

# MEXICO'S INBOUND TOURISM - THE RESULT OF SUCCESSFUL PROMOTION?



The numbers of international arrivals provided by the Mexican National Institute of Statistics and Geography (INEGI) are positive, but when broken down, there are strong contrasts that are worth considering and should make the government reconsider its approach to the inbound tourism.

INEGI continues to use the term 'international travelers' in its survey when the correct term should be 'visitors', which includes travelers and tourists (overnight visitors). There is no doubt that old habits continue, which is discouraging if we consider that there's the Specialized Technical Committee of Economic Statistics of the Tourism Sector (CTEEEST) for this regard. **The word 'travelers' includes those who travel, but not those that do it for tourism reasons.**

International arrivals surpassed the 45 million mark in 2019, 9% higher than the previous year. However, this was due to the fact that border tourists grew 18.1% (up to 21.3 million); in contrast, international visitors, which are the most important market, only rose 1.9% to 21.3 million.

The most concerning fact is that since 2015 when they grew 14.4%, international inbound tourism has been slowing down, that is to say, the arrivals continue to grow but at much lower rates year after year.

The myth of how successful the tourism promotion campaigns have been is not seen in the hard data, and it was only thanks to the spike in border tourism that Mexico was able to sustain its seventh place in the world ranking of international tourist arrivals of the UNWTO in 2019.

The INEGI (and the Bank of Mexico as well) breaks down arrivals by those coming through air and land. The former grew 1.4%, reaching 19.6 million, and the latter rose 4.7%, to 4.1 million; meaning that tourist arrivals by air practically stagnated last year. This had nothing to do with the U.S. economy, which grew an acceptable 2.3%, but rather with internal factors such as insecurity and violence, which are reflected in travel alerts, as well as the seaweed sargassum problem in the Caribbean and the loss of competitiveness compared to other destinations in the region.

However, let's not neglect what is in hindsight: **investing in promotion in a highly competitive market is relevant, but there hasn't been a real assessment on the effect of the many advertising campaigns carried out in previous years.** This is essential to design better strategies for tourism. Hopefully, the sector program that has not yet been released sheds some light on it.

It should be clarified that the UNWTO, by standard, does not consider hikers in the classification of international tourism. But in terms of income and expenses, that is, total expenditure excluding air tickets, it does include them. In this regard, a clarification would be relevant because the influx of people and receipts are different.

If we look at the figures of international arrivals by air based on country of residence for 2019, which has been provided by the Migration Policy Unit (it does not include Mexican expats) and released by DATATUR, linked to those of inbound tourists, those from the United States barely grew

0.2%, reaching 10.8 million; those from Canada rose 5.9%, to 2.3 million; while visitors from the United Kingdom fell 1.3%, to 549,000; and those from Colombia increased 8.5%, to 536,100 visitors.

International inbound tourism receipts rose 9.0% in 2019 (24,562.6 million dollars), mostly due to inbound tourism expenditure growing 9.2% (21,034.9 million dollars). The only market whose total expenditure dropped (0.6%) was that of border hikers, down to 593.2 million dollars, explained by the fact that influx of people fell 7.7% (down to 43.3 million) because the immigration checks to enter the U.S. had a negative impact on a number of crossings; however, its average expenditure grew 7.7%.

If we focus on the most relevant market, inbound tourism showed positive results overall because total expenditure grew as a result of its average expenditure spiking 7.1%, although the influx hardly increased (1.9%). Those who arrived in the country by air had an average expenditure of 1,000.89 dollars, growing 8.1% and that is without promotional campaigns. Based on these numbers, it's safe to assume that **the behavior of tourists is determined by economic factors and consumer preferences.**

As for international visitor expenditure, it fell 12.3% in 2019 (to 9,847.8 million dollars) despite the strong appreciation of the exchange rate, which was caused by the decline in Mexico's economic activity. Even the fall in inbound tourism expenditure was 16.3% (to 6,325.1 million dollars), which was especially noticeable among those who leave the country by air.

Taking into account the figures above, the tourist balance of 2019 was 14.7 billion dollars, which is 30.3% higher than the previous year (11.29 billion dollars). Meanwhile, government organizations and agencies will try to pass it as a great achievement for the country's tourism.

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