

TRAVELCLICK LOCAL MARKET ALERT



APRIL 2009

DESPITE MARKET MAYHEM, MEXICO'S TRAVELCLICK HOTELS ARE ON THE UPSIDE

Ongoing education, marketing to travel agents, and a focus on domestic business bring revenue gains

Historically, Mexico has been the top destination for foreign tourists within the Latin American region, ranking eighth worldwide in international tourist arrivals. Yet due to the H1N1 scare, the country this year has experienced the largest drop in tourism revenue since records began in the 1980s. Some airlines have dramatically reduced flights to Mexico. Overall, flights are down almost 20% from 2008. Along with the airline cutback, many cruise liners are still steering clear of Mexican ports.

While the market overall lost considerable ground, with a -31.8% drop in revenue year over year (YOY), TravelCLICK iHotelier® hotels marked a gain of nearly 0.3%.

Safety concerns, coupled with the global economic recession, drug wars, and the recent health scare, have taken their toll on Mexican hotels. Luxury hotels in Mexico City report that just 4% of their rooms were occupied at the height of the health crisis, which broke in April. Yet despite these woes, TravelCLICK iHotelier® hotels in Mexico had a good month in April. While the market overall lost considerable ground, with a -31.8% drop in revenue year over year (YOY), TravelCLICK hotels marked a gain of nearly 0.3%.

How did TravelCLICK hotels manage to escape the market downturn? Here are three key reasons:

- **Ongoing education.** Since the beginning of 2009, TravelCLICK's revenue optimization management (ROM) team for Latin America has been diligently educating hotels in Mexico through targeted webinars. The first two events, "Maximizing Revenue in a Downturn" and "Distribution Channels," drew 174 participants. With the challenging market conditions, webinar attendees have been highly motivated to act on the recommendations shared for making smart business decisions across all distribution channels.
- **Marketing to travel agents.** A TravelCLICK survey finds that 41% of global travel agents are using their Global Distribution System (GDS) platform more than ever before, while 30% are using the GDS shopping displays with greater frequency. TravelCLICK hoteliers in Mexico are leveraging powerful strategies

to reach the lucrative travel agent market, including introducing GDS best practices, using GDS preferred placement, and reviewing and updating hotel online description (HOD) screens.

- **Focus on domestic business.** The sharp decline in Mexico's international business has brought a renewed focus on the domestic market. For the Semana Santa (Holy Week) holiday, April 5–12, 2009, forecasters estimated 1.3 million of the 4.5 million vacationers would stay in hotels. Tourism revenue generated was estimated at 15.52 million Mexican pesos (about \$US1.17 million), 13% from international tourists and 84% from national tourists, most reaching their holiday destinations by car. Baja California alone registered 170,000 Easter visitors, 20,000 more than 2008—primarily a result of local residents who visited tourist destinations different from their place of residence. (Sources: Conferencia Nacional Turistica and El Economista).

TravelCLICK is helping Mexican hotels capture more business from in-country travelers—beginning with the recommendation to translate their website content into Spanish. Our team has also been working with properties through a new campaign, Vive Tu Mexico Al Mejor Precio (Live Your Mexico At The Best Price)—specifically targeted at the domestic market. The campaign has offered a special promotion to Mexicans, providing a 10%–40% discount on the published tariff.

As one illustration of the program's success, a resort property in Ixtapa recorded a 105% YOY growth in room nights and a 69% growth in revenue for April 2009 versus 2008. The second most popular rate this past April was the Vive Tu Mexico Al Mejor Precio rate, which contributed 15% in revenue and 9% in room nights to the property's overall monthly total.

With the gloomy Mexican tourism market beginning to show signs of recovery, Mexican hotels are realizing their best target is Mexican residents—and travel agents who can stimulate domestic demand. TravelCLICK will continue to help hotels and agents leverage this trend, as Nationals begin traveling for the annual summer vacation season.

To learn more about how iHotelier can help you achieve better results, call us or go to www.travelclick.net/GetAhead.



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