



**ARIZONA**  
OFFICE OF TOURISM

Market Update 2022

- 
- Official Name: Estados Unidos Mexicanos
  - Territory: 1,964,375 km<sup>2</sup>
  - Population: 128.9 million
  - Capital City: Mexico City
  - GDP: \$1.07 USD Trillion
  - Exports: \$431.45 USD Billion



Sources: INEGI; [www.statista.com](http://www.statista.com), World Bank OECD

# Mexico General Demographics



**Average age 29**

48.8% Male  
51.2% Female



**Unemployment  
(April 2022)**

**3 %**



**Inflation rate**

2020 – 3.4%  
2021 – 5.7%



**Labor Force**  
57.7 Millions



**Currency exchange**

MXN vs USD is determined by market forces (floating exchange rate/free float regime)

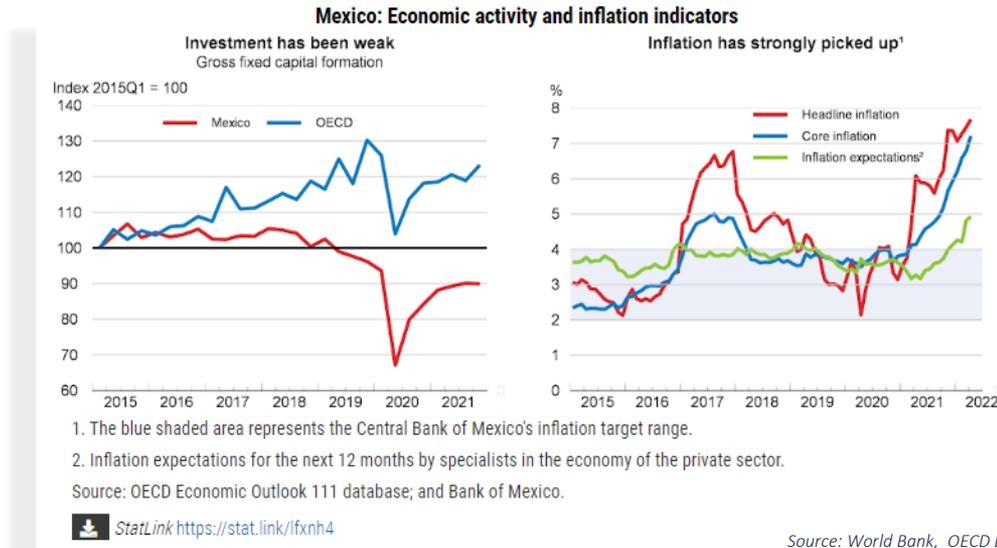


**Poverty Rate: 40.3%**

Unable to afford food, healthcare, education, clothing, housing and transportation.

Sources: INEGI; World Bank OECD

- Mexico is among the world's 15 largest economies; 2nd in Latin America.
- The US is the largest trading partner and destination of 78.1% of its exports.
- The economy grew 4.8 percent in 2021 after contracting by 8.2 percent in 2020. Supported by increased mobility and U.S. demand, the services and manufacturing sectors posted solid performances during the first half of 2021. However, the recovery lost momentum during the second half of 2021 because of supply chain shortages, a rise in COVID-19 cases and depressed investment.



Source: World Bank, OECD Economic Outlook, Volume 2022 Issue 1: Preliminary Version

# Exchange Rate

## USD to MXN Chart

1 USD = 19.5925 MXN Jun 6, 2022, 17:50 UTC

US Dollar to Mexican Peso



Source: xe.com

## Mexico Economic Outlook

The economy is projected to expand by 1.9% in 2022 and 2.1% in 2023. Consumption will be supported by the gradual improvement in the labour market, remittances, and the increasing share of the population vaccinated. Exports will continue to benefit from deep integration in global value chains and a gradual recovery in tourism. Planned public infrastructure projects will benefit investment. Inflation will stand at 6.9% in 2022 and edge down to 4.4% in 2023.

Boosting public investment and social spending further would deepen the recovery. Measures to respond to increases in energy prices should be temporary and targeted at the most affected households and SMEs. Monetary policy should continue to tighten to keep inflation expectations anchored. Providing investors, both domestic and foreign, with certainty about existing contracts and with regulatory stability would help to boost investment. Improving access and the quality of childcare would support female labour force participation and reduce educational inequalities.

## An uneven recovery has resumed and inflation has strongly picked up

After the weak outcomes in the second half of 2021, real GDP grew by 1% (at seasonally adjusted quarterly rates) in the first quarter of 2022. Automobile production continues to be constrained by supply chain problems. Consumption of non-durable goods is well above pre-pandemic levels while services consumption and private investment lag. Unemployment and underemployment have decreased but remain above pre-pandemic levels. Global inflation, supply-chain disruptions and domestic factors continue to exert significant pressure both on headline and core inflation. Consumer prices rose by 7.7% year-on-year in April 2022, with underlying inflation reaching 7.2%. Inflation expectations 12-month ahead have continued to increase, but longer-term inflation expectations remain stable.

The geopolitical turmoil resulting from war in Ukraine has generated a new source of uncertainty for the Mexican economy. While trade and financial ties with the countries in conflict are weak, Mexican exports would be impacted indirectly, mainly through the US economy. Global increases in commodity prices are also adding to existing inflationary pressures. Tax relief measures and generalized tax credits are cushioning the impact of higher energy prices. Higher interest rates in global financial markets will increase Mexico's sovereign financing costs.

## Fiscal policy can foster growth prospects.

The budget deficit is expected to increase to 3.1% of GDP in 2022, from 2.9% of GDP in 2021, and to decrease to 2.8% of GDP in 2023. The official measure of public debt is expected to stabilize around 50% of GDP. The ongoing recovery and medium-term growth prospects could be strengthened by increasing public investment, based on cost-benefit analysis, and targeted spending on social programs. The commitment to debt sustainability could be maintained by gradually broadening tax bases, phasing out inefficient and regressive exemptions, and strengthening the property tax.

To respond to mounting inflationary pressures, the central bank has increased interest rates in its last eight board meetings, leaving the rate at 7%. With widespread price pressures expected to persist, further interest rate increases are warranted. The interest rate is assumed to increase to 9% by the first quarter of 2023 and remain at that level in the rest of 2023. The government has taken steps to mitigate pressures in basic goods prices, including the elimination of tariffs for basic goods, cooperation with the private sector to freeze the prices of 24 key products (mainly food) for six months, measures to increase production of basic grains and the reduction of customs fees for basic goods.

## Growth will be moderate

The economy is projected to expand by 1.9% in 2022 and 2.1% in 2023. Domestic consumption will be a key growth driver while services related to tourism will gradually recover. Exports will continue to benefit from deep integration into value chains. Inflation is expected to increase in 2022 and gradually slowdown in 2023, as the impact of higher interest rates take effect and ample spare capacity limits wage pressures. However, the inflation outlook remains very uncertain. Inflation may be higher for longer, eroding purchasing power, particularly of vulnerable households, and requiring a larger tightening of monetary policy. If infections increase, mobility could decrease, hampering economic activity. Episodes of financial volatility may trigger greater risk aversion, reduce net financial inflows and increase financing costs. On the upside, near-shoring opportunities could imply stronger exports. The recovery in tourism could be quicker than anticipated.

## Restarting investment and boosting productivity are key priorities

Improving business regulations at sub-national level, by lowering administrative burdens and monetary costs for starting and formalizing companies, would help to raise investment and formal job creation. Ensuring independent competition authorities and regulators, with sufficient budget to carry out their functions, would also boost competition and productivity. Allocating more resources towards primary education would mitigate the adverse effects the pandemic had on educational outcomes. Transitioning towards massive urban and interurban transport and promoting renewables energies could reduce emissions and the use of fossil fuels.

*Source: OECD Economic Outlook, Volume 2022 Issue 1: Preliminary Version*

## Some of the Mexican economy challenges in 2022, according to BBVA

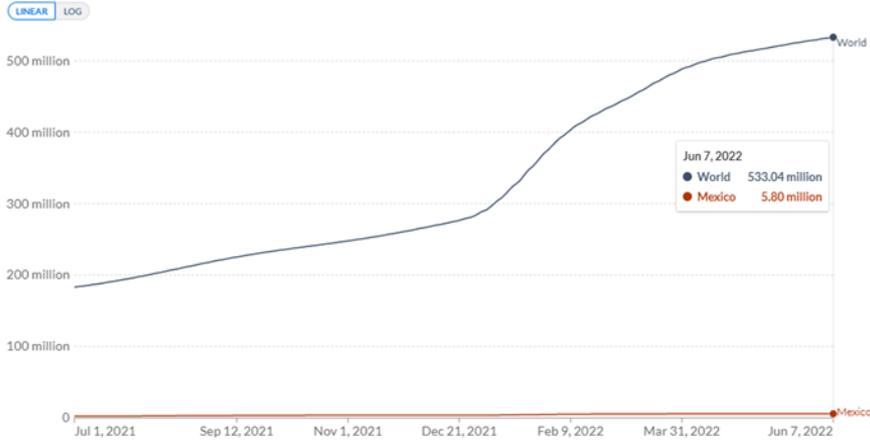
- **Downward revision to BBVA's 2021 GDP growth forecast to 5.3% (6.0% previously)** due to the weakness of demand and the lower GDP growth reported by the National Institute of Statistics and Geography (INEGI) in 1Q21-3Q21 (vs preliminary figures).
- **Bottlenecks and supply shortages are hampering the recovery of manufacturing;** the automotive industry has been operating at 60% of its installed capacity in recent months.
- **Reduced formal employment forecast to 618 thousand new jobs for 2022;** there is still significant slack in the labor market.
- **Core inflation is expected to continue its rise in 1Q22,** and to decelerate more slowly than headline inflation. The latter will start a downward trajectory in 1Q22 but remain above 4.0% throughout the year.
- **Banxico, the Central Bank is expected to increase the monetary rate to 7.0% by the end of the year.**
- **BBVA forecasts a current account deficit of 0.8% of GDP for 2022** as a result of the modest growth forecast for 2022. Mexico does not have an external imbalance problem.
- **The forecast stability of public debt (% of GDP) and the expectation of higher tax revenue** mitigate the risk of losing the investment grade status in the next two or three years.

*Source: Mexico Economic Outlook 1Q22, BBVA Research*

# COVID 19 Situation in the Country

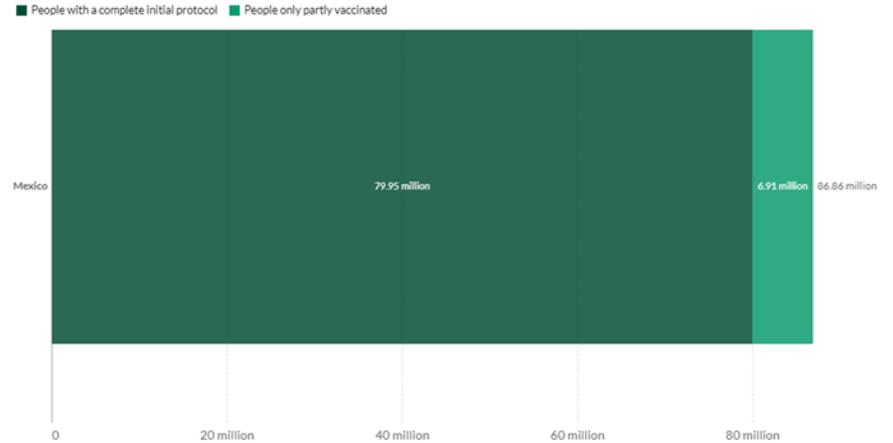
## Cumulative confirmed COVID-19 cases

Due to limited testing, the number of confirmed cases is lower than the true number of infections.



Source: Johns Hopkins University CSSE Covid-19 Data

## Number of people vaccinated against COVID-19, May 20, 2022



Source: Official data collated by Our World in Data

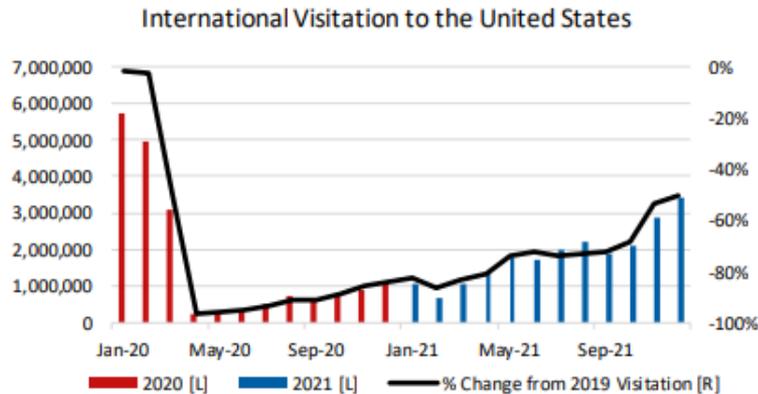
Note: Alternative definitions of a full vaccination, e.g having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.



# MEXICAN MARKET IMPORTANCE

## Mexico is the 1<sup>st</sup> inbound market for U.S.A. with 10,396,724 arrivals in 2021

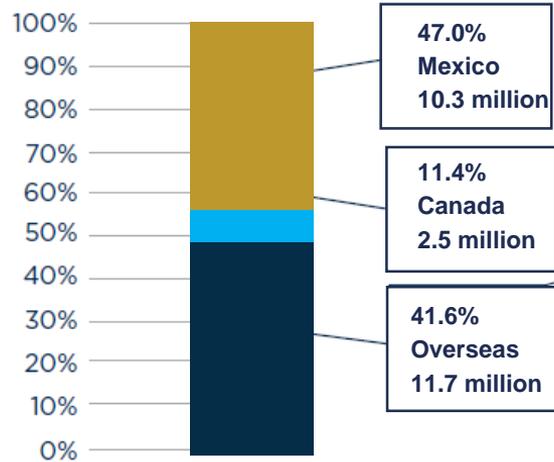
- In 2021, international arrivals to the United States totaled 22.1 million. This was +15% from 2020 (19.2 million) and -72% from 2019 (79.4 million). In 2021, 58% of international arrivals to the United States were from Canada and Mexico, while 42% were from the rest of the world, or overseas. This is similar to 2020, when overseas arrivals accounted for 40%. By comparison, during the prior five years, overseas arrivals accounted for 50% of total international arrivals to the United States.
- In 2021, Mexico (10.4 million) supplanted Canada (2.5 million) for a second consecutive year as the top source market of international visitor arrivals to the United States. By comparison, during the prior five years, Mexican arrivals were 89 percent of Canadian arrivals.
- International Visitation in 2021: U.S. Inbound Arrivals: 22.1 Million +15% from 19.2 Million 2020 and -72% from 79.4 Million in 2019.



Source: U.S Department of commerce's National Travel and Tourism Office 2021

## Total U.S. arrivals, 2021

Total = 22.1 million



	Country	Arrivals	Share	Change from 2020	Change from 2019	Change in 2021 Rank
	Total	22,100,453	100.0%	15.0%	-72.2%	<b>From 2019</b>
1	Mexico	10,396,724	47.0%	52.7%	-43.3%	↑+1
2	Canada	2,529,022	11.4%	-47.4%	-87.8%	↓-1
3	Colombia	1,063,659	4.8%	293.8%	12.7%	↑+10
4	United Kingdom	460,749	2.1%	-36.9%	-90.4%	↓-1
5	India	433,305	2.0%	29.0%	-70.6%	↑+5
6	Ecuador	407,417	1.8%	140.6%	-10.8%	↑+15
7	Dominican Republic	405,869	1.8%	127.1%	-16.9%	↑+12
8	Peru	404,937	1.8%	340.5%	22.0%	↑+20
9	Argentina	301,794	1.4%	52.6%	-64.7%	↑+6
10	Guatemala	279,896	1.3%	249.5%	-0.8%	↑+24

Mexico supplanted Canada in 2020 as the top source market for international travel to the United States. This ranking continued in 2021, as Mexican arrivals rose (+52.7%) while Canadian arrivals fell (-47.4%) from 2020, in part, due to differences in COVID-related travel restrictions between the United States and the two countries.

Source: International Inbound Travel, U.S. Travel Association

Arizona - Travel and Tourism	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022
<i>Employment (000s, 12-month moving averages*), BLS</i>					
Leisure and Hospitality	308.1	311.7	314.7	317.4	320.0
% Chg from Year Ago	14.0%	17.4%	20.3%	17.6%	16.1%
Accommodation	34.8	35.4	36.0	36.5	37.0
% Chg from Year Ago	9.5%	16.6%	24.0%	23.4%	22.1%
<i>Sales (\$000s, accrual, 12-month moving average*), ADOR</i>					
Hotel/Motel	291,001.6	309,213.8	326,978.2	338,878.4	
% Chg from Year Ago	70.5%	94.2%	92.9%	78.9%	
<i>Phoenix Sky Harbor International Airport (12-month moving averages*)</i>					
Total Passengers	3,346,031.9	3,470,606.0	3,575,701.9	3,638,031.0	
% Chg from Year Ago	103.0%	134.1%	133.3%	105.2%	
Total Aircraft Operations	34,527.7	35,163.4	35,488.6	35,742.9	
% Chg from Year Ago	38.6%	47.1%	49.4%	41.8%	
<i>Tucson International Airport (12-month moving averages*)</i>					
Total Passengers	234,802.9	247,026.3	259,155.9	266,852.5	271,561.2
% Chg from Year Ago	88.7%	130.8%	140.3%	113.2%	92.5%
Total Aircraft Movements	11,713.5	11,741.4	11,642.2	11,625.0	11,604.9
% Chg from Year Ago	14.7%	15.7%	12.8%	7.8%	4.7%
*These data series are all quite volatile, thus the 12-month moving average yields more accurate information on trend.					

Arizona - Travel and Tourism Border Crossings	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022
<i>International Border Crossings, Nogales District, BTS</i>					
Total	5,492,070	5,898,275	5,380,379	4,948,707	5,648,682
% Chg from Year Ago	89.18%	91.24%	64.95%	73.55%	57.59%
Pedestrians	1,436,238	1,300,654	1,080,948	1,045,163	1,199,981
Personal Vehicle Passengers	4,055,832	4,597,621	4,299,431	3,903,544	4,448,701
Trains	548.0	564.0	568.0	503.0	589.0
% Chg from Year Ago	-0.72%	0.71%	4.22%	1.21%	1.38%
Trucks	376,768	368,297	373,029	366,192	427,459
% Chg from Year Ago	3.31%	2.49%	2.21%	7.18%	3.97%

Source: Arizona's Economic and Business Research Center 2021

## Outbound Statistics Worldwide

### Arizona Traveler Facts

#### Considering the latest pandemic figures:

- Along with Canada, Mexican market is still the least affected international market for Az.
- Total growth in Mexican market 2016-2021: - **33%**.
- Arizona is the **3<sup>rd</sup> destination for Mexicans**, after Texas and California.
- Total spending by Mexicans in 2021 was \$2,517.0M USD.
- In 2021, an estimate of **2.5 Million Mexicans** traveled to Az.

*Source: Tourism Economics/ Arizona\_Mexico Economic Annual Report 2021, University of Arizona/ Eller College of Management*

# Fly Market

- Airlines with **non-stop service** to PHX:
  - MEX: American Airlines
  - GDL: American Airlines & Volaris
  - CUL: Volaris & American Airlines
  - HMD: American Airlines and Volaris
  - CUN: American Airlines
  - LAP: American Airlines
  - LTO: American Airlines
  
- Airlines flying **with connections** to PHX: United Airlines and Delta Airlines
  
- Daily flights **from**: Mexico City (1), Guadalajara (1), Cancún (2), Mazatlán (1), Puerto Varllarta (1)
  
- Weekly flights **from**: Hermosillo (2), San José del Cabo (1), Zihuatanejo (1); Guadalajara (5 Volaris), Culiacán (1 Volaris)

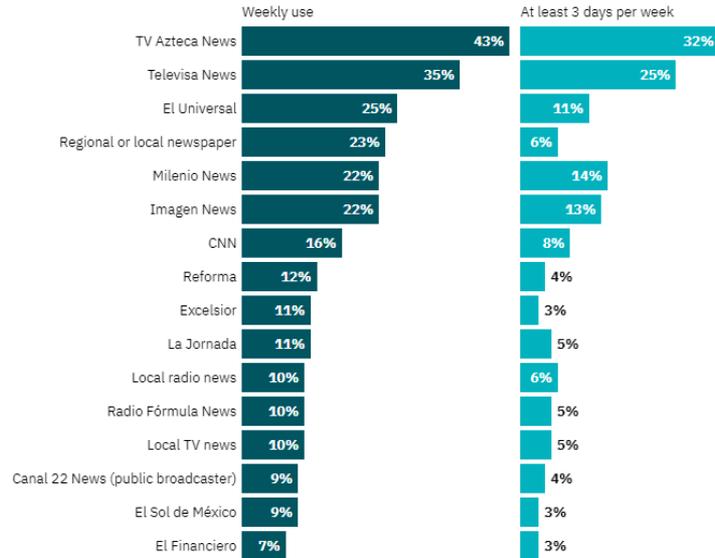
Source: Mexico Inbound Travel Market Profile, U.S. Travel Association Airlines website



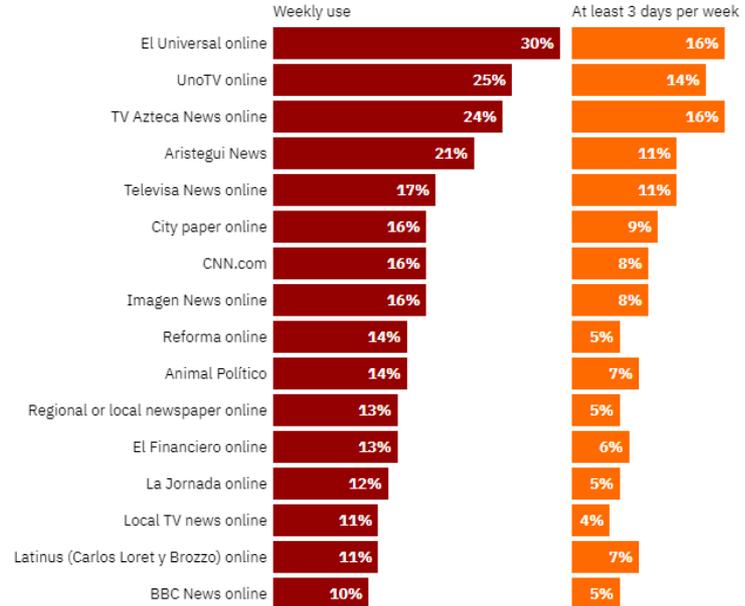
# MEDIA CONSUMPTION MEXICO

# Traditional Media Consumption

Weekly reach - offline  
**TV, RADIO, PRINT**  
 Mexico



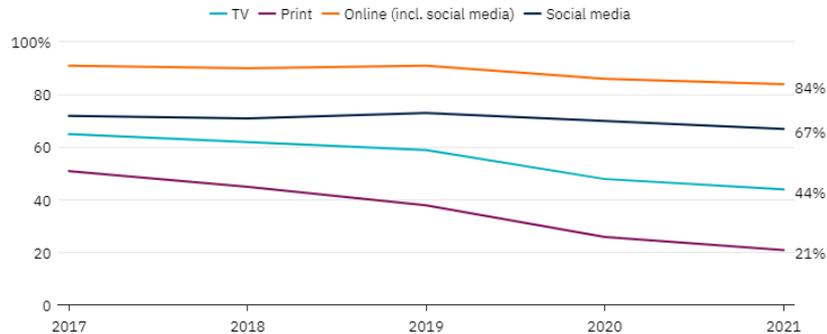
Weekly reach - online  
**ONLINE**  
 Mexico



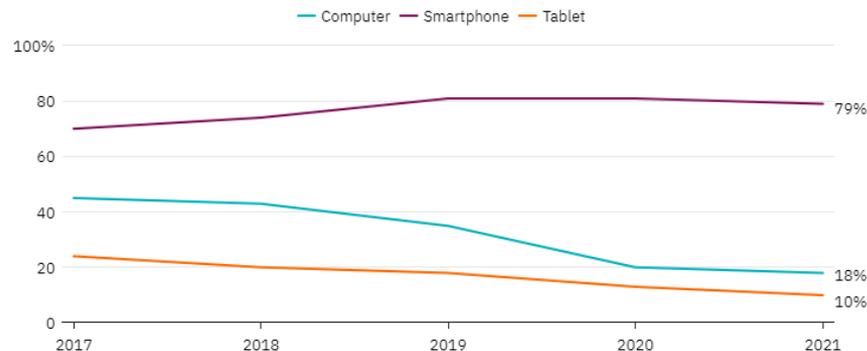
Source: 2021 Digital News Report, Reuters Institute for the Study of Journalism, University of Oxford

# Traditional Media Consumption

Sources of news  
2017-2021  
Mexico



Devices for news  
2017-2021  
Mexico



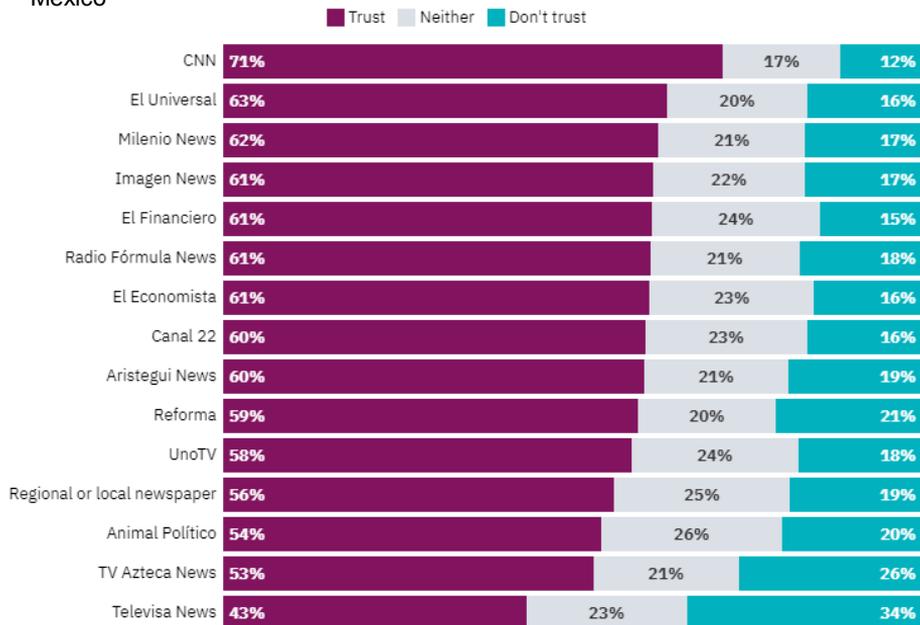
## CHANGING MEDIA

Online and social media remain the most popular sources of news in Mexico with our predominantly urban sample. TV and radio remain important to reach the millions of people who are not online. The majority of internet news access is now via smartphones (79%) rather than computers or tablets.

Source: 2021 Digital News Report, Reuters Institute for the Study of Journalism, University of Oxford

# Traditional Media Consumption

## Brand trust scores Mexico



- 18% of Mexicans Pay for Online News
- 49% Share news via social, messaging or email
- 37% Trust in news overall
- 43% Trust in news "I use"
- 40% Trust in news in search
- 35% Trust in news on social media

Source: 2021 Digital News Report, Reuters Institute for the Study of Journalism, University of Oxford

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2022

## ESSENTIAL DIGITAL HEADLINES

OVERVIEW OF THE ADOPTION AND USE OF CONNECTED DEVICES AND SERVICES



TOTAL  
POPULATION



**130.9**  
MILLION

URBANISATION  
**81.3%**

CELLULAR MOBILE  
CONNECTIONS



**119.8**  
MILLION

vs. POPULATION  
**91.5%**

INTERNET  
USERS



**96.87**  
MILLION

vs. POPULATION  
**74.0%**

ACTIVE SOCIAL  
MEDIA USERS



**102.5**  
MILLION

vs. POPULATION  
**78.3%**

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2022

## DIGITAL GROWTH

CHANGE IN THE USE OF CONNECTED DEVICES AND SERVICES OVER TIME



TOTAL  
POPULATION



**+1.0%**

YEAR-ON-YEAR CHANGE  
**+1.3 MILLION**

CELLULAR MOBILE  
CONNECTIONS



**+2.3%**

YEAR-ON-YEAR CHANGE  
**+2.7 MILLION**

INTERNET  
USERS



**+3.8%**

YEAR-ON-YEAR CHANGE  
**+3.6 MILLION**

ACTIVE SOCIAL  
MEDIA USERS



**+2.5%**

YEAR-ON-YEAR CHANGE  
**+2.5 MILLION**

# MEDIA CONSUMPTION

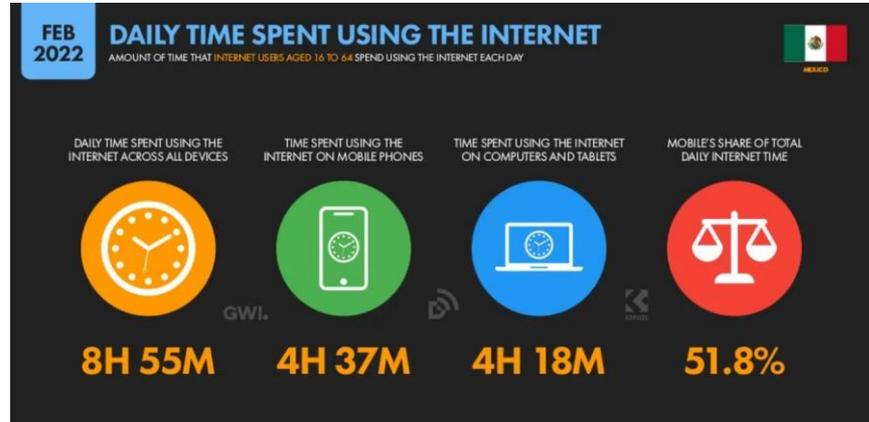
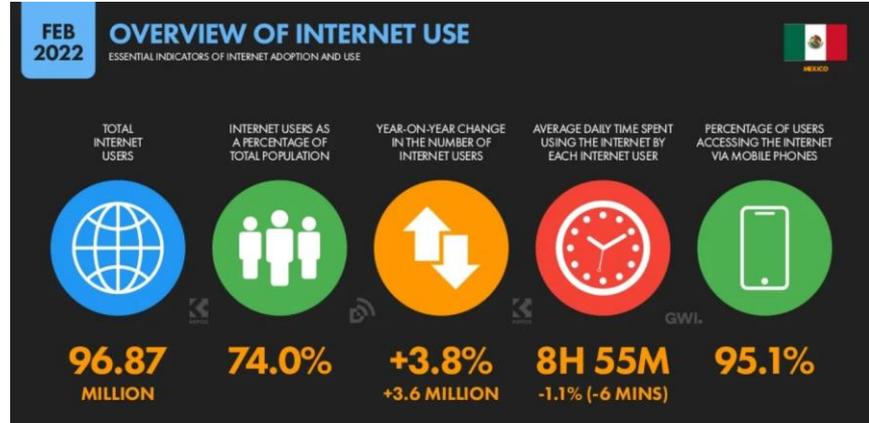
Source: Digital 2022, Global Overview Report/ We Are Social & Hootsuite



# MEDIA CONSUMPTION

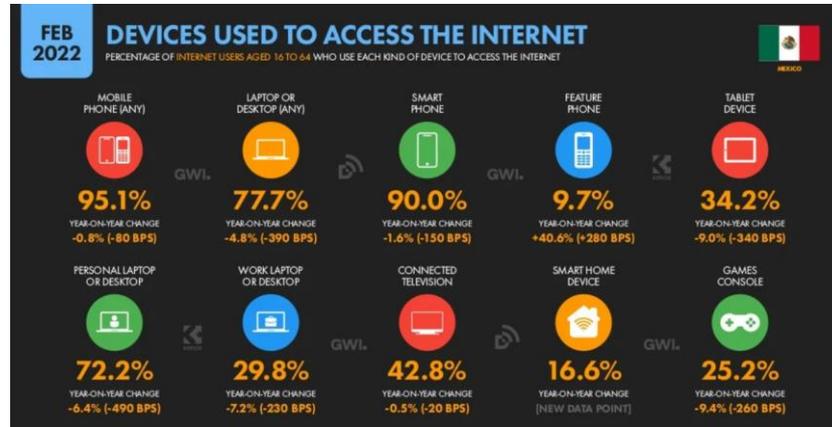
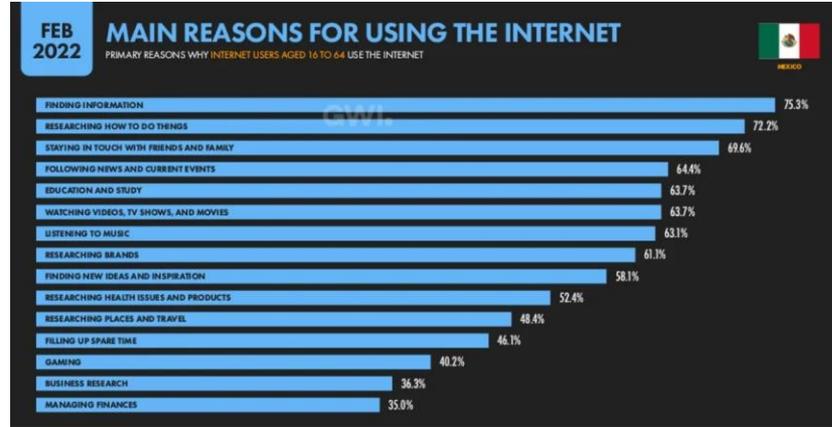
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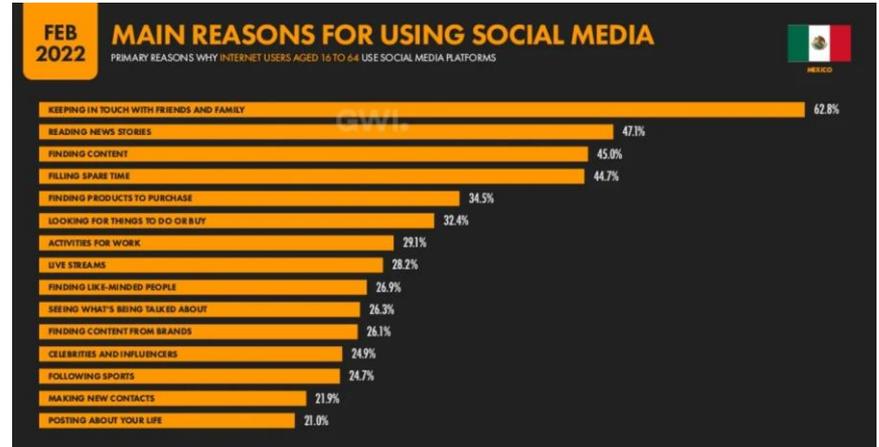
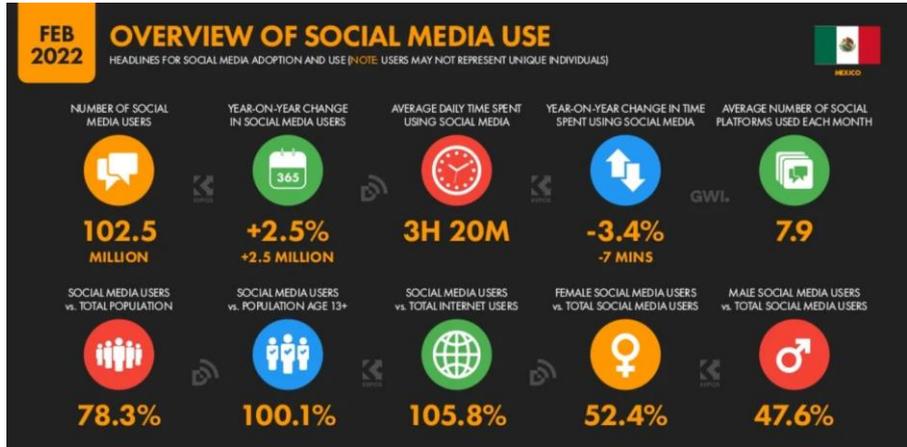
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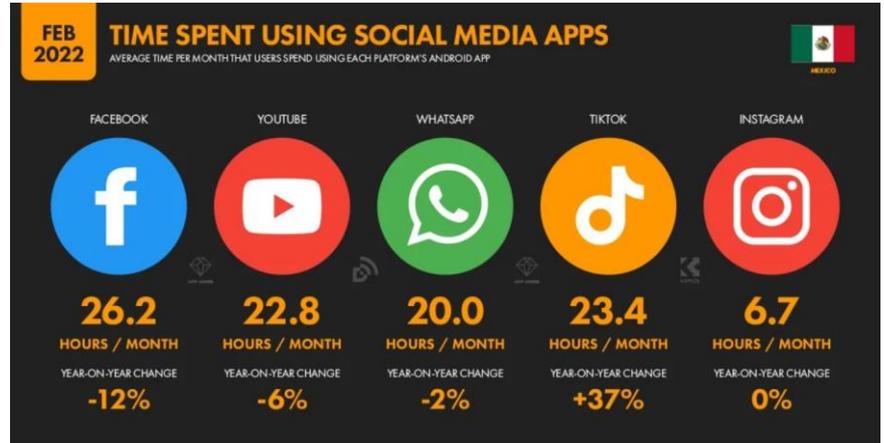
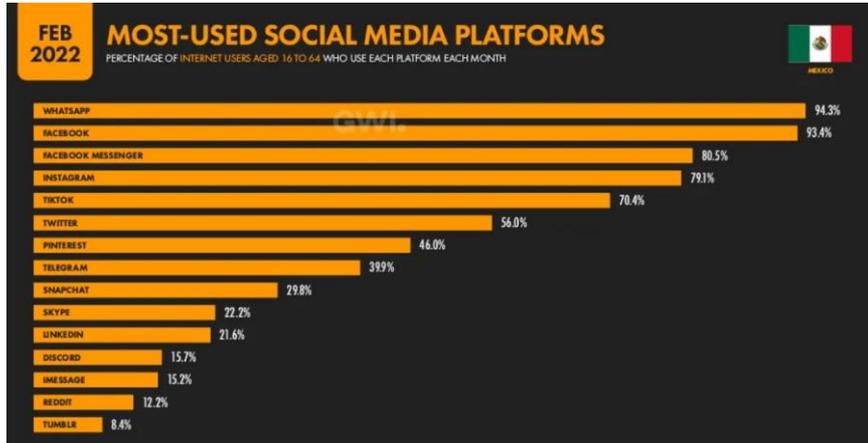
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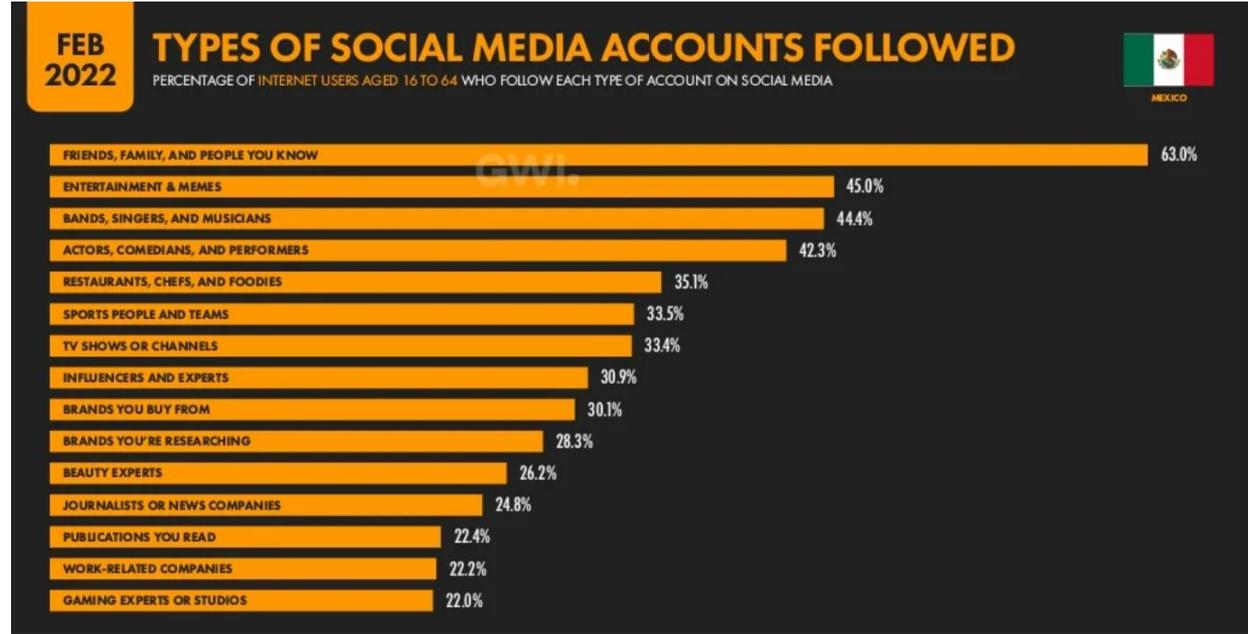
Source: Digital 2022, Global Overview Report/ We Are Social & Hootsuite

# MEDIA CONSUMPTION



Source: Digital 2022, Global Overview Report/ We Are Social & Hootsuite

# MEDIA CONSUMPTION



Source: Digital 2022, Global Overview Report/ We Are Social & Hootsuite

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# FINANCIAL INCLUSION FACTORS

PERCENTAGE OF THE POPULATION AGED 15+ THAT OWNS OR USES EACH PRODUCT OR SERVICE



MEXICO

ACCOUNT WITH A  
FINANCIAL INSTITUTION



35.4%

FEMALE 32.7%  
MALE 38.6%

CREDIT CARD  
OWNERSHIP



9.5%

FEMALE 7.9%  
MALE 11.4%

DEBIT CARD  
OWNERSHIP



24.6%

FEMALE 20.7%  
MALE 29.1%

MOBILE MONEY ACCOUNT  
(E.G. MPESA, GCASH)



5.6%

FEMALE 4.2%  
MALE 7.1%

MADE OR RECEIVED DIGITAL  
PAYMENTS IN THE PAST YEAR



31.7%

FEMALE 28.2%  
MALE 35.8%

MADE A PURCHASE ON THE  
INTERNET IN THE PAST YEAR



7.0%

FEMALE 6.9%  
MALE 7.1%

USED ONLINE BANKING  
IN THE PAST YEAR



7.4%

FEMALE 6.0%  
MALE 9.0%

USED THE INTERNET TO  
PAY BILLS IN THE PAST YEAR



9.2%

FEMALE 7.8%  
MALE 10.8%

Source: Digital 2022, Global Overview Report/ We Are Social & Hootsuite

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2022

# ONLINE TRAVEL AND TOURISM

ANNUAL SPEND ON ONLINE TRAVEL AND TOURISM SERVICES (U.S. DOLLARS)



MEXICO

FLIGHTS



**\$3.24**  
BILLION

YEAR-ON-YEAR CHANGE  
**+75% (+\$1.4 BILLION)**

statista

CAR RENTALS



**\$600.8**  
MILLION

YEAR-ON-YEAR CHANGE  
**+100% (+\$301 MILLION)**



TRAINS



**\$10.09**  
MILLION

YEAR-ON-YEAR CHANGE  
**+50% (+\$3.4 MILLION)**

statista

LONG-DISTANCE BUSES



**\$278.8**  
MILLION

YEAR-ON-YEAR CHANGE  
**+32% (+\$67 MILLION)**

HOTELS



**\$1.73**  
BILLION

YEAR-ON-YEAR CHANGE  
**+39% (+\$488 MILLION)**



PACKAGE HOLIDAYS



**\$1.47**  
BILLION

YEAR-ON-YEAR CHANGE  
**+106% (+\$758 MILLION)**

statista

VACATION RENTALS



**\$442.4**  
MILLION

YEAR-ON-YEAR CHANGE  
**+26% (+\$92 MILLION)**



CRUISES



**\$3.27**  
MILLION

YEAR-ON-YEAR CHANGE  
**-42% (-\$2.3 MILLION)**

Source: Digital 2022, Global Overview Report/ We Are Social & Hootsuite

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OFFICE OF TOURISM

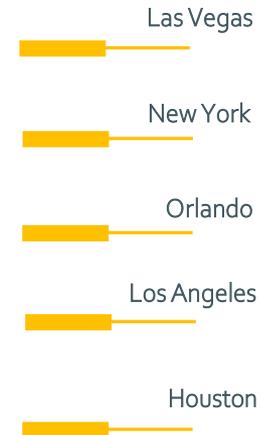


# MEXICAN TRAVELER TRENDS

# Outbound Traveler México

- For millions, the COVID-19 pandemic has brought to light just how important the simple act of traveling is and how much enrichment it brings to life. The world continues to feel the effects of COVID-19 with new variants, but people across the globe are still finding ways to safely get back out there and explore the world.
- Travelers continue to find it difficult to stay in a hotel that doesn't have cleanliness policies that align to their expectations.
- Travelers want more value for their dollar, something more meaningful out of their trip: something more experiential.
- Guided cultural experiences and subscription services that help them plan their getaway and get more value out of their booking along the way.
- People are learning how to live with COVID despite the ups and downs — and finding ways to satisfy their hunger to see the world.

## International (US) Short Haul Destinations for Mexican Travelers



Sources: - Reporte Anual de Tendencias de Viaje para Q2 - 2022, Expedia  
- Travel in 2022, a look ahead, TripAdvisor 2022

# Outbound Traveler México

The types of accommodation preferred by Mexicans are still following the 2020 and 2021 pattern and they are listed as follows:

- Resort
- Hotel
- All Inclusive
- Apartment
- Hotel

Mexicans prefer 4-star accommodations, even though they preferred 3.5-star accommodations the previous year.

Regardless of the type of accommodation, one of the great advantages for travelers in 2022 is that they seek flexibility when planning a trip.

Now travelers don't have to choose between a great price and a refundable rate. Compared to 2019, refundable rates are down by 10%.

*Source: Reporte Anual de Tendencias de Viaje para 2022, Expedia*

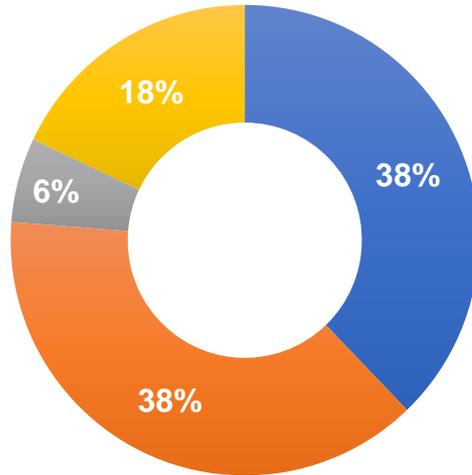
## International Mexican travel will start to make a comeback

- Approximately half of millennials (49%) and nearly the same percentage of Gen Z (47%) say they're likely to travel internationally or already have an international trip booked, while older generations are more reluctant. Nearly 2 in 5 (34%) of Gen X would consider going abroad, while less than a quarter (20%) of baby boomers would do the same.
- While most travelers (71%) plan to use their own car or a rental car for an upcoming trip, more than half (55%) say an airplane is their preferred mode of travel. With flights continuing to regain popularity and borders reopening to visitors, international travel will begin to rebound.

*Source: - Reporte Anual de Tendencias de Viaje para Q2 - 2022, Expedia*

## Outbound Stats

### OUTBOUND MARKETSHARE



*Positive growth in sales to North America and Europe*

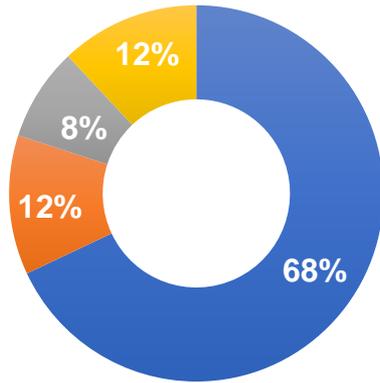
- North America
- Europe
- Pacific
- South America

According to Visa and Master Card, USA was the number one destination for Mexicans traveling abroad in 2021

# Outbound Stats

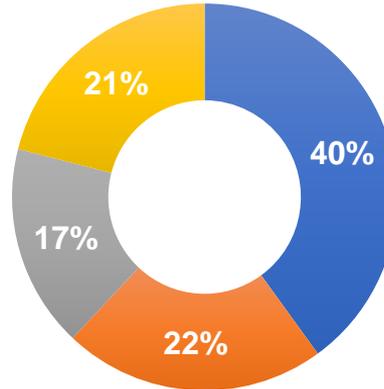
Mexico City, Monterrey and Guadalajara generate more than **77%** of the total sales.

Travel Agencies Distribution

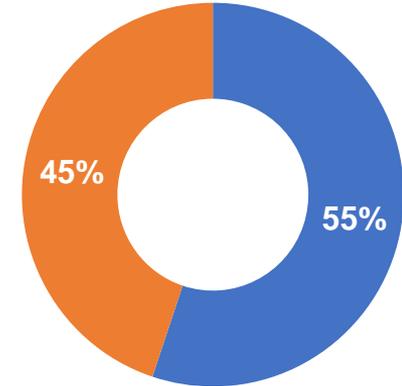


- Mexico City
- Monterrey
- Guadalajara
- Other

Production by Location



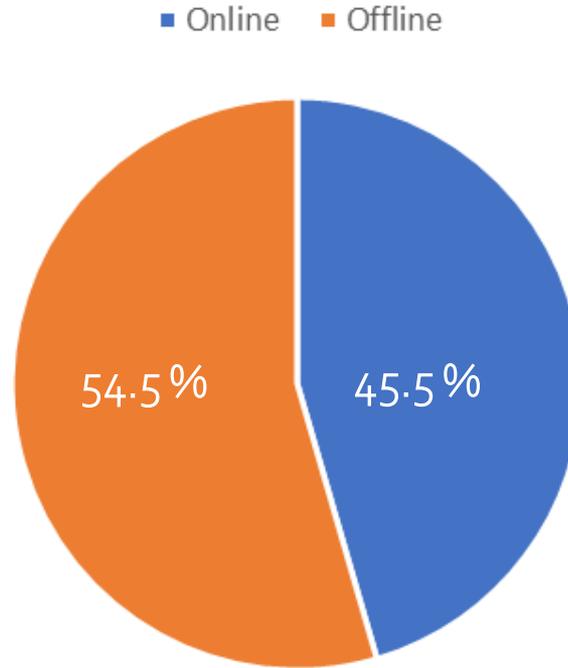
- Mexico City
- Monterrey
- Guadalajara
- Other



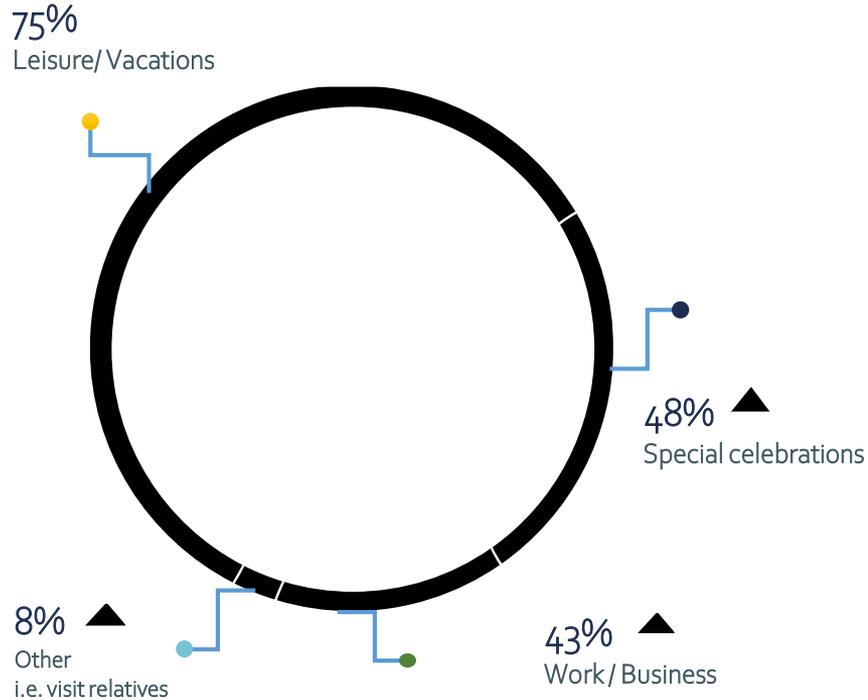
- Domestic
- International

Source: Market IS, IATA 2022

## Booking trends Offline vs Online



# Mexican general outbound traveler



“After two years of enduring the global pandemic, people value travel and personal time more than ever.”

## Reasons to buy travel packages online

- 78% Variety in products and services with promotions and discounts
- 65% Has more promotions and discounts than physical Agencies

## Most purchased travel products online

- 76% Air Tickets
- 63% Lodging reservation
- 16% Bus/Train Tickets

## Most used channels for online travel purchase

- 74% Airline Website
- 65% OTA
- 12% Hotel Website

## Online payment methods

- 57% Credit Card
- 34% Debit Card
- 10% Cash on commercial chains
- 9% Deposit/ Check/ Bank Transfer

Sources: - Asociación Mexicana de Ventas Online/ Hotsale 2022  
The Effects of Travelers' Price Sensitivity on Information Search Behaviors, 2022

## Most people will travel in the next six months; and frequent, quick trips are trending

- 38% are prioritizing relaxation as they plan their next trip.
- 81% plan to take at least one vacation with family and friends in the next months.
- 78% are most interested in frequent short trips. As people head back into the office and kids remain in school, individuals and families may be looking for more quick doses of adventures.
- 56% of those who often work remotely will take a “bleisure” style trip – extending a work trip for leisure or vice versa.

- People in Mexico will travel the most for work, with nearly half (47%) embarking on at least one trip.
- People in Mexico will invest more in travel compared to pre-COVID-19



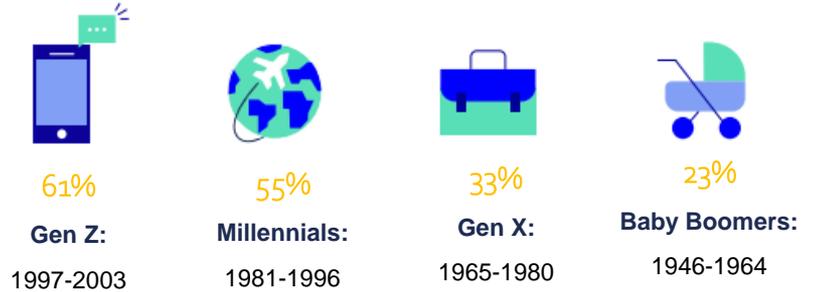
**MX14,813**

in USD: \$710

- Travelers will use loyalty points accumulated during the pandemic to help fund trips.
- Two in 5 (40%) people plan to use loyalty points for at least part of a trip in 2022. Those 55% will be more likely to cash in loyalty points for travel.



- Compared to older generations, Gen Z conserved the most loyalty points that could be used for travel. Here's a breakdown of how many people have a stockpile of rewards at their fingertips:



Source: - Reporte Anual de Tendencias de Viaje para Q2 - 2022, Expedia

- Great deals and flexibility will remain top priorities for travelers.

- Sustainable trips will rise in popularity.

- People will travel more responsibly and consciously.

62% follow COVID-19 guidelines when they travel.

38% spend at locally owned restaurants and businesses.

54% pick a destination known for strong COVID-19 safety protocols.

37% are prepared to pay higher prices.

48% choose a destination with low COVID-19 case counts.

27% are willing to postpone travel plans due to labor shortages and the impact of COVID-19.

21% tip more than normal

*Source: - Reporte Anual de Tendencias de Viaje para Q2 - 2022, Expedia*

# The future of travel in Mexico

- 77% Of travelers have a heightened desire to see even more of the world.
- 58% Will not take traveling for granted in the future
- 86% Expect travel companies to support travelers' future travel plans via promotions
- 25% Prefer a discounted trip to a place they wouldn't have otherwise chosen than paying more for a dream destination
- 34% Are eager to travel to nearby regions/countries that are accessible by car
- 43% Intend to travel somewhere they've already been previously for its familiarity.
- 56% Were looking at potential travel destinations as often as once a week.
- 63% Search online
- 84% Will accept traveling to destinations that have health spot checks on arrival
- 88% Will book a particular accommodation if it's clear what health and hygiene policies it has in place
- 46% Will want to see how their money is going back into the local community
- 86% Will want their travel choices to support the destination's recovery efforts
- 46% Have already considered booking somewhere to stay in order to work from a different destination
- 24% Would be willing to quarantine if they could work remotely
- 45% Will look to appreciate more simple experiences
- 84% Will seek out more rural, off-the-beaten-track experiences to immerse themselves into the outdoors
- 78% Agree that technology will be important in controlling health risks when traveling
- 81% Believe innovation in travel technology will speed up as a result of the global pandemic

Source: [booking.com global research report 2021](#)



# TRAVEL INDUSTRY OVERVIEW & IMPORTANCE

# Travel Trade Insights

6,000 Travel Agencies in México

54 tour operators: 42 in Mexico City.

**Main wholesalers:** Megatravel, Pe-Tra, Julia Tours, NAO Travel Collection, Euromundo, Dream Destinations, Travel Shop

**Main OTAs:** Price Travel, Expedia, Booking.com, Despegar.com, Google Hotel Ads, Hoteles.com, and Bestday.com

**Wholesalers with owned agencies and final Consumer exposition:** Viajes Palacio, Viajes El Corte Inglés, Mundo Joven, & Viajes Sears.

18 Tour operators and OTAs included Arizona in their U.S. product (multi-cities itineraries).

Most of them offer a basic **hotel + flight** package.

The option for lodging go from **75 to 485** properties.

There are **9 circuits** that include AZ with other US destinations.

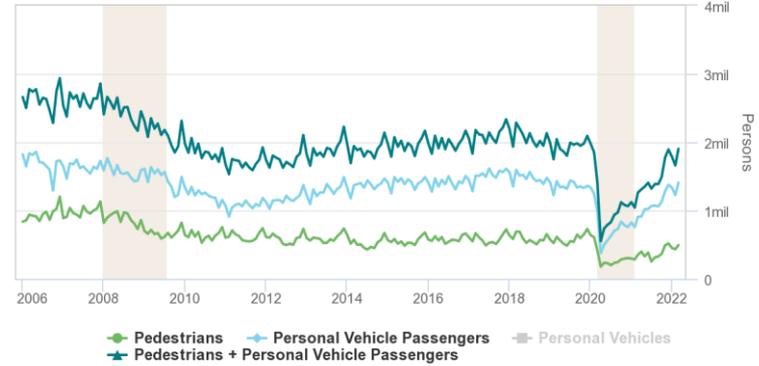
*Source: - Radar Turístico, 2022  
- Entorno Turístico 2022*



# Drive Market

- Main drive market **cities/states:** Hermosillo, Sonora; Culiacán, Los Mochis, Sinaloa and Baja California
- Border **ports of entry:** Douglas, Lukeville, Naco, Nogales, San Luis & Sasabe
- 2021 saw **4.3 Million PERSONS** and **1.4 Million VEHICLES** crossing Az Border Northbound; up to 54.9% and 11.4% respectively from 2019.
- It is important to bear in mind that the land borders were not opened until November 2021.

Persons Crossing the Border as Pedestrians and Personal Vehicle Passengers (Monthly)



Personal Border Crossings, Nogales District Totals	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022
<i>Bureau of Transportation Statistics</i>						
<b>Pedestrians + Personal Vehicle Passengers</b>	1,490,130	1,775,470	1,893,469	1,789,347	1,659,431	1,902,202
<b>% Chg from Year Ago</b>	32.99% ↑	64.30% ↑	78.00% ↑	59.55% ↑	59.23% ↑	50.83% ↑
<b>Pedestrians</b>	363,313	491,740	517,857	453,076	433,169	493,662
<b>% Chg from Year Ago</b>	28.14% ↑	65.96% ↑	70.23% ↑	52.36% ↑	52.44% ↑	40.15% ↑
<b>Personal Vehicle Passengers</b>	1,126,817	1,283,730	1,375,612	1,336,271	1,226,262	1,408,540
<b>% Chg from Year Ago</b>	34.63% ↑	63.67% ↑	81.10% ↑	62.15% ↑	61.78% ↑	54.97% ↑
<b>Personal Vehicles</b>	663,910	715,707	749,945	732,155	693,654	796,119
<b>% Chg from Year Ago</b>	28.28% ↑	44.34% ↑	54.70% ↑	46.46% ↑	46.15% ↑	42.84% ↑

Source: Mexico Inbound Travel Market Profile, U.S. Travel Association, Mexico Matters, Arizona-Mexico Commission, Tourism Economics/Arizona - Mexico Economic Indicators Annual Report 2021,



# MAIN ACTIVITIES FY22



## MAIN ACTIVITIES FY22

- **Webinars - July 2021 to June 2022**
- Festival del chef - November 2021
- Hermosillo Trade breakfast - November 2021
- **Reverse Sales Mission Trade and PR / Tradeshow and Fam Trip – December 2021**
- Spearfish - Mundo Joven March to date
- Hermann global - Price Travel January to date
- **Sales Mission - May 2022**
- Nao Tradeshow - April 2022

## MAIN ACTIVITIES FY22

Among all of our events, the Reverse Sales Mission Trade and PR / Tradeshow and Fam Trip held in December 2021 stood out and proved once again its effectiveness and cost/benefit, by bringing partners, media outlets and trade agents together **on site**, which guarantees a better understanding and grasp of the destination and attractions, and ultimately a better coverage/ROI.



# REVERSE SALES MISSION



Pontón en MVS @PontónEnMVS · 6 dic.  
#AUA Desde Arizona, @carlostomasini nos habla los sobre cielos oscuros del estado 🌌  
¡Arrancamos con la información, sintoniza 📻 102.5 FM!

CHAMPÉCHE 27 NOVEDADES EN EL TIRAJOL TURÍSTICO 2022 DE CÁMARA FOTOMÁTICA

Es 'la mejor ciudad de la Tierra'

ARIZONA

VIAJE A LAS ESTRELLAS

Se dice que viajar en la gran caravana de los Estados Unidos del Sur es un viaje que no se puede perder. Descubre en todo su esplendor.

ARIZONA

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# KEY PERFORMANCE INDICATORS FY22 MEDIA

- 32 Print Articles
- \$117,590 USD
- Reach: 3.1M
- 8 Broadcasts
- \$71,472 USD
- Reach: 60.1M
- 86 Online Articles
- \$287,612 USD
- 239.6 UMV
- 45 Social Posts
- \$7,744 USD
- Reach: 2M

**TOTAL**  
**171 Articles**  
**\$484,418 USD**  
**Reach: 304M**



# KEY PERFORMANCE INDICATORS FY22 TRADE



- 134 Sales Calls
- 14 Training Seminars
- 619 people at training seminars
- 93 Tradeshow Appointments



# CONCLUSIONS AND ACTIONS PROPOSED FOR FY 23

- A more informed and demanding traveler, especially with regards to the hygiene and safety of destinations.
- More open to personalized travel experiences, they will seek help from travel professionals.
- With due guarantees, they will not hesitate to transfer their data to have a digital health passport or similar.
- Mobile and contactless technology will triumph, both of which will strengthen travelers' confidence.
- They will seek greater contracting of travel insurance, adapted to current needs.
- In order to reinforce their safety, and duly inform themselves of the sanitary conditions of the destinations, they will also seek more professional advice.

They will be more sustainable tourists, they will flee from the overcrowding of tourism.

1.- Pandemic has changed the world as we know it, as well as its paradigms. What we believed was "the usual trend" is no longer the same as it was back in 2019. In Arizona, particularly, the closure of land borders for so long means that the main market –the drive market from Northern Mexico- got used to shopping online.

In the same period, thousands of people lost their visas, which has become an issue, especially for the drive market.

2.- Since our primary drive markets to AZ are Sonora and Sinaloa and are consumer direct, we need to consider involving Marketing while boosting investment in KEY Media local outlets (i.e. El Imparcial, Tu Nueva Casa and Proyecto Puente) to strengthen PR/Editorial efforts to work along with them.

3.- Consider a fam trip with Sonoran influencers (bring them up North and showcase a "different", "wider", "more interesting" Arizona).

4.- Strengthen presence both with media and trade with nationwide reach, as well as key cities, such as Guadalajara.

5.- Reverse Sales Missions have proven to be successful approaches to showcase Arizona and its key partners, reducing costs and multiplying Return of Investments.

6.- 2023 will prove to be an important year in terms of coverage, not only because of the drop of Covid cases aligned with the subsequent increase of travel and the border reopening, but also because of the upcoming celebration of the Superbowl in Phoenix, which will be a great leverage to every effort to showcase Arizona.

7.- Social Media is has become a huge influencer in the travel decision making process, always consider to have spanish speaking content or channels for Mexico market.

8.- Continue to have spanish version of all contents in destination website and collateral.