

## Executive Summary

The purpose of this study is to support tourism companies in Peru and Ecuador, especially those with a focus on sustainable tourism, on how to access the European market. While the content of the study is geared towards the conditions in Peru and Ecuador, readers from other Latin American countries may also find the information useful.

The coverage of the European market includes the countries Germany, Austria, Switzerland the Netherlands, Belgium, United Kingdom, France, Italy and Spain. The study includes a look at players such as tour operators (including databases) or trade associations, examines market access mechanisms (both with regard to the destination - Peru and Ecuador, as well as with regard to the mentioned source markets) and describes a wide range of approaches and tools to improve market access to the European market.

**Chapter 1** provides an **introduction to the research subject**, including methodology used.

**Chapter 2** deals with the **relevance of the European source market for Peru and Ecuador**, comparing it with other markets such as the Latin American market, the North American market and the Asian market. In addition, it points out how the European market distinguishes itself through aspects such as relatively extended lengths of stay and the benefits that the resulting travel patterns imply for destinations like Peru and Ecuador in terms of economic impact, especially in rural regions. The long vacations that Europeans are entitled to allow them to spend time and explore beyond the traditional hubs of tourism activity, creating a demand for multi-faceted itineraries and spreading economic benefits that can be drivers of product diversification and innovation. Furthermore, given the seasonality of the different European source markets, hotels in Peru and Ecuador can balance their occupancy rates throughout the year when systematically working with the European market, often when most needed – in low season.

**Chapter 3** analyzes the **participation of MSMEs in the tourism market**, essentially concluding that the tourism industry in Ecuador and Peru overall, as well as with regard to the European market, is driven by MSMEs. The same applies to most companies in Europe offering travel to Latin America. Furthermore, it emphasizes that most Europeans prefer to stay in authentic hotels that generally fall into the MSME category, adding reflections regarding the advantages and challenges that such a structure implies concerning market access, including aspects such as destination management and air connectivity. Destinations with strong MSME predominance require good coordination among all stakeholders through trade associations, destination management organizations, product clubs and well-organized tourism clusters; which requires a facilitating framework on the legal and regulatory level, leadership, common vision building, pooling of resources and creation of synergies along the lines of public private partnerships and the harmonization of efforts on the subnational and national level. When this internal coherence is nurtured and a critical mass of stakeholders, funds and activities is created, destinations are much better prepared to tackle the big structural issues of tourism development in a long-term perspective, including aspects such as infrastructure and air connectivity that play a decisive role in market access.

The **relevant markets segments** for tourism to Peru and Ecuador are analyzed in **chapter 4**. These include adventure tourism, nature tourism, cultural tourism, rural tourism, tourism with social orientation, educational and research tourism, wellness tourism, backpacker tourism and luxury travel, as well as the main subsegments. In each part, real-life examples are provided in order to illustrate how the corresponding offer appears in the catalogues and

webpages of European tour operators, providing practical insight into how the Peruvian and Ecuadorian product is presented in the different European source markets. While there are many markets segments, the main motivations of Europeans traveling to Peru and Ecuador center on discovery, culture, nature and adventure, with an increasing accent on quality, comfort and sustainability.

**Chapter 5** takes a more systemic view of the tourism activity and analyzes **market needs, as well as frequently observed barriers to fulfilling these**. While there are many individual obstacles to overcome for MSMEs, numerous structural elements related to market access that need to be considered on the level of destination management and destination marketing are also discussed here. No study on market access mechanisms can be complete without considering these underlying factors. These include aspects such as consistency of quality, a price – quality relationship according to market realities in Europe, adequate and articulated promotion of the destination in the European market, satisfactory connectivity, a framework geared towards facilitating an overall coherent experience for the visitor, a diversified tourism offer and well managed destinations on the sub-national level. The chapter makes evident that tourism entrepreneurs in MSME settings need to work both on their individual challenges as well as on overarching issues through associative mechanisms on the sub-national and national level, in order to raise destination competitiveness; based on the premise that there is a close correlation between destination competitiveness and earnings received from tourism.

**Nine European target markets** are analyzed in **chapter 6**, including **Germany, Austria, Switzerland, the Netherlands, Belgium, United Kingdom, France, Italy and Spain**. Basic facts are presented for each market, as well as information on the profile of the tourism industry and final consumer in each country. In addition, the main national characteristics are highlighted, indicating the necessity to adjust to the culture and mentality of each individual market in order to successfully establish business relationships. The presentation of each country concludes with key references regarding the main segments, including fairs, media and special interest associations. One key insight is that the United Kingdom and Germany represent leading markets which not only have a high travel propensity due to high disposable income and population size but also developed structures (that is, trade associations focusing on sustainable tourism) and a travel culture of sustainable tourism with many discerning consumers.

**Chapter 7** provides an overview of **market mechanisms**: which are the main mechanisms to access the European market from the perspective of an individual company? How do the trade and the consumer relate to the tourism offer of Peru and Ecuador? It shows how tour operators in Europe relate to the consumer through activities such as advertising, specialized fairs, newsletters or by taking part in events that are relevant to the general public, and how tour operators cooperate with tourism ministries, airlines, trade associations and the press for concerted marketing in their country. The key elements of the traditional tourism value chain are examined here, and the strong role the traditional value chain still upholds with regard to the European market, in part because of the legal framework regulating tourism in Europe. Online travel portals, internet promotion and social media, direct bookings, word of mouth, guide books and tourism fairs (geared towards the final consumer, as well as trade fairs with consumer segments) are also considered as mechanisms of direct interaction with the general public, in the understanding that working through trade channels and direct marketing must always complement each other as elements of an overall marketing strategy.

**Chapter 8** goes into detail about the **most promising players** in the European market. This includes a view of traditional players such as tour operators (which are listed in detail in the

databases accompanying this study), travel agencies and the media, but also non-traditional generators of travel from Europe that do not pertain directly to the tourism industry, such as special interest associations, universities or supermarket chains. The chapter concludes with an overview of the main players in each European source market, focusing mainly on the relevant trade associations that can serve as supporting platforms for gaining a better understanding of the market, as well as improving market access.

The **willingness to invest in green tourism** is looked at in more detail in **chapter 9**. Entry requirements to work with the European market are specified, such as health, safety and an organizational culture in tune with a European clientele, as well as pricing considerations, organizational culture and competitiveness. Based on these fundamentals, sustainability can positively influence purchasers' decisions when products are market ready. The main types of tour operators are described, and the way they relate to sustainable tourism with regard to their profile and company size.

**Chapter 10** discusses in detail **key activities to gain market access to the European market**, starting with elements such as market investigation, customer motivations and satisfaction, as well as positioning and branding. The chapter then continues to go into details about working with the different members of the tourism value chain, covering details on how to participate in promotional activities such as fairs or roadshows. A subchapter is dedicated to online marketing, including establishing an effective web presence, working with social media and the most common social media channels, as well as aspects such as search engine optimization. In addition, dealing with the media and bloggers is discussed. Concluding, the chapter emphasizes that there is no single bullet strategy with regard to the European market and that a number of strategies must be pursued in a parallel and complementary fashion.

Concluding, **chapter 11** summarizes the **ten most important things** a tourism company in Ecuador or Peru can do, it is a short checklist of key points to consider in order to ensure market access, which can be helpful in ensuring that some vital elements are not overlooked. While many aspects already may seem familiar, it is the consistent and parallel pursuit of improvement in all mentioned areas that will contribute to improved market access.