

Kushki Insights: Hospitality



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Mexico and tourism

Incredible beaches, archaeological sites, tropical climate and UNESCO awarded gastronomy are just some of the reasons why

Mexico ranks first in the entire American continent with the highest number of travelers.

According to the National Institute of Statistics and Geography (Inegi), in **May 2023** alone, **3.26 million foreign tourists** were recorded, while in the same period the previous year, the figure reached **2.98 million**, which represents an increase of **9.3%**.

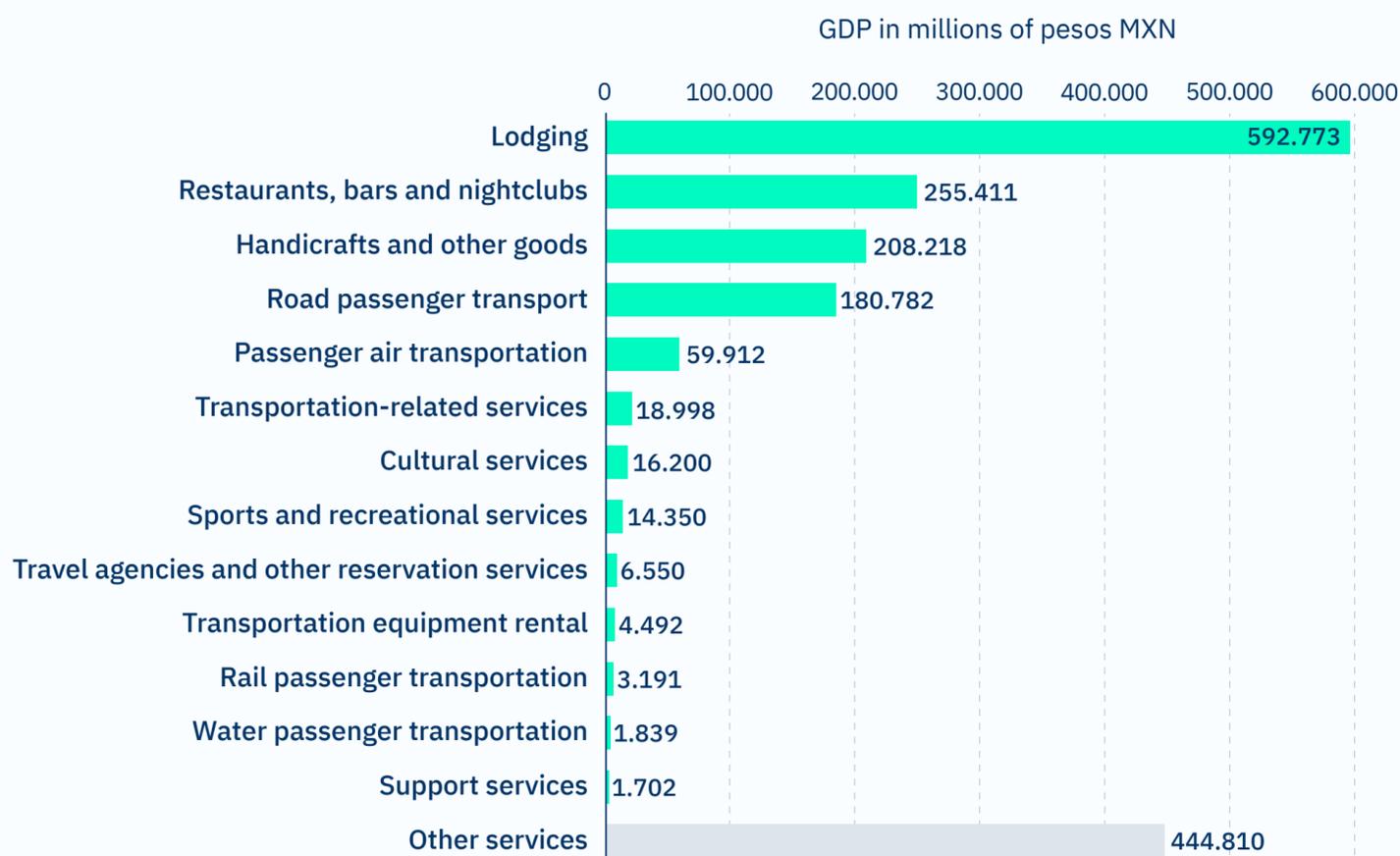
Every year, Mexico receives a large number of visitors and more than **65% of them come from the U.S. and Canada**. Even during the pandemic, Mexico ranked as **the third most visited country in the world during 2020**, attributable to the flexible sanitary measures taken by the country during that period.

According to figures from **Inegi's Tourism Satellite Account**, in 2021 tourism contributed **7 out of every 100 pesos** (7.5%) to **Mexico's GDP** and employed **6 out of every 100 workers** (5.7%). That year, the **lodging, restaurant, bar and nightclub sectors** were the main contributors to **tourism GDP**.





Gross Domestic Product of Tourism in Mexico in 2021, by sector (in millions of pesos)



Source: INEGI | © Statista 2023

A well-known fact about tourism in Mexico is that Mexicans themselves are the ones who contribute most to this activity. According to the newspaper El Economista, out of **every 100 pesos that entered the country** from **tourism** during 2022, **83 were from Mexicans**. Spending by international travelers was equivalent to 17 per 100 pesos.

The upward trend in tourism in Mexico is clear, as during **2022**, the country received **38.3 million international tourists**; 20.3% more than in 2021. In the coming years, the number of foreign visitors is expected to grow even more.

Mexico's tourism and hospitality industry is the **third largest contributor to the country's Gross Domestic Product**, and not surprisingly, as by the end of 2023, it is estimated that Mexico's tourism sector will contribute around **218 billion dollars** or, **14.9% of the national GDP**; just 0.2 percent below the figure for 2019, when the sector accounted for 15% of the economy.

Likewise, Mexico's total income from **international visitors** increased to record levels, totaling **US\$28.16 billion in 2022, the highest figure ever recorded** by the Inegi and the Bank of Mexico (Banxico).

The hospitality industry, which includes hotels, restaurants, leisure, boutiques, bars, cafeterias, and others, is considered one of the most prosperous in the country. It also provides many jobs. According to Statista, **the tourism industry employed more than 4 million people in the first months of 2022.**

Mexico and the hotel industry

In Mexico, the hotel industry is dominated by local players; **Grupo Vidanta, TAFER Resorts, and Grupo Posadas** lead the top positions, with Grupo Vidanta leading the 2022 revenue ranking with **27 billion Mexican pesos.**

Leading companies in the hotel industry in Mexico in 2022, by net revenue (in billion Mexican pesos)



Source: expansion.mx; Various sources | © Statista 2023

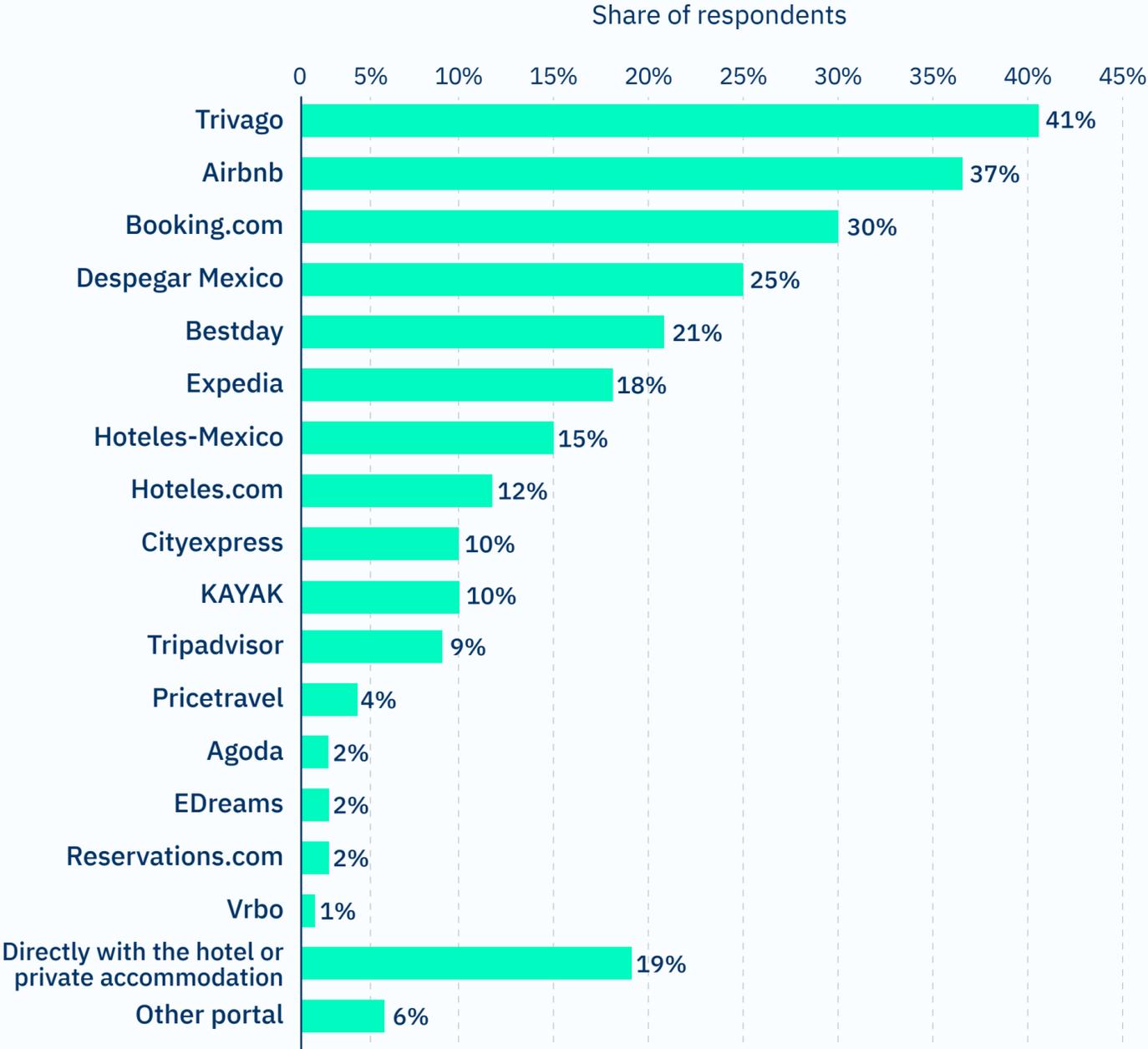
Both Grupo Vidanta and TAFER resorts are considered luxury hotels; this segment makes up **25% of the market combined with the economy segment**, while Grupo Posadas has medium and upper-middle segment hotels that make up **more than 50% of the total market**.

Revenues in the hotel segment are expected to reach **7.55 billion dollars in 2023**, according to Statista; achieving a **year-on-year growth of 25%** between 2022 and 2023.

In 2021, a total of **25,200 hotels and similar establishments** were registered **in Mexico**, a figure that represents an increase of more than 500 lodgings compared to 2020.



Hotel/private accommodation online bookings by brand in Mexico as of March 2023

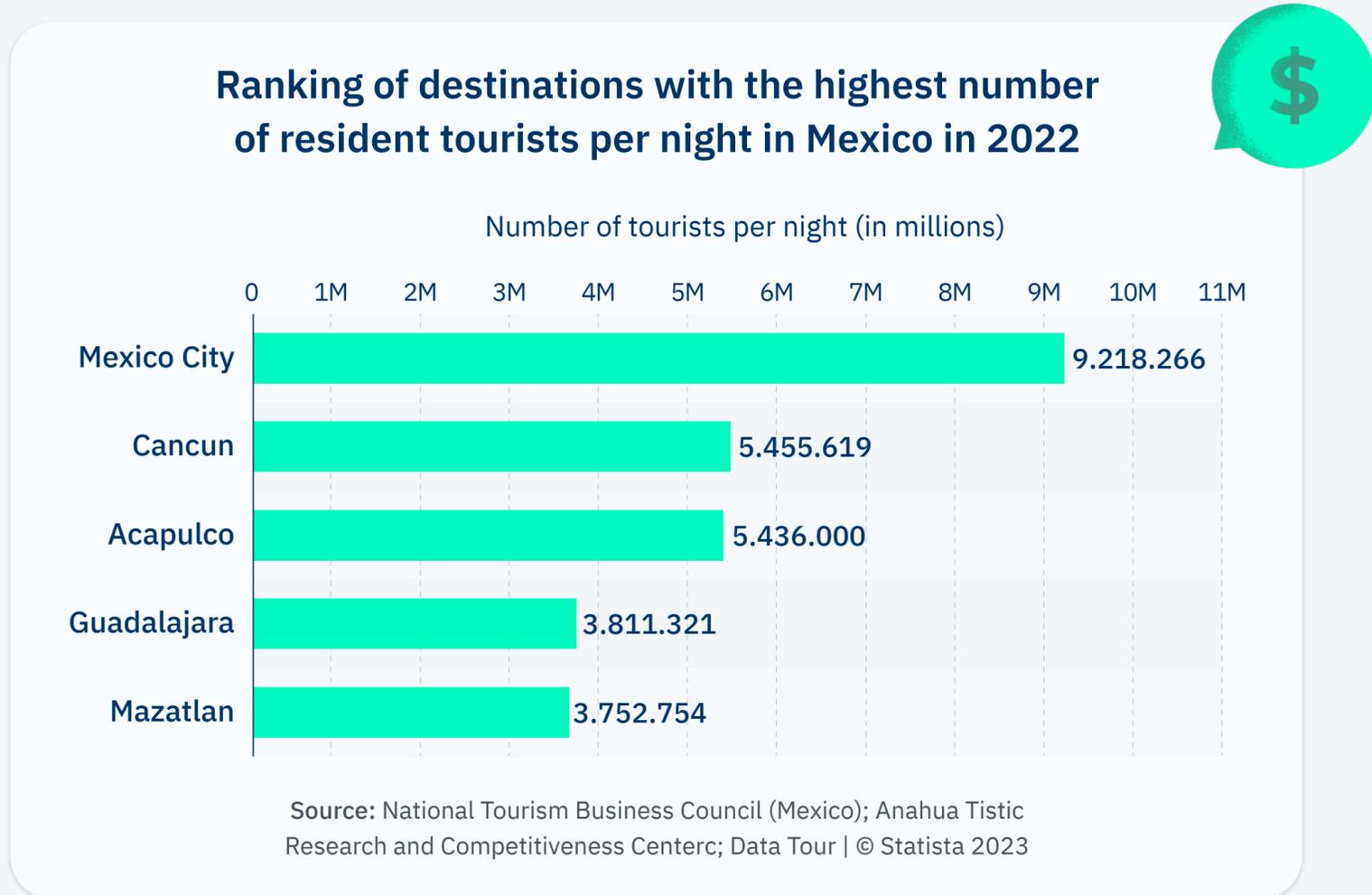


Source: Statista Consumer Insights | © Statista 2023



In terms of domestic bookings, **Trivago, the German online booking platform, is the favorite for Mexicans**, followed by **Airbnb**, on which unlike Trivago, bookings are generated in private accommodation.

The preferred destinations for tourists staying in Mexico are: **Mexico City, Cancun, Acapulco, Guadalajara, and Mazatlan**. Mexico City and Guadalajara being the 2 main cities in the country and the rest are coastal destinations.



Another way to book lodgings is through vacation packages that include transportation and lodgings for a single price. Because of the ease, price, and attention provided by these agents, many tourists decide to take advantage of them to avoid having to buy each service separately. The revenue of these packages for 2023 is **US\$4.632 billion**, with a **YoY of 15%** compared to 2022.

Cruises are another service booked by tourists in Mexico. The number of users has grown considerably, from **112.40 million** in 2021, to **186.60 million in 2023**, with the **35 to 44 year-old** sector being the one that consumes this service the most. Regarding purchase channels, when it comes to cruises the preferred way of booking is offline, with 80% of purchases made this way by 2023. For the same year, cruise revenue is expected to reach **US\$115 million**.

The camping market in Mexico includes the rental of pitches with tents, motorhomes, and trailers, and despite not being as high as other activities, it also generates large revenues, with **US\$17 million in 2022** and an expected growth to **US\$18 million by 2023**. Contrary to cruises, this activity generates more sales through the online channel, with **59%** of purchases made on the web.

Mexico and the restaurant industry

Gastronomy in Mexico is one of the country's main attractions, and for good reason, since **UNESCO** considers it an Intangible Cultural Heritage of Humanity.

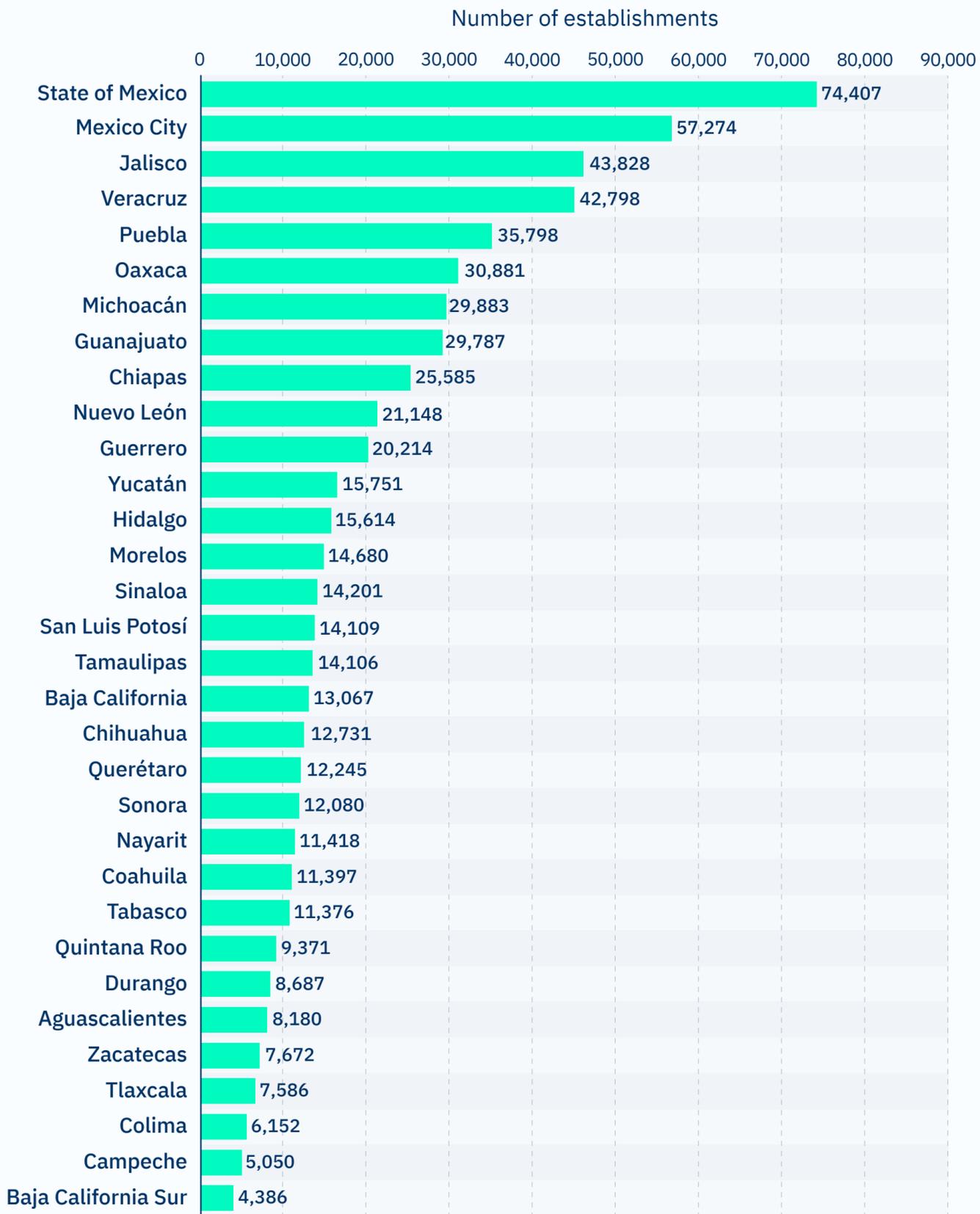
Mexico has innumerable gastronomic offerings, the **State of Mexico alone** is home to more than **74 thousand restaurants**, while **Mexico City and Jalisco have 57 thousand and almost 45 thousand respectively**. The category that leads in the number of restaurants is that of **Mexican antojitos**, such as fondas and comidas corridas, but it is closely followed by tacos and tortillas.

In 2022, **the restaurant industry's GDP reached 1.160 billion Mexican pesos**, according to Statista.

When it comes to the **fast food** sector, the order of cities changes, Mexico City moves to fourth place, while the **State of Mexico returns to the top spot with 7,653**; Jalisco maintains its second place with almost 5,000 and Veracruz remains in third place with 4,220 fast food restaurants.

In Mexico, **the informal sector is the largest contributor to Mexican GDP and employs many more people than the formal sector**. This structural problem exists in almost all of Latin America and in Mexico we can clearly see it in the restaurant industry, which is mainly made up of **microenterprises**.

Number of restaurantes and similar establishments in Mexico as off June 2023, by state



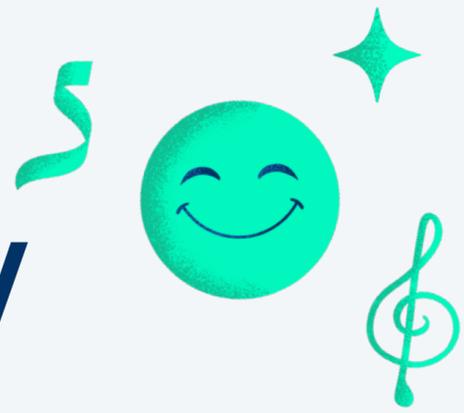
Source: INEGI | © Statista 2023

According to a 2021 study by Inegi, microenterprises:

- ◆ Constituted **96 out of every 100** restaurants.
- ◆ Employed **70 out of every 100** people who were working.
- ◆ Generated **55.9 out of every 100 pesos**.

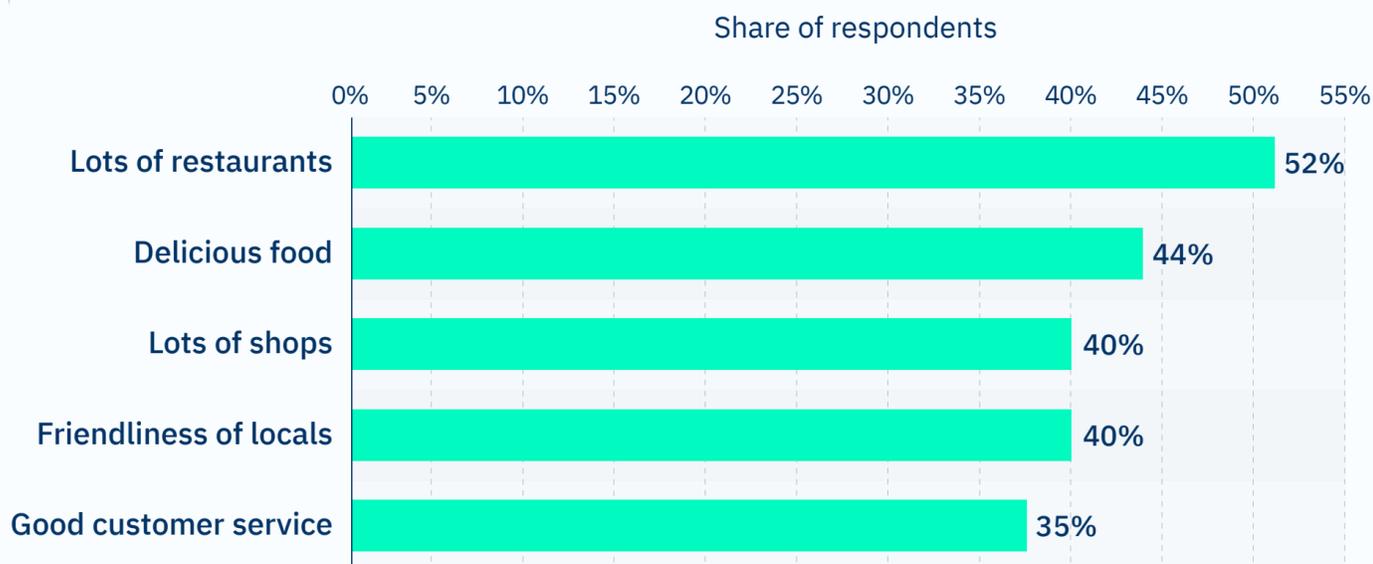
Microenterprises are followed by small businesses, which represent 3.3% of the total. Medium and large companies have a share of less than 1%, which means that they generate only 10% of employment and 15.8% of gross production.

Mexico and the leisure industry



For Mexicans, the most attractive aspect of the country is **the restaurants on offer**; more than 50% of those surveyed said so, while 44% of travelers mentioned the country's **delicious typical food** and 40% indicated **the variety of stores**.

Preferred amenities of domestic leisure tourists in Mexico as of June 2023

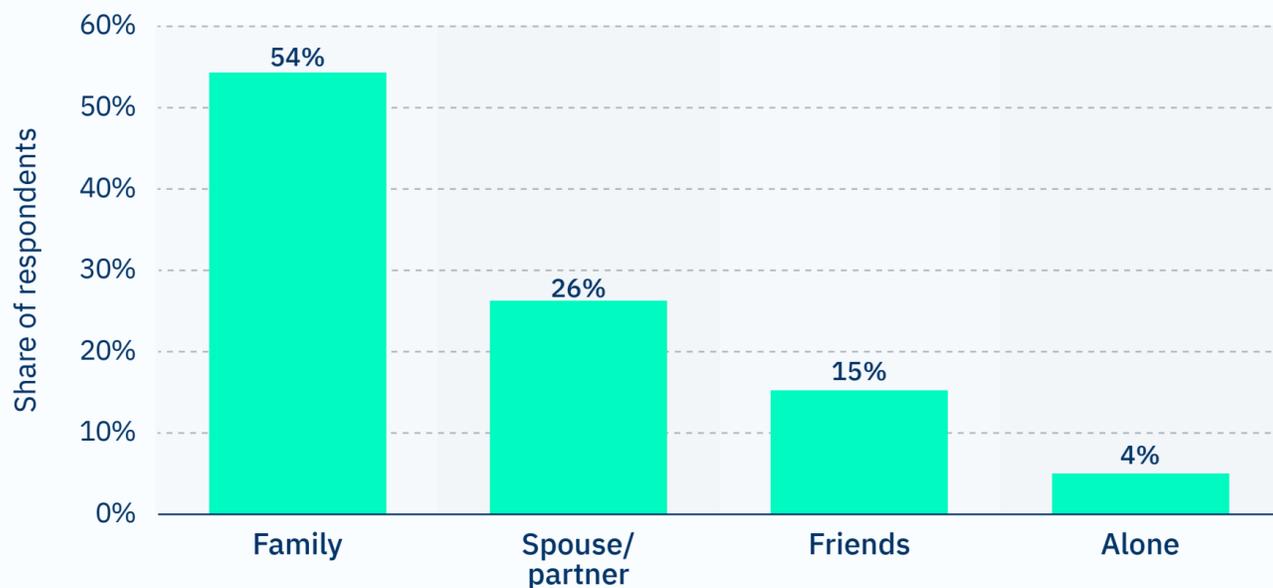


Source: Picodi | © Statista 2023

Although nightclubs are not among the top reasons to visit Mexico, during the first quarter of 2023, **the industry of Nightclubs, Bars, Taverns, and Similar registered a GDP of MX \$679.760M**; showing an increase of 4.7% compared to the previous quarter.

On the other hand, **95% of the travelers** who touch Aztec soil come for fun and relaxation, **while only 5% come for work**. Likewise, 54% of tourists come with their families, 26% with their partners and 15% with friends.

Distribution of leisure tourists from Mexico as of June 2022, by travel companionship



Source: Picodi | © Statista 2023

Mexico and digital channels in tourism

In a survey conducted by Statista in March 2023, **41%** of respondents who booked accommodation in a hotel or private residence did so through the **digital portal Trivago**. **Airbnb** ranked second **with 37%**, while **physical bookings accounted for 19%**.

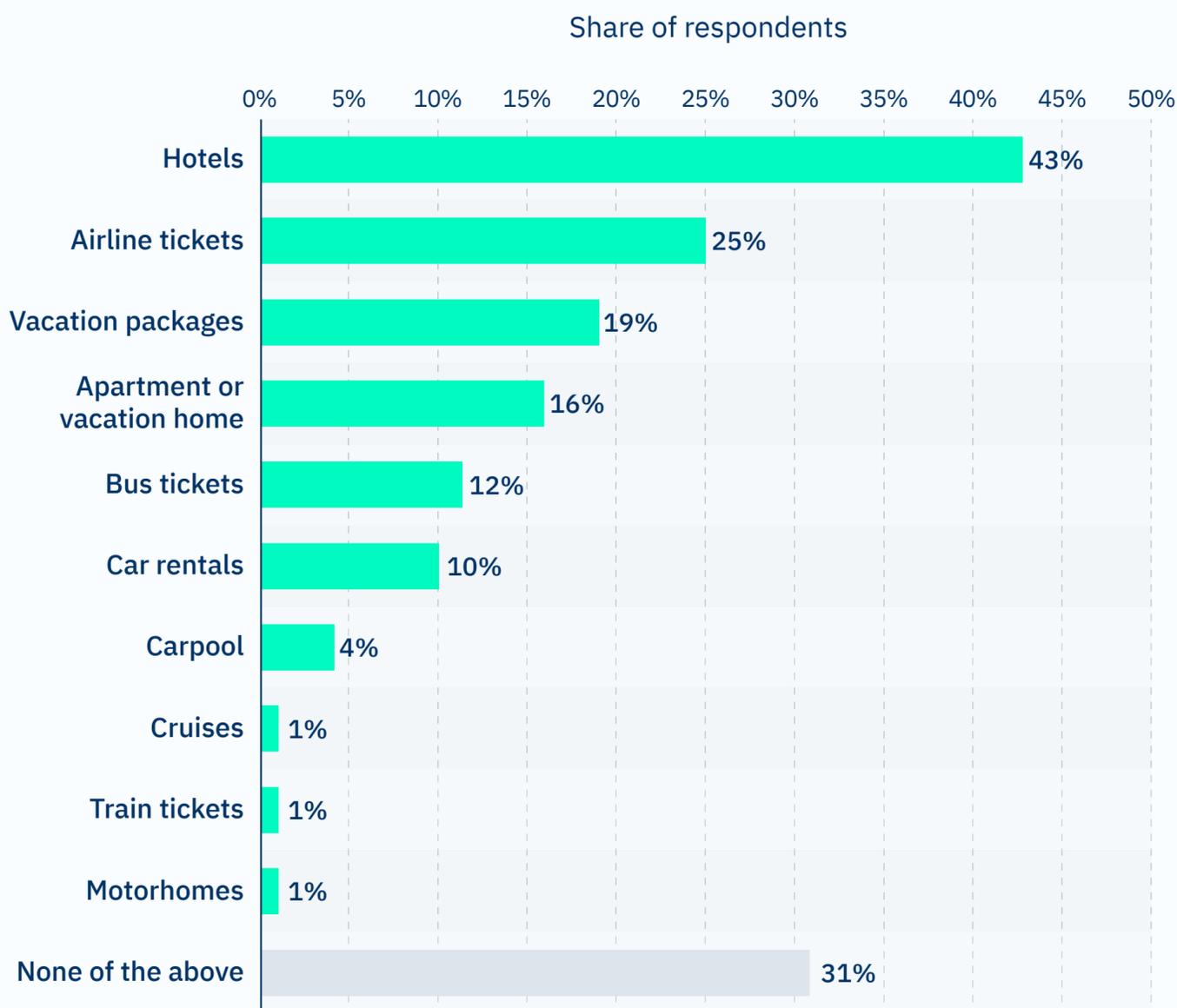
According to Comscore, **52% of internet users** in Mexico visited a tourism-related website or mobile app during **March 2022**, a figure that places the country below the United States (86.6%).

In Mexico, **the number of e-commerce users** by 2023 is estimated at more than **69 million**, and this figure is expected to reach **88 million by 2027**.

Among the most booked online products and services related to tourism are **hotels with 43%**, followed by **airline flights and vacation packages with 25% and 19%** respectively.

On the other hand, the option "**none of the above**", reached **31%**. A **high figure when compared to the top 3 in the category**. This percentage may be an indication that a large proportion of **Mexican users prefer to make their reservations directly at the establishment**.

Most booked travel products or services online in Mexico in 2022



Source: Statista Consumer Insights; Statista | © Statista 2023

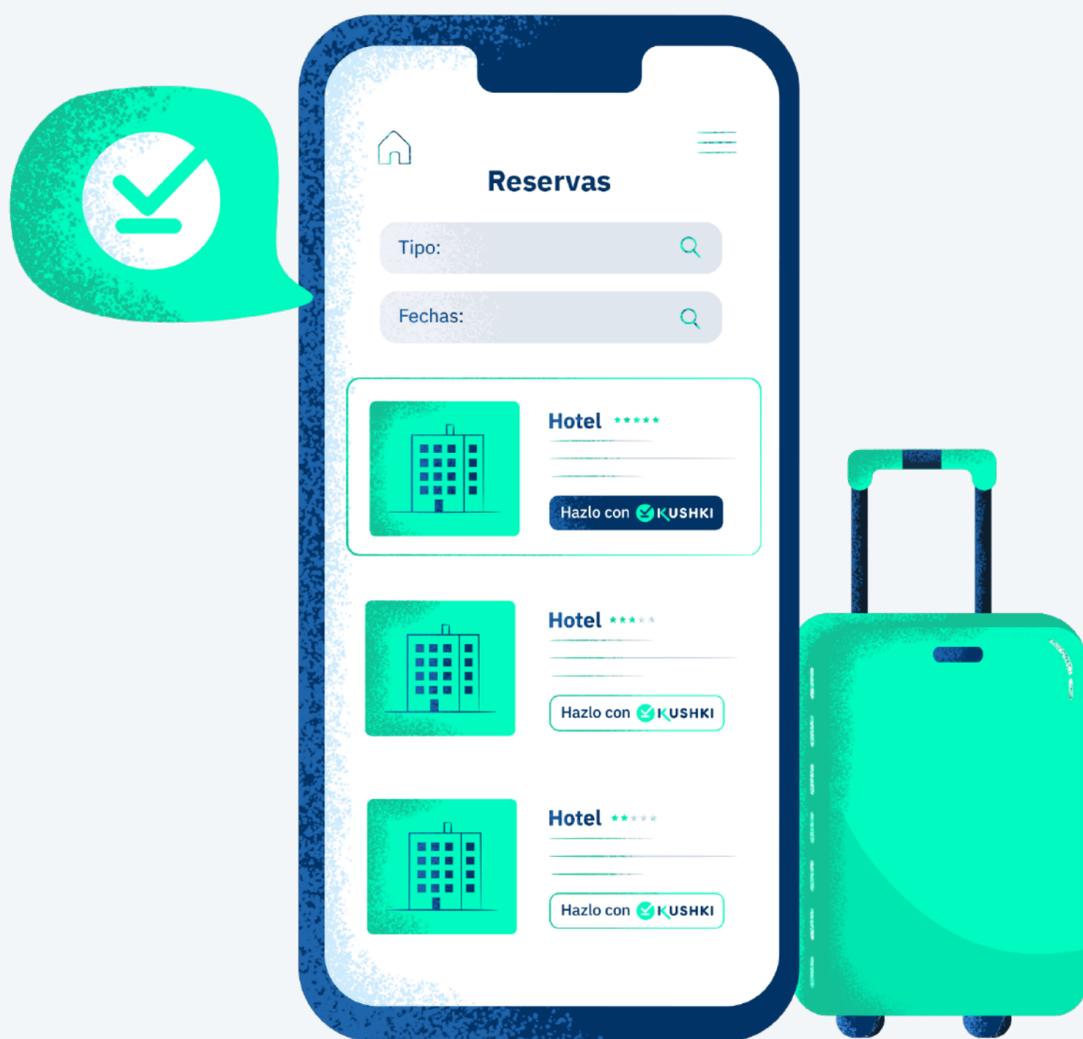


How can Kushki benefit the Hospitality industry?



At Kushki we have years of **experience helping** hotels, travel agencies, restaurants, cafes, and nightclubs get paid. Some of **the benefits of using Kushki** are:

- ◆ Acceptance of international cards.
- ◆ Advanced technology to process payments without technical failures and without bureaucracy.
- ◆ Payment provider with problem resolution in the shortest possible time.
- ◆ High availability and connection at all times.
- ◆ Digital and face-to-face payment solutions.



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