

# Key insights from the study

## MARKET RESEARCH ON IMPROVING CONNECTIVITY OF SUSTAINABLE TOURISM OPERATIONS IN ECUADOR AND PERU TO THE EU MARKET



The **median age** in the European countries analyzed in this study is a factor contributing to an increased interest in **health and wellness** during travel.



Europeans are legally entitled to the **longest paid vacations**, allowing them to spend more time in the destinations and facilitating more visits to rural regions or non-traditional destinations.



The representative Flash Eurobarometer survey (2016) reveals that Europeans increasingly value **sustainability as a criterion for making travel decision** - mainly on the destination level but also with regard to accommodation and transport.



However, due to historic, cultural and linguistic ties, Latin America has more relevance for the **Spanish source market** than other long distance markets.



**Luxury travel** is clearly on the increase in Europe, with the United Kingdom, France and Germany playing a leading role in this segment that has seen a **growth of 48%** in the last five years.



European countries rank high among the **top 10 source markets** in the world in terms of expenditure and departures, according to UNWTO.



Europe is the third **most important source market region** for Peru and Ecuador after Latin America and North America but the one that generates the longest average length of stay – which contributes to the economic impact.



Northern European countries with leading source markets like Germany and the United Kingdom have an overall higher **propensity for international long haul travel** than Southern European countries assuming an intermediate relevance.



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.



While the use of internet and social media is ever more important, the **traditional tourism distribution chain** involving travel agencies as well as outbound and inbound tour operators still plays a pivotal role in organizing tourism from Europe to Latin America.

## Top 10 Recommendations

**The following top 10 recommendations condense key insights from this market study and can be helpful for tourism companies (in Peru and Ecuador, but also in the context of many long-haul destinations) in ensuring that vital aspects facilitating market access to Europe are considered in an integral manner.**

### 1 - Align with the tourism value chain

Much of the tourism business from Europe to Latin America takes place within the traditional value chain: consumer → travel agency → outbound tour operator → airline → inbound tour operator → hotel / tourism provider. By understanding the importance of each element and aligning your internal policies and marketing strategy with the value chain, you can successfully be a part of it and enhance your market exposure. In addition, strive for a presence in international online travel portals. The more your product or service can be seen in international marketing and distribution channels (e.g. catalogues of tour operators, booking engines, guide books etc.), the more favorable and trustful the perception about your company and product will be and the easier it will be to further extend your presence in the European market.

### 2 - Maximize the possibilities of the web and social media

A professional web presence complemented by social media activities can significantly enhance your market access but needs to be done in a consistent and coherent manner. Start with the social media channels that you are most comfortable with, typically Facebook, and expand your social media presence ensuring that you can update all channels continuously. Create cross-channel synergies, for example by posting YouTube videos on Instagram or by sharing blog posts on Facebook. Make your social media presence highly interactive – it will help you to better understand your potential customers and to keep them interested and engaged. Make sure you take proper care of Search Engine Optimization (SEO) and Search Engine Marketing (SEM) and continuously strive to improve your “from-looking-to-booking” ratio by carefully tracking user activity.

### 3 - Closely monitor customer motivation and satisfaction

Don't make any assumptions about what your European guests should like or not like about your company, service or destination. Carefully and consistently track customer motivation and satisfaction, through the feedback obtained via your staff or guides, short questionnaires, online surveys, a guestbook, comments on your social media pages and by directly interacting with your clients. Then systematize this information by product or service rendered, target group, nationality and so on. Become very inquisitive about what your clients look for and how they evaluate their experience with your company. Act upon the feedback you get and continuously improve your service to best serve the needs of your clientele. This way you also have the opportunity to gain an awareness of upcoming trends that allow you to continuously adapt and innovate your product.

## 4 - Never cease to investigate your market and network with prospects

Inquire with the National Tourism Organizations and trade associations about the available market intelligence regarding European source markets. Continuously monitor the available statistics and market behaviors and evaluate these with regard to your company's strategy. Take part in educational activities about European markets and marketing activities. When taking part in international events, visit the side programs informing about market tendencies, review commercial publications, such as tour operator catalogues (especially those that already mention your product or those published by potential buyers) and network with stakeholders relevant to your activity. Establish an internal customer relation management system (CRM) that allows you to keep track of your (potential) commercial contacts, sending reminders with product and rate updates from time to time, tailored according to the needs of each target group.

## 5 - Engage in cooperative marketing

Apart from your web and social media presence, options for isolated actions in the European market are limited and expensive. Seek out cooperative marketing opportunities by participating or co-exhibiting in national and international fairs, roadshows, promotional events, networks with promotional platforms in Europe and cooperate with trade associations and the national tourism organization with regard to familiarization and press trips. Form networks with like-minded companies that you are not in direct competition with (e.g. network of small luxury boutique hotels, rural haciendas or network of sustainable eco-lodges). Synergize as much as possible to get the most value for your marketing budget.

## 6 - Affiliate with, and actively support, trade associations

Actively engage in pertinent trade associations. Work together with colleagues to create a facilitating environment for tourism to your country, or destination on the sub-national level. Observe which structural elements limit market access – aspects like infrastructure, road and air connectivity, lack of planning, regulatory framework, tourist safety, waste management or destination image may play a role. Identify the main bottlenecks and work on possible solutions together with sub-national and national stakeholders and tourism authorities. While pursuing your entrepreneurial agenda individually, always act in a parallel way as a steward of the destination that you are operating in – in the long run, your entrepreneurial success depends on it! Systematically cooperate on defining common agendas and making constructive proposals to tourism authorities, government entities, funding institutions and so on.



## **7 - Instead of focusing on abstract data and contact lists, nurture a rich web of personal relationships**

Gradually establish direct contact with players from the European market, by participating in international fairs or promotional events. Carefully listen to their requirements and address their requests and concerns. If the European market feels abstract to you, then intensify your interaction with Europeans – you can start with the few direct clients you already may have and investigate how they found out about your product or service; noticing differences among the different nationalities, their preferences and ways of seeing the destination. Tourism is an eminently relationship-focused, hands-on industry – do not expect to expand your business significantly solely by sending out newsletters to databases or putting up a nice website. If you travel to Europe in order to participate in a tourism fair, request meetings beyond the regular fair activities with your potential commercial contacts. Seek to understand the mindset of product managers working in European tour operator companies. You can ask also commercial partners in your country to introduce you to European business partners, for example through a befriended incoming agency that you regularly work with; or through a hotel situated in another part of the country that has more commercial contacts than you and that you regularly cooperate with by referring clients to each other. In addition, as an incoming agency, you can establish cross-border alliances for mutual benefit, for example by offering mixed Peru-Ecuador itineraries, or packages of Andean countries, exchanging valuable commercial contacts among partners and recommending each other's services.

## **8 - Define your Unique Selling Proposition (USP) and target group**

A clear positioning will significantly support your marketing efforts. Invest some time in determining what makes your company, product or service unique, in line with real demand in the marketplace; and ensure that through your branding, website and communication that unique offer is consistently transmitted. Continuously benchmark the competition – familiarize yourself with what your competitors offer and the prices they charge. Understand how tourists move around in the country and how they combine what you have to offer with other services in the destination. By looking at your company from a broader destination and market perspective, you can develop an easily distinguishable profile. Overall communication should focus on the uniqueness your visitors will come to appreciate, in tune with target groups that value what you have to offer. Ideally, a clear positioning allows you to transmit in just a few words what your service is all about and will allow potential clients to immediately identify themselves with it. Once established, ensure that all your client interactions, organizational culture and operations support that brand consistently.

## **9 - Cultivate a culture of quality and an eye for detail in your company**

There are many requirements working with the European market which include quality, safety, handling of languages, compliance with local laws and regulations, compliance with European laws, sustainability and intercultural aspects. In addition, management and staff need an eye for details, being in tune with what European consumers want. Although often downplayed in importance, intercultural factors play a big role that can often be crucial in making or breaking business relationships. Cultivate a culture of high cultural awareness, realize trainings for your staff, create opportunities for direct interaction with Europeans, for example by hosting interns or bloggers. Develop an eye for details and become aware of the subtle nuances that distinguish each nationality and take these into account when designing your service.

## **10 - Plan ahead in a long-term vision**

Working with the European market requires a long term vision and careful planning, as well as consistent policies regarding rates, commissions, management of allotments, maintaining multilingual staff, positioning of your company in the marketplace and the participation in (often costly) promotional events; among other factors. Establish a strategy for the next year, as well as the upcoming two years and five years – defining which market segments to operate in, which target groups to address, which geographic markets to focus on. Focus on a few vital priorities based on your current strengths and stick to them – because of the complexity of the European market, you will not be able to focus on all markets at once.