
- Trend for specialization and **tailor made products**.
- **OTAs and consolidators** issue most of international tickets. Most important: Despegar, Al mundo with more than 25% of total tickets issued.
- There are **550 tour operators** as such, being the most important:

Ola	Juan Toselli	Julia Tours	Piamonte
Dopazo & Ravenna	Europaba	Estilo Plus	Destefanis Travel
- High penetration of **SoMe among TTOO**: Facebook (87%), Instagram (58%) and Whatsapp (71%)

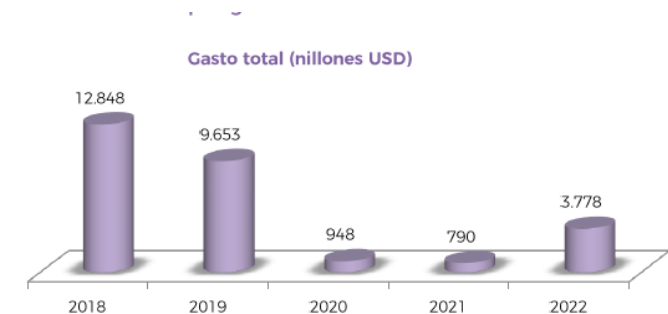
The outgoing market (2023)

- International tourism is recovering after COVID. Spending went from **790 million USD in 2021 to 3.778 million USD in 2022**. Still this is **-40%** compared to outgoing international spending in 2019.
- **21%** of the total population (**9,5 million people**) belong to medium-high class with buying power to travel abroad. And **2.2 million** (4,8% of the total population) can be considered “**premium**” or “**high end**” with high capacity for spending in travel.
- This “premium” tourist normally travels long haul once or twice per year and have a level of **spending 90% higher than average** international tourists (to Spain).

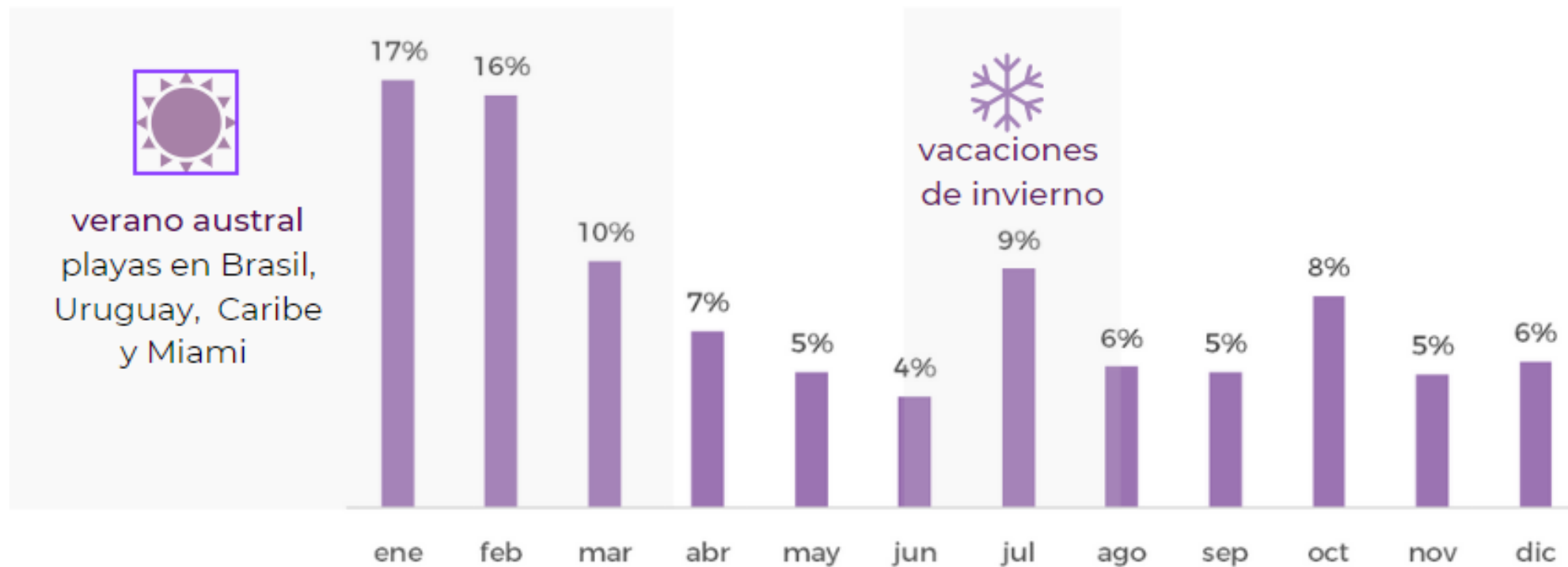
Total trips



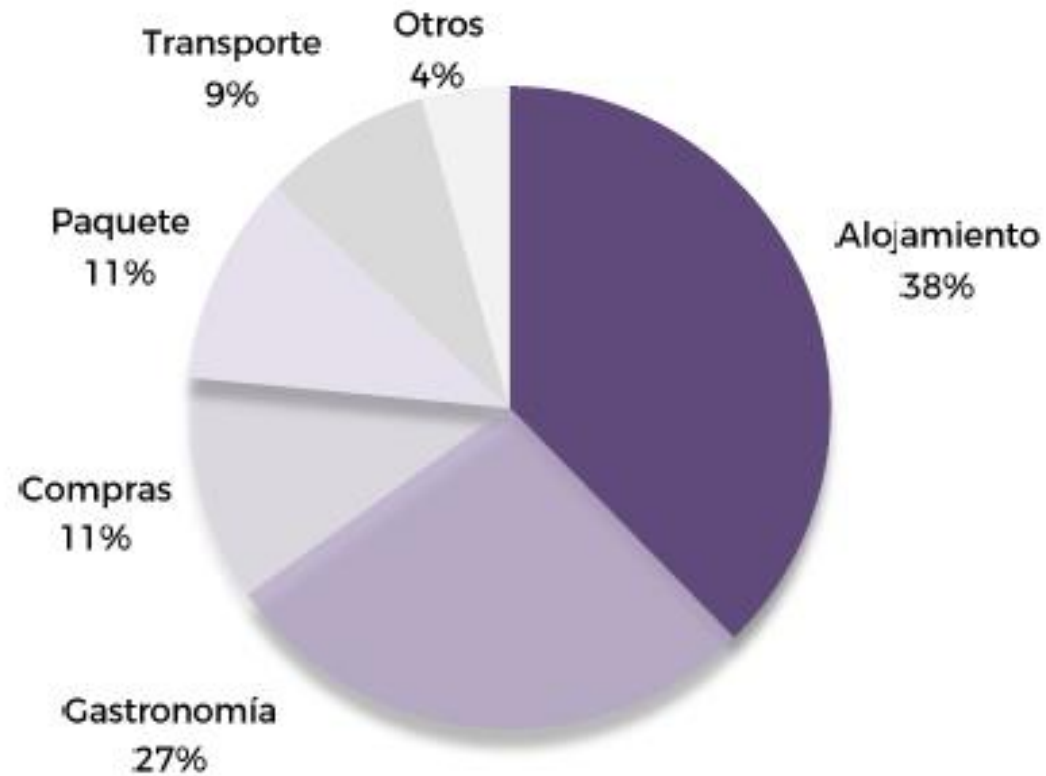
Total spending



Seasonality (% of total international trips)



Distribution of travel spending



Fuente: Dirección de Estadísticas Básicas de la Balanza de Pagos 2022, INDEC.

Average stay

Estancia media:



Fuente: Estadísticas turismo internacional 2022, INDEC - Instituto Nacional de Estadística y Censo

Bednights rest of LATAM (Mainly Argentina, Colombia)

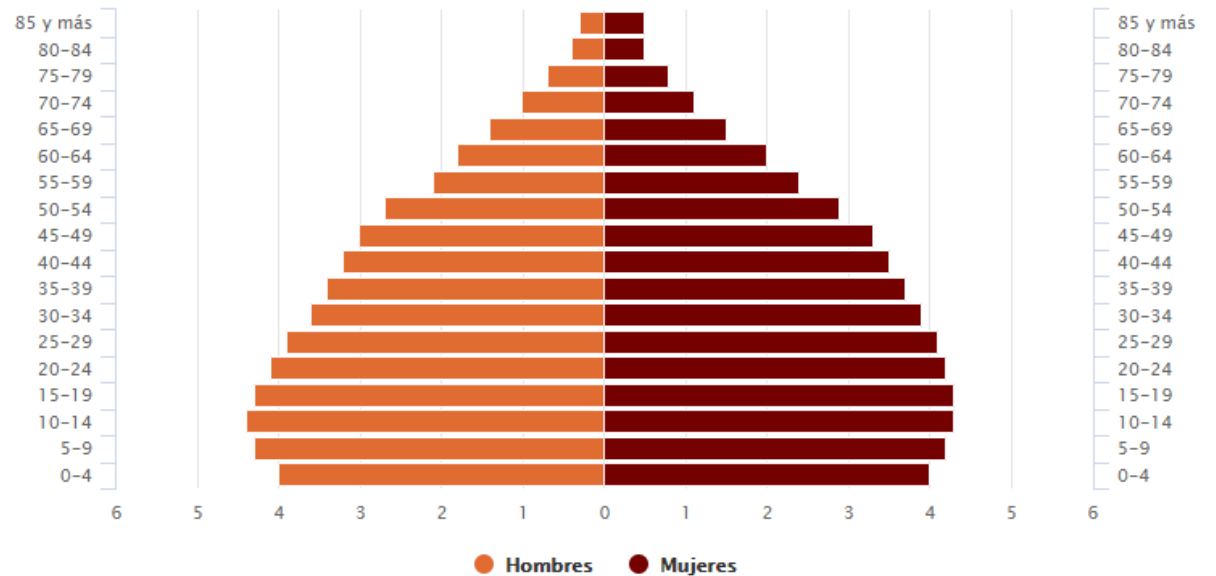
•2019	45.861
•2020	13.146
•2021	12.093
•2022	37.039
•2023	45.580 (up to November)

Mexico

Mexico General Overview

Population

- Population: **126.014.024 inhabitants.** (2020). Biggest population in Latinamerica
- Very **young population** with an average age of 29 years old and an annual growth of 1,2%
- **70%** of the population live in **cities.**
- **Migration** is an important factor in Mexico and there are more than 36 million mexicans living in US.



Socioeconomic groups

- **High class (6,8%).** Have traveled by plane during the last six months and normally use luxury facilities. Most of them travel at least once per year outside the country and several times domestic.
- **Medium-high class (10,8%)** Normally spend their holidays and some of them travel abroad once per year.
- **Medium class (14%).** Travel domestic once per year
- **Emerging medium class (15,4%).** One excursion per year to visit family or to their town of origin.
- **Medium-low class (15.4%).**
- **Low class (27.8%)**
- **Extreme poverty (10%)**
- The number of **millionaires** in Mexico (more than 1 million dollars) increased during 2022 from **264.000 to 318.000.**

Economic highlights

- **Tourism** is the most important sector for Mexican economy.
- Economy highly dependant on **US and Canada**. Around **40% of the GDP** in Mexico depends on these countries.
- Per capita rent is **10.590 €**. Position 66 in the FMI list.
- Unemployment tax: **3%** in January 2023
- Economy grew by **3.1%** in 2022 and inflation went down to 6,25% in April 2023.
- Growth expectation for 2023 is **1,8%**.
- Second biggest economy in Latinamerica. After Brazil

GDP

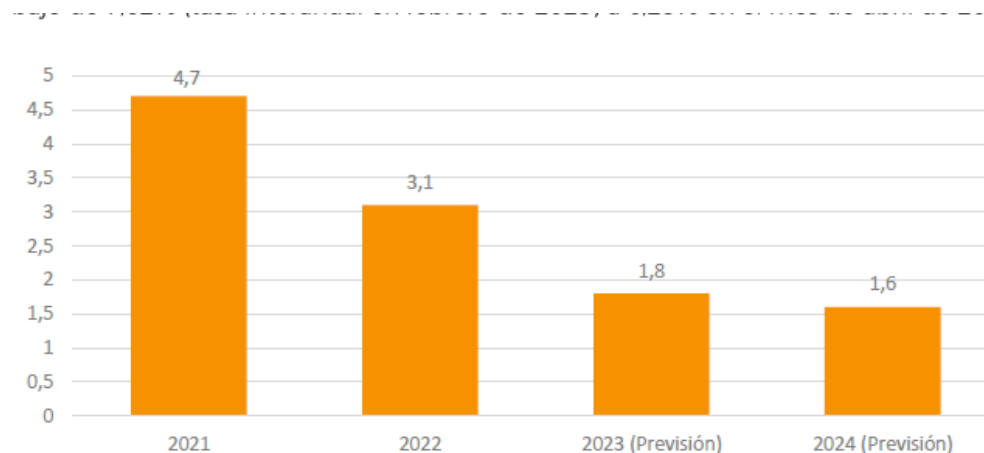


Gráfico 4: Crecimiento PIB (variación porcentual anual). Fuente: FMI. Elaboración propia.

Inflation

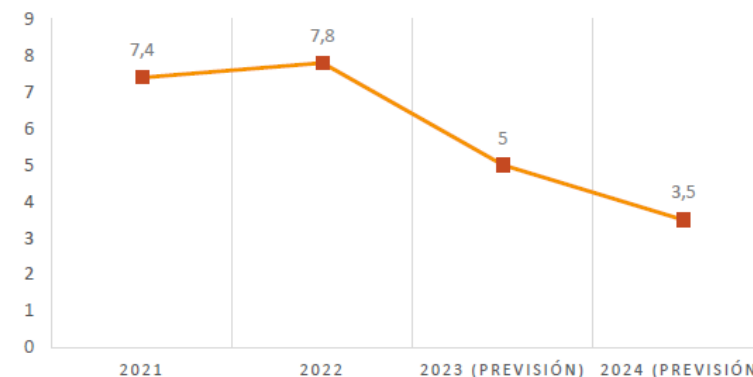


Gráfico 6: Tasa de inflación (variación porcentual anual). Fuente: INEGI. Elaboración propia.

Mexico Tourism highlights

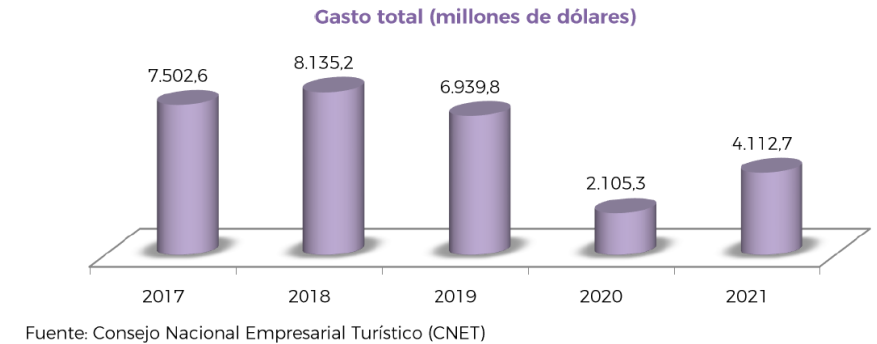
The tourism sector

- **70%** of tourism sales are done through **travel agencies/tour operators**.
- There are around **35 relevant tour operators** (working with Europe) and around **5.500 travel agencies**.
- There is an increased demand for **tailor made** packages and experiences.
- **Internet penetration is around 75%** and the number of online transactions in tourism is rapidly increasing. But still the majority of Mexicans are using traditional agencies and many offer both options.

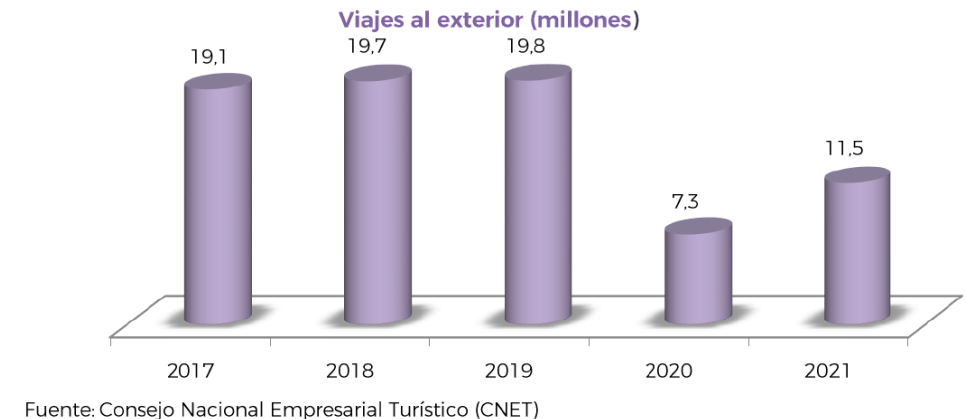
The Mexican traveler abroad

- They belong to the **higher income segments** of the population and the total number is around **26,5 million people (21% of the population)**.
- Most important outgoing cities are **Mexico, Guadalajara and Monterrey**.
- They have a high purchasing power and like to **spend a lot** when traveling.
- They buy their trip in a travel agency but they like to **travel individually** and they use internet for inspiration and information.

Spending



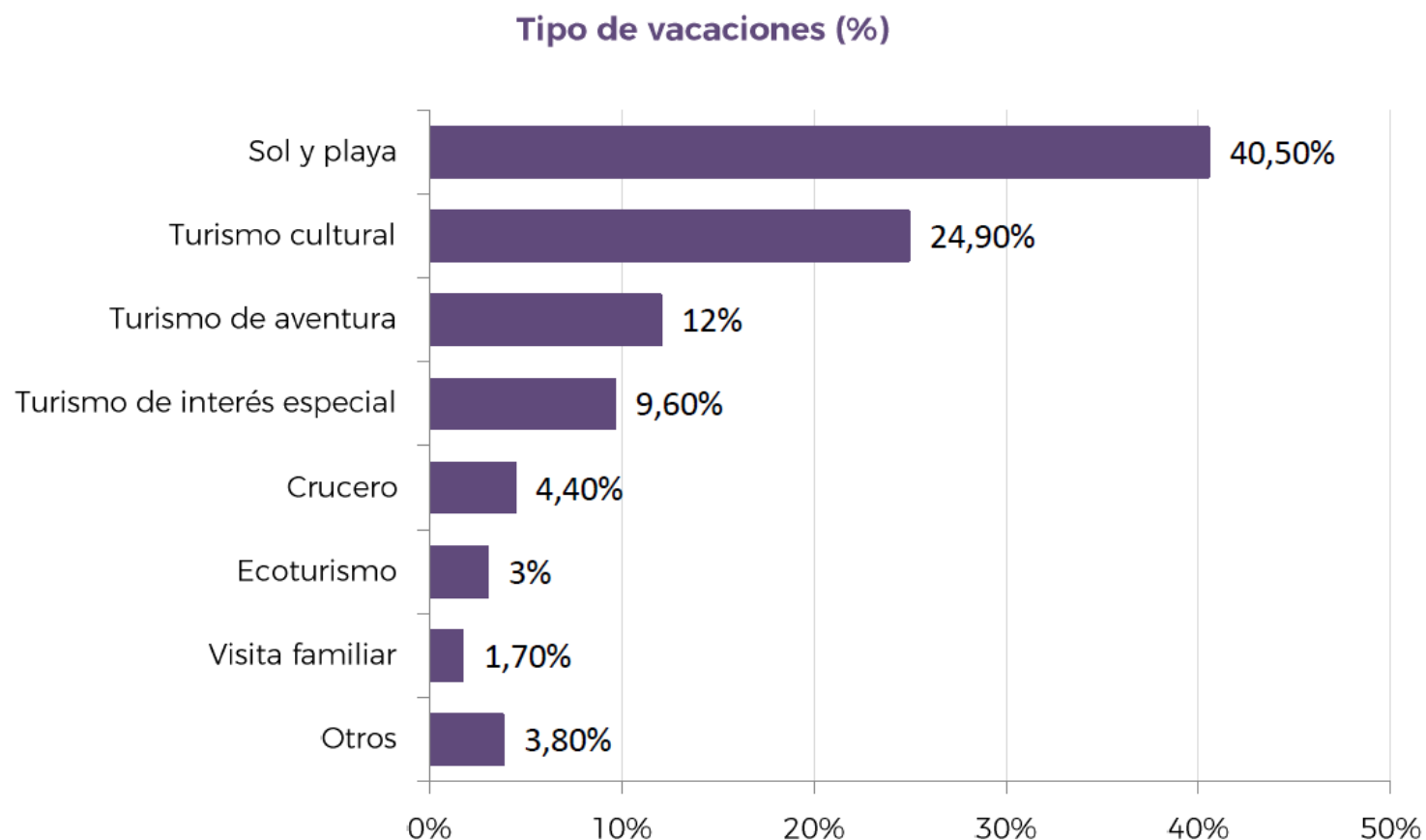
Number of trips



Mexican traveler abroad

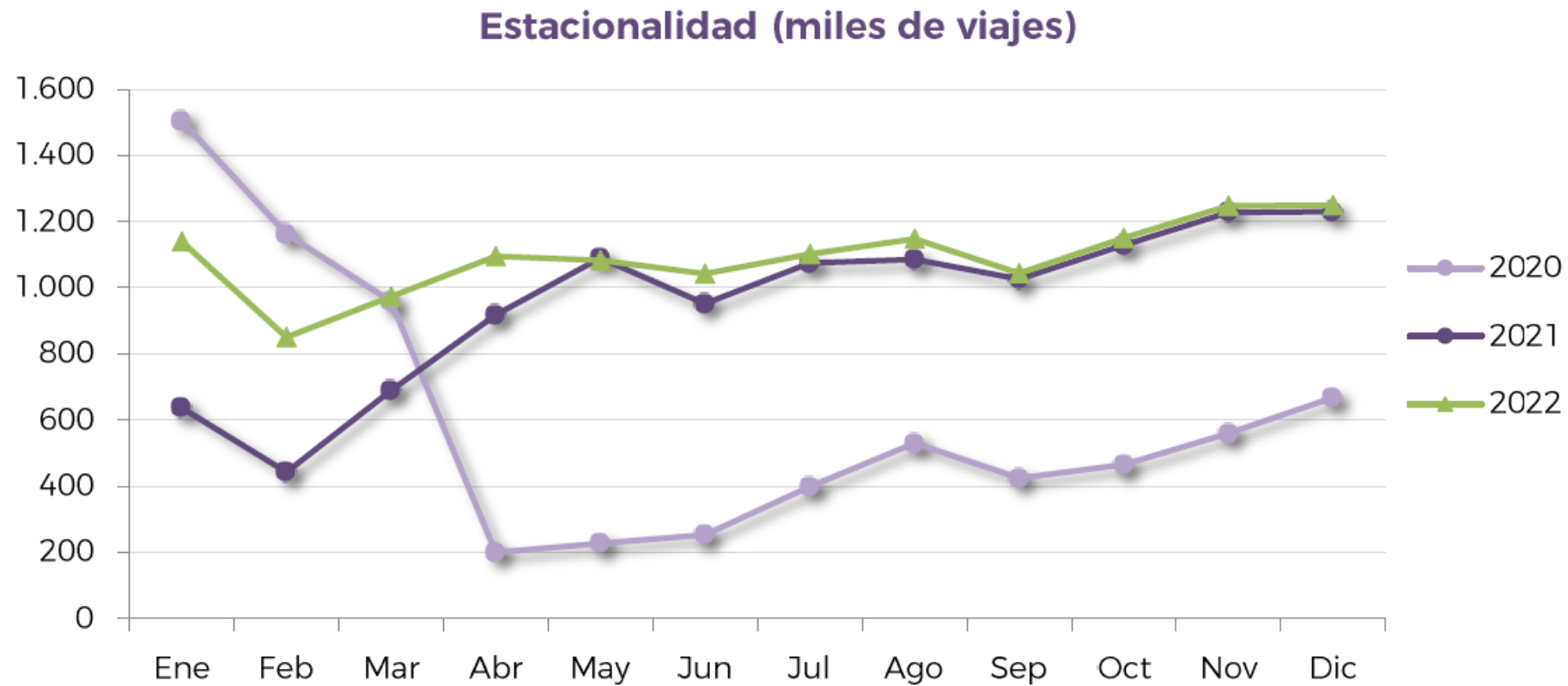
- Middle age with **high education**.
- Travel for leisure in **summer and Christmas**
- The predominant profile is **urban and explorer**.
- **Spending is increasing** at a fast pace and in 2022 spending in travel abroad is 72% more than 2019. Same with number of travelers (in 2022 56% more than in 2019)

Type of holidays



Fuente: DATATUR (Secretaría de Turismo, SECTUR)

Seasonality



Fuente: DATATUR (Secretaría de Turismo SECTUR)

Bednights Mexico - Norway

- 2019 15.138
- 2020 3.071
- 2021 2560
- 2022 12.316
- 2023 15.958 (up to November)

VisitNorway activities in LATAM

VisitNorway activities in LATAM in 2024

- **FITUR** travel fair. Norwegian stand. Fitur is the largest fair for the tourism business between Latinamerica and Europe. Many Latinamerican visitors will attend.
- **Norwegian Travel Workshop.** 9 buyers from Brazil and 1 from Argentina
- **Norway Roadshow Brazil & Argentina:**
11-14 March
Sao Paulo, Brasilia, Porto Alegre and Buenos Aires
- **Fam trip** to FjordNorway and Oslo in connection with NTW. 8 participants
- **Webinars** with selected tour operators
- **Continuous support** to the travel trade and networking for the Norwegian Travel Trade
- **Support from GVA**

Tusen Takk

More information:

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