

Latin America Reveals Some Tourism Market Bright Spots

Contributed by Euromonitor International
Thursday, 04 November 2010
Last Updated Thursday, 04 November 2010

The tourism industry was one of the hardest hit by the recession. Tourism expenditure, which includes incoming tourist receipts and domestic tourism expenditure, fell by 8.4% globally. This was the largest decline of the decade.

Tourism expenditure in Latin America declined by 11.7% to US\$56 billion in 2009—the third worst performance.

Mexico led the decline as the country suffered from the H1N1 outbreak deterred international arrivals and a disastrous economic performance curbed domestic travel.

Positive international performance for some countries

Overall, the number of international arrivals to Latin America declined by 4.8% to 66 million in 2009. However, many countries benefited from an increase in intra-regional arrivals.

For example, Colombia was the top performer with an increase of 8.6% in international visitors thanks to strong growth from US visitors.

The low cost carriers, Aires, JetBlue, and Spirit Airlines, have grown considerably and in 2009, they carried 13% of passengers between the two countries. Arrivals from Peru also grew strongly as the two countries strengthen their business ties.

The southern cone countries benefited from an increase in Argentine visitors as they sought to vacation in cheaper destinations rather than domestically. Mexico, Cuba and Jamaica strongly benefited from an increase in Canadian visitors who took advantage of increased airlift and low prices on packages.

Brazil experienced the strongest growth in domestic trips

Domestic tourism was more resilient than international tourism. Domestic trips for Latin America grew by 0.3% to reach 566 million trips in 2009, but spending plummeted 13%. Domestic tourists, facing the recession, cut back dramatically on their travel expenses.

Brazil is the largest market for domestic trips with 250 million trips in 2009, which grew by 6.5% in that year. Domestic tourism benefited from a series of external events which prompted Brazilians to stay at home—the global recession, the H1N1 outbreak, the unfavourable exchange rate and the ongoing efforts by the Ministry of Tourism to promote Brazilian destinations.

Luxury thrived in Latin America despite crisis

Overall, the hotel industry in Latin America suffered as demand declined and hoteliers rushed to discount. Room revenues for the region declined by 11.5% in 2009 to US\$30.2 billion, which erased just one year of growth. Globally, room revenues declined by 12.2%, so Latin America turned in a slightly better performance.

Despite the crisis, luxury hotels experienced the fastest outlet growth in 2009 in Argentina, Brazil, Chile, Mexico and Venezuela when compared to outlet growth for budget and mid-priced hotels. Multi-national chains continue to look to Latin America for growth and take advantage of the low penetration of luxury hotels.

Furthermore, the region was relatively immune from the financial crisis and developers still had the financial means to start new hotels in 2009. For example, in April 2009, Four Seasons announced plans to open three hotels in Brazil by 2012 in Rio de Janeiro, São Paulo and the Northeast Region of the country for a total investment of US\$450 million. It is also looking to build hotels in Peru.

The growth in luxury hotels is also driving the growth in hotel/resort spending. The new luxury hotels come with spas that utilise the latest technology and techniques.

Spending at hotel/resort spas in Argentina, Brazil, Chile, Mexico and Venezuela grew by 76% from 2004 to 2009 to reach US\$960 million.

In 2009, Resorts Brasil, in association with Embratur, started promoting Brazilian hotel/resort spas in Latin America. The initiative aimed to reach final consumers, to boost sales of spa packages through travel retailers during the 2009/2010 summer season, and to encourage potential guests to visit a specific website (www.vacacionesenbrasil.ning.com) to learn more about associated hotel/resort spas.

The first two countries chosen were Chile and Peru. According to Resorts Brasil, brochures promoting its associated

resorts were distributed in large commercial centres in these countries.

By Michelle Grant

Please visit [Euromonitor International](#) for more information

27 October 2010