

# New Landscape Report

BRAZIL



TRAVEL  
SOUTH  
USA

# EXECUTIVE SUMMARY

This report presents an overview of Brazil's tourism industry, according to the guidelines requested by TSUSA, compiling data and the current situation during this challenging period of Pandemic.

Brazil's economy felt the impact as in all countries, and reports of growth gave rise to concern and suspicion; however, as the months passed, it was found that the economic impact was less than expected.

Gradually the projections for this year were recalculated more optimistically. The beginning of vaccination in Brazil and the rest of the world meant that recovery was on the horizon, albeit slowly, after initially appearing much more challenging to overcome.

The United States is the most popular long-distance destination for our market, and Brazilians remain a target group that travels more often and spends more in the USA, especially to Orlando and New York.

The travel trade market learned to postpone, transfer and captivate their clients for future trips, selling national destinations when they cannot travel internationally and adapting to new destinations as soon as the border restrictions were lifted. Investment in digital resources and business reimagination is destined to survive. Many have prospered and are willing to conquer the world, one barrier at a time. Travel agents gained consumers' attention and respect during this period, showing the benefits of these channels. Trip safety and hygiene, adequate travel insurance and outdoor experiences are now trends.

The media was hit with a significant drop in print and revenue in advertising, generating staff reductions and digital focus. Many vehicles opted for online content only, but most publications are going digital for recent news and reserving the most valuable content with no expiration date for print editions. In the era of fake news, investment in quality has been one of today's biggest concerns.

We want to thank Travel South USA for their confidence in our market and we believe that the situation will improve soon. Political decisions for vaccination and lifted travel restrictions will play a role. We will return to travel even stronger. There's repressed desire for travel inside every Brazilian, and we are ready to resume tourism to the USA.



# Overview

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# **Factors Affecting Travel**

# A BRIEF OVERVIEW OF BRAZIL'S ECONOMY AND FORECAST FOR 2021 AND BEYOND

The Gross Domestic Product (GDP) is the leading indicator to measure the country's growth. Considering the last ten years as a parameter, we see that its GDP per capita has increased every year. Although the average annual growth has decreased since the 2008 crisis, Brazil's economic situation still improves each year.

However, the growth outlook for 2020, which was 2.4%, that is to say, equivalent to double the result obtained in 2019, was changed due to the Pandemic. The Central Bank changed its estimate of a fall in GDP to -4.05% in 2020. The projection was published on February 12. This estimate is more optimistic than that of the Ministry of Economy, which predicts a 4.5% drop in GDP in the same period.

The unemployment level decreased for the third consecutive month in November 2020 – the last official number, showing signs of a commercial activity recovery trend. The federal government created emergency aid for the most vulnerable people. Approximately USD 40 billion were injected into the economy from April to August; 67 million people benefited, that is, 32% of the population. Additional aid was extended until last November.

The injection of emergency aid helped people buy essential products, such as food and medicine, make small renovations to the house and purchase appliances and furniture since families spend more time at home due to the pandemic.

Another essential point to add to the analysis is that inflation has alarmed families. The year's official inflation index was at 4.52%; however, the food and beverages group, which makes up the largest household budget, was up 14% in 2020. This limits consumption, as consumers need to reduce spending on health, transportation, and housing to maintain the same essential food products.

On the other hand, household savings figures have alleviated concerns. The savings account reserve has broken the historical record of R\$ 1 trillion. Since March, the balance between deposits and withdrawals has totaled R\$ 167 billion, a monthly average of R\$ 18.5 billion. Net funding was favorable (almost R\$ 70 billion) in the last three years. Therefore, families were able to save more by staying at home during the pandemic. These resources can immediately return to the economy and give traction to it in early 2021.

These factors induced the Ministry of Economy to work with a slightly better number of 3.2% growth in 2021. For 2022 and 2023, the analysis points to slightly lower growth, around 3%. This projection always considers compliance with the goals of the National Vaccination Plan for this year.

## VIEW ON COVID-19 (spikes, vaccines, etc.)

The Pandemic hit Brazil quite differently from region to region, which was expected in the continental-size country. Yet, on the third week of March 2020, the whole country was quarantined. By that time, 18 states had already reported cases of contamination. All five regions of the country had already been affected in different ways.

On March 27, 2020, the government issued an ordinance closing the country's borders as of the 30th, restricting foreigners of all nationalities from entering.

In the months that followed, pandemic indicators began to skyrocket. The peak of infections and number of casualties were reached in July and August. Since the beginning of September, both contagion and death curves have slowly started to fall. All five regions of the country began to ease commercial and leisure activities and, although the number of people out and about on the streets became more significant, the numbers continued to fall.

This scenario remained like that until November 11, when the numbers rose again. The Ministry of Health understood that some factors had contributed to that event. Businesses reopened and started functioning at almost pre-pandemic opening hours. As a result, there was an increase in the circulation of people on public transportation. Great concern was also caused by holiday gatherings and the national vaccination announcement leading to part of the population relaxing its social distancing measures.

Brazil has signed agreements for vaccines against the virus through partnerships with three foreign laboratories: AstraZeneca & University of Oxford; Sinovac Research & Development Co. Ltd; BioNTech and Wyeth / Pfizer, which will work together with local laboratories.

Vaccination began on January 16, albeit in a disorderly manner, in almost the entire national territory. Initially, health professionals, the elderly, and indigenous peoples shall be immunized. The second phase will focus on the most vulnerable people until the last stage of the population's mass vaccination.

The population's involvement in the National Vaccination Plan has been remarkably very high, despite vaccination not being compulsory in Brazil. Of course, the biggest challenge in a country of about 210 million people is acquiring a large quantity of vaccines. Two leading institutes in the country are currently working with the following numbers: Fiocruz (Rio de Janeiro), 30 million doses by March and 100 million doses by July; Butantan (São Paulo), 17 million doses by the end of February and 94 million doses by July.

## GLOBAL INDUSTRY TRENDS (where is open/what is being booked)

In the international market, Brazilians travel to some international destinations, especially Mexico, the Caribbean, Dubai, the Maldives, and Turkey. Neighbors Argentina, Uruguay and Paraguay are closed to Brazilians. Chile is open, with some restrictions, and concerning South American countries, the borders have been opened and closed at various times, with or without restrictions.

It is worth remembering that in the last 15 years, 210 thousand Brazilians have acquired European citizenship and were able to travel to European countries, even during the pandemic.

Some destinations, such as Cancun, Mexico, have their staff offering hotel-paid PCR tests to guests before their return as a form of incentive and differential. Dubai has also unveiled another promotion of a free stay for children under 17 years of age traveling with their family.

Internally, from the end of June, countryside hotels and coastal locations began to reopen. As a result of greater flexibility of shop working hours and leisure activities as of September, the country's resumption began. More than 92% of chain hotels were reopened. But still operating with limited capacity. Even at limited capacity, the resorts had been in high demand on holidays, and several of them were fully booked for the end of the year.

For a considerable part of the population, maintaining social distancing meant changes in the option of stay. The demand for accommodation in houses, villas, chalets and condominiums, where the family can be together in the same environment, has grown significantly. At first, people searched for the nearest locations, distances that could be covered by car. However, air travel resumed as more destinations were once again served by airlines.

The high occupancy of flights, around 88%, served as an incentive for an even faster resumption than scheduled by the carriers.

The country's three largest companies (Latam, Gol and Azul), which operated at around 10% of flights in April and May of last year, have been progressively expanding the airline network. In September, they were already operating at 40% of regular traffic. As of October, all markets in the country were already served again, focusing on leisure travel since most companies were still in the home office regime.

# VIEWS ON TRAVEL TO THE USA

In particular, Orlando, Miami and New York have always been at the top of Brazilian tourists' preference for trips to the USA. This trend should be maintained as soon as the pandemic is no longer an obstacle to travel.

The situation is different at the moment, however, with travel restrictions for Brazilians. Although there is the possibility of doing a two-week quarantine in Mexico, it is not an alternative with commercial appeal. The cost of such a trip is too restrictive on the number of people who can afford this extra expense.

The so-called "second wave" of contamination in the United States has discouraged Brazilian tourists from choosing, at the moment, the country as a destination for their leisure. Tour operators have directed their customers to places where there are no restrictions. Good examples are Mexico, the Caribbean and Turkey.

Some initiatives were presented to the market, such as, for example, specific travel insurance to cover expenses in case Covid-19 infects the tourist. The leading travel insurers operating in Brazil (Assist Card, Travel Ace, Itermac) already offer this product type. It is a way to encourage tourists to continue to choose the United States as a vacation destination.

One Brazilian airline that operates scheduled flights to the United States went further. Azul has included in the ticket price financial assistance for passengers who purchase flights to North American until the end of January 2021 and receive a positive diagnosis for the coronavirus while traveling. The benefit will be valid for 31 days from the date of departure and available only while the passenger is away. To properly use covid insurance, tickets must have been purchased within the established period. The service is offered in partnership with an insurance carrier, the idea of which is to provide more security for travelers.

However, even with these initiatives, there is no guarantee that many travelers will return quickly to the United States as long as the situation remains as it is at the moment.

# STATE OF LONG-HAUL OVERSEAS FLIGHTS

Another significant effect of the crisis generated by COVID-19 is the interruption of air connectivity in Brazil with its main markets, an essential aspect of the tourism revival, considering the 11 main airports in Brazil and the flight schedules. Most airlines are gradually returning to flight operations with their regular Brazil - United States traffic:

**Azul:** The Brazilian company operates from Viracopos airport, Campinas, SP, to Fort Lauderdale, Orlando and New York (JFK). They are booking tickets for March only to Fort Lauderdale, with no estimated restart of operation for the other two destinations.

**Gol:** The Brazilian airline had resumed international flights for selected South American destinations from the second half of December. Due to the second spike, at the present date, they are not operating international flights.

**Latam:** The company is operating direct flights from São Paulo to New York and Miami until the end of February. As of March, there is still no confirmation on the maintenance of these destinations nor Orlando flights.

**American Airlines:** American operates from São Paulo to Miami and Dallas. The journey from Miami to Rio de Janeiro was resumed on December 17. The Manaus - Miami route returned in early January 2021. Flights from São Paulo to NYC are scheduled to return on March 28.

**Copa Airlines:** The Panamanian company resumed operations from Panama City to São Paulo, Rio de Janeiro and Brasília, and to Porto Alegre only from March 2021.

**Delta Airlines:** The American airline operates from São Paulo to Atlanta and New York and Atlanta to Rio de Janeiro. The airline keeps the Atlanta to São Paulo (daily) and New York to São Paulo (4 times/week) routes operational; Atlanta to Rio de Janeiro remains suspended.

**United:** The American company operates from Houston to São Paulo and Rio de Janeiro and New York (Newark) to Guarulhos. Flights from Chicago are expected to resume in March. The reservation system does not yet indicate the resumption of routes from São Paulo to Washington DC.

It's essential to add that of all the airlines surveyed, the only one blocking middle seats on their flights is Delta. The company announced that it would maintain this policy until at least the end of April.

Moreover, the occupancy rate on Brazilian national flights, which exceeds 80% of aircraft, clearly demonstrates that users fully trust airlines' health protocols, which is a positive sign towards the return to international travel.

# TRAVEL RESTRICTIONS TO THE USA

Passengers who have transited or have been in Brazil in the past 14 days are not allowed to enter and transit to the USA.

It does not apply to:

- American citizens and permanent US residents;
- spouses of US citizens and permanent residents;
- parents / legal guardians of a minor under 21 years old who is a citizen or permanent resident of the USA;
- single and under 21 who is a brother or sister of an American citizen or a permanent resident of the USA, also single and under 21;
- child / adopted child/dependent of an American citizen or permanent resident of the USA.

From January 26, all airline passengers entering the USA will need a negative Covid-19 test not older than three days. The CDC recommends a seven-day quarantine with another test 3-5 days after post-arrival.



# **Travel Industry Landscape**

# TRAVEL INDUSTRY LANDSCAPE

Brazil was severely affected by the COVID-19 Pandemic. The effects of this health crisis are having a significant impact on the country's tourism sector.

What did we learn?

- Listen, learn and adapt to support, understand and be present.
- Reinvent and create to learn other ways to communicate and deliver
- Perseverance to understand that we are all together in this
- Tour operators are already pre-selling trips to the USA from July 2021.

During this period, this is the most relative market information:

**New Age** from São Paulo decided to end their sales, honoring all previous sales, assisting all their customers with scheduled trips, and making rebookings and refunds.

**Queensberry** from São Paulo filed for Chapter 11 and downgraded from 116 collaborators in march 2020 to 24.

**MGM Operadora** from Curitiba suspended their activities indefinitely after 23 years in the market, leaving over 800 clients without compensation and many TO around the country united to absorb and help these travelers.

**Viajow** Tour Operator & DMC entered the market as a 360 business, digital, and a previous MGM lawyer from Curitiba as one of the startup's co-founders.

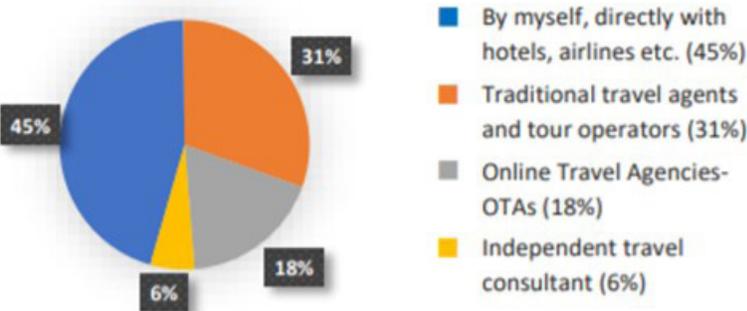
The market also draws attention to three other operators, which suggests care when making investments and greater attention when monitoring their trajectories. These are the operators: Flytour, BRT and CVC Corp, undergoing severe restructuring, which we hope can contain the risks and return to the market with financial health and commercial integrity.

After leaving Flytour, Barbara Picolo joined ETS Travel, partnering with Michael Barkoczy, her former director at Flytour. Further comments follow in this report.

# OVERVIEW OF TRAVEL INDUSTRY LANDSCAPE

Despite the expectations generated by the pandemic, research reflects that travel agencies are still not the primary means by which travelers buy their trip: the most chosen option is to contact hotels, airlines, attractions etc. directly, over the internet, and buy the trip on their own (FIT, an acronym for “free independent traveler”). Despite their benefits during the pandemic, travel agents are second place to make travel changes and cancellations. Maybe because, at this moment, the population does not want to expose themselves by going to a travel agency to make the necessary planning and changes. But traditional travel agencies or tour operators showed almost double the advantage in preference over OTAs (Online Travel Agency), with 31% of responses, compared to 18% who opted for a virtual company’s services. Independent travel consultants appeared in 6% of the responses.

**In your next trip, how do you intend to organize all the details?**



# STATUS OF TOUR OPERATORS WHO HAVE PREVIOUSLY WORKED WITH TRAVEL SOUTH USA

It is imperative to emphasize that since the beginning of the pandemic, all Brazilian operators have focused on national sales, selling domestic destinations and creating products, as many were not specialized in Brazil, and as international destinations are open to the entry of Brazilians, such as Mexico, Caribbean, Maldives and recently Dubai and Turkey. Operators are updating themselves, adapting and taking advantage of the promotions and adaptations of the markets.

## Abreu

Faced many markdowns and problems – reduced 15% of staff during the Pandemic and spent a period working with 50% of the period. In August they returned to 100%. Still working from home-office and only service people at their office. Selling many national destinations and Caribbean, since their core business is focused in Europe and USA. Consumers are requesting many quotes for the summer months (June to August 2021) in the USA with 70% of the demand to Orlando, more family groups and fewer friend groups are looking for road trips. Product managers are now located with Abreu Florida in its own office in the USA.

## Agaxtur

Covid affected minimum personal reduction – entered the Pandemic with 30 stores and is now with 70 (regarding Latam deal) – and now they have their franchise expansion team. Already managing to increase sales volume, to mention their best sales during COVID: national destinations / Caribbean / USA with seven months advance sale open to be rescheduled (in the past, this curve was three months) - Many USA customers awaiting the border to open. Southern USA website is active, and Agaxtur is continuously working on updating prices and routes. Looking for new products that include Fly and drive to the bus option. Publicizing many road trips and post covid trends on their website, billboards, magazines, radio. Asked to be aligned with receptive who have fiscal accounts in Canada as Allied Pro and EasyTime Travel, to avoid extra taxes and reduce costs.

# STATUS OF TOUR OPERATORS WHO HAVE PREVIOUSLY WORKED WITH TRAVEL SOUTH USA cont...

## BWT

is still below regular revenue, but it has stabilized growth and opened branches in Porto Alegre, RS and Belo Horizonte, MG, since November; main branches: Manaus - Vitoria - Joinville – Curitiba and commercial teams in Sorocaba - Campo Grande - Londrina - Maringá and Porto Velho. There was a minimal reduction of people in the team (10% and already re-hiring). Made a significant investment to update their online system (same as Orinter). Business up to now is 90% National and 10% International (Caribbean-Cancun / Maldives / Dubai) and waiting to borders to open to resuming USA sales. Already registering an eight months pre-sales for 2021 second semester.

BWT is negotiating unique values or offers to international sales returns, aiming to have exceptional cases and offers to destinations and attractions. Open to talk and adapt products. Their most important lesson was that they are not OTA's competitors.

## CVC

is going through a significant overhaul in company structure resulting from deep cuts in revenues due to the global Pandemic. The restructuring has affected more than 20 senior-level managers and consists of brand unification, process simplification, department synergy and team reduction, started in 2020.

CVC is creating a program for autonomous agents and four new projects:

1. The program for independent travel agents aims to provide a structure for consultants and independent travel agents to sell CVC Corp products to their customers. The growth of these consultants was already a pre-pandemic trend, but the crisis, with layoffs and downsizing of companies, accelerated the entry of more players in this segment.
2. The program will have its brand and will not use the CVC brand; a boost at VHC Hospitality (Vacation Rental), rising from 220 to 8,000 properties in Brazil, the United States, Portugal and Spain;
3. Reprogram to mark CVC Corp's concern with sustainability;
4. Launch of a niche market and thematic trips - CVC Corp wants to lead the offer of themed products, such as trips for the elderly, wellness, LGBT, volunteering, ecotourism;
5. Launch of Mais CVC, a loyalty program with the potential for more than 20 million members and will have a club, such as the one Leonel Andrade created at Smiles.

# STATUS OF TOUR OPERATORS WHO HAVE PREVIOUSLY WORKED WITH TRAVEL SOUTH USA cont...

## FLOT

In April 2020 Flot cut 40% of its staff and in Jan 2021 is opening and re-hiring gradually. Maintained contact with the market in 2020 by performing lives

Bet on the online tool - INFOTRAVEL - in addition to the back-office as “Kangaroo” connected to Ominibees - positive points to update (change) the system at a time of low movement. Their primary business is focused on full packages to Europe and itineraries. Flot rethought the educational format for their audience; invested in the “Guru by Flot” brand, which shows the market by explaining and reinforcing the operator’s role for travel agents.

Currently effective sales to Brazil and Caribbean / Cancun / Riviera Maya / Punta Cana / Jamaica / Maldives.

Even though the borders are not open, there is consultation and quotation for Orlando and Europe. Most quotes are for the second semester.

They believe that the demand is repressed and that as soon as it opens, the sales frequency will increase and International products being updated.

Flot client is more private and likes adapting the itinerary.

Trends: Private services / smaller groups with a van instead of a bus, for example,

Pandemic taught self-control and exercise patience and positive thinking / Sharpen critical awareness by sifting through the news to select.

## Flytour

It is not selling internationally at the moment - all were replaced to serve the national travel market until the end of the pandemic. No international department at this point and no manager to talk about our old products created. Our latest contacts Georgia Mariano, left to Diversa Turismo and Barbara Picolo to open a new company in partnership with a former Flytour director, Michael Barkoczy.

# STATUS OF TOUR OPERATORS WHO HAVE PREVIOUSLY WORKED WITH TRAVEL SOUTH USA cont...

## Diversa

Georgia started Diversa in October 2020 and stated that everything has changed - we must first understand who the customers/suppliers/competitors are. Need to develop products in a more accessible way - Sell the passenger the wish list - trips that were always being put off until later! With planning (adapted packages), visitors with a lower budget are further back or without a demand. Currently working on route suggestions - accessibility – and registering an urgency o the USA destination.

Pre-sales to Orlando, Las Vegas and Los Angeles for July 2021 (also Motorhome quotes suggesting that visitors want to be more in control and looking for non-crowded places). Copa Airlines is giving the best option for rebooking travel planning to be programmed. (opportunity for Nola after Covid)

## FRT

The most significant tour operator in the South of Brazil, and with the recent contract of Melissa Rosa – ex CVC Corp, is gaining knowledge and strength to become a major TO in the market. FRT has a product office in Florida with a product manager in Brazil. Their core business is to facilitate sales through theirs.

Offices in: Foz do Iguaçu, Curitiba, Londrina, Maringá, Porto Alegre, Natal and Rio de Janeiro and also commercial team and consultants spread around Brazil.

Hotelbeds with a direct contract. Offers 15 statements.

## Orinter

Orinter had a reduction of 30% of it staff at the beginning of the pandemic. They opted to increase the Brazil department and create new products since their core was international. Selling international destinations like Maldives, Dubai and the Caribbean. All employees are still in the home office - Audience and products: Travel Agents - only sell B2B - Addition of new agencies through publicity work and incorporating Flytour and Queensberry customers. USA destinations are still in the system but not selling in advance. Focus on Tailor Made reservations for the USA.

# STATUS OF TOUR OPERATORS WHO HAVE PREVIOUSLY WORKED WITH TRAVEL SOUTH USA cont...

## 55 Destinos

Completely focused on their leading group partner, JBL is focused on business travel. Leisure sales focused on national destinations at this moment and are working with reduced capacity.

## AIT Operadora

Rio de Janeiro-based operator and a great partner to develop custom-made itineraries and designed trip experiences.

## Schultz

This circuit-oriented operator from Curitiba is a potential partner for circuits. We are still working on constructing itineraries and adapting group visits after covid, following trends and safety protocols.

## Mondiale Turismo

Is focusing on national destinations for the period. Good opportunities for the future and ready-to-hand-made itineraries when international travel is resumed. They are part of a larger group, Ancoradouro.

# TOUR OPERATORS WITH POTENTIAL FOR TRAVEL SOUTH USA

## Easy Travel Shop

Born from Flytour directors Michael Barkoczy and Barbara Picolo – it's a Service Operator - digital platform - B2C and B2B (Travel agencies and content producers with commissions) It was born from the need to create a product to sell experiences in the destination. Created to meet tourists' needs when buying tours, experiences, and tickets for attractions, shows, and events. Complete planning can be done before the trip or at the destination itself. It is used as a guide with travel tips to the passenger, indicating tourist points, events and establishments that offer unique benefits. Does not sell hotel or air tickets - just experiences. The sale is for the final passenger - web app platform - Sale distributed by travel agencies (DMC / Receptive). Sales suggested by content creators - Agencies are commissioned even if consumers buy directly during the trip.

Other Tour operators to keep in contact and develop products with:

**Luxury:** Teresa Perez, Kangaroo Tours, Nova Operadora

**Online and OTA:** E-HTL, Viajar Barato, Viajanet, Decolar, Hotel Urbano

**Other Tour operators:** RCA Turismo, Stella Barros, Viagens Master, Voetur

# PRODUCT SAMPLE – WHAT’S ON SALE

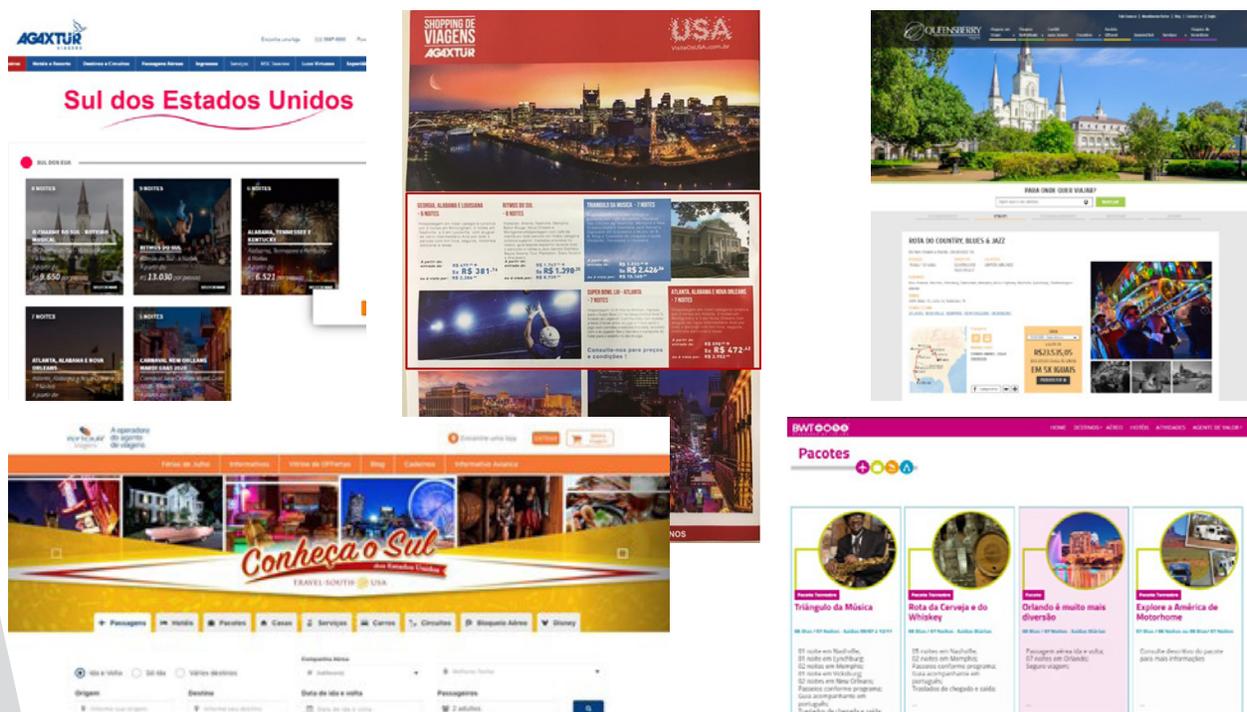
The most encountered circuits on sale in the Brazilian market are from City Tours and Allied T-Pro. Those circuits already proved to be not specific for the Brazilian market since they were constructed for a European audience and do not generate repeated visitors or are acclaimed as a great experience. The need for new products and circuits is a constant and specific subject to deal with tour operators in Brazil due to their difficulty in finding a receptive that does multiple states or connects their passengers through the destination.

Music Route and Music Triangle – from Chicago to New Orleans

Another subject to consider is that since international taxes are so high in the country, most tour operators search for suppliers with payment options in Canada or Europe, offering a much-valued product.

During recent years, Fly and Drive itineraries were created in partnership with major tour operators, observing their hotel preferences and integrating the best airline deals to offer a personalized product for their clients at a better cost. Excellent opportunity for developing new suppliers, crate differentiated routes and better exploring the destination.

Up to this date, all Fly and drive circuits and itineraries created and offered by partner operators in the market remain active and updated with suppliers. New ones being created to meet the new needs of social distance and security. It is an excellent opportunity for the Southern states instead of destinations loved by Brazilians who are fundamentally composed of crowds. We are insisting that it's time for that long dreamed-of road trip.



# CURRENT AND FUTURE TRENDS FOR DIFFERENT SECTORS OF TRAVEL INDUSTRY

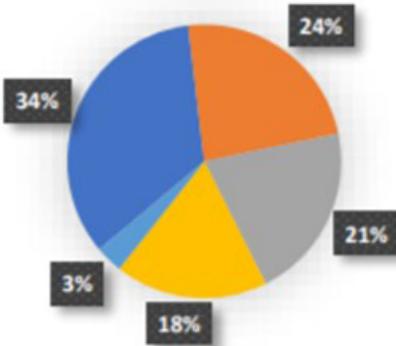
Hospitality with sanitation stamps, as “all safe” from Accor group, as an example. Another very relevant initiative came from the Iberostar chain, which offers its customers a free Covid-19 PCR test service. If the test result is positive, the Iberostar Group guarantees its customers’ service with the free assistance services included in the reservations, including the stay’s extension at no additional cost in isolated rooms promising care and attention, such as entertainment and room service without contact. This is a severe concern of international travelers during this time; some cases of covid registered at destinations such as Maldives and Dubai forced visitors into a 14-day quarantine, out of budget for most travelers, and possibly leading to unexpected expenses in case of hospital internment.

Immunity passports valid worldwide? Many destinations already require a negative test for covid-19, and after the vaccine, this certificate may also be required, as in the case of yellow fever;

Places with little movement (although there is already a massive demand for theme parks in Orlando, preferring houses in Kissimmee to traditional hospitality) and destinations that offer more options outdoors are in demand, but this pent-up urge will wait for the opening of borders and probably vaccination before traveling as a family.

## What will be your major concern when choosing your next destination?

- Sanitary, health and hygiene protocols (34%)
- Price (24%)
- Flexibility in case I need to change my plans and return sooner (21%)
- Places that are not crowded (18%)
- Places with hospitals and emergency aid (3%)



# DURATION AND TYPE OF VACATIONS TO THE USA

Most international travelers from Brazil made at least one international trip in 2020 and cannot handle more anxiety returning to the USA. Most Brazilians stayed in the country for the past 18 months, awaiting further definitions to travel safely. We believe that trips will continue as usual, from 1 to 14 days in American destinations. Fly and drive packages and directions for at least ten nights are the most significant requests and pre-reservation made by operators so far. The lead time has been seven months for those who are already selling in advance. Some operators await the opening of borders to return their USA products to the market.



# **BOOKING CONFIDENCE AND PROCEDURES (change to booking windows, deposits, travel insurance, etc.)**

We noticed some tour operators providing quotations and reserving packages for the USA, Florida, and other regions, including the South.

As most operators have their USA products on hold, awaiting the reopening of borders and more significant definitions to update and sell trips, others already sell in advance, with a current advance of 7 months being necessary to reschedule the trip. Demand remains high, which shows a pent-up demand and an intense desire to return to the USA.

Health insurance is a constant concern, even though it is not mandatory. It is already highly recommended when traveling abroad and after Covid-19 is now being offered by some insurance companies, including quarantine extension, for assistance, when the customer has to stay longer when tested positive before returning home.

Some operators do not intend to launch Europe as a destination for the second half due to difficulty, and Covid.

## **ROUTE TO MARKET (RTO, direct, or both)**

Tour Operators / Travel Agents are still the number one reference for the market, especially after all the confusion generated by the pandemic, with previous bookings and cancellations, which have shown security and generated confidence when buying a trip.

Direct selling grows, and many consumers feel confident making these purchases directly, which can be an excellent opportunity to present in editorials and in media for the final consumer, inspiring and removing all doubts about what to visit and how to enjoy the trip better.

Do-it-yourself has become a nightmare with cancellations and rescheduling in the pandemic. Trusting a travel consultant's work has made a difference for many travelers.

# LODGING TRENDS (chains, independents, boutiques, rentals, RVs)

Renowned hospitality and health safety certification is a current request and safety that the seller can offer to their client with good demand for a national trip format. The tour operators are not providing consultation about boutique hotels and inns at this time.

In popular destinations as Orlando, rental houses are receiving greater demand for those already making reservations for Orlando in the second semester.

The rental car model shows remarkable national trip results, being on full capacity during long weekends, holidays or vacation time. Traditional models like excursion buses or vans have been replaced by larger vehicles for the whole family and private cars for national trips in safety. This model has also been observed in international trips, except for immersive resorts, where personal transfers were requested.

Wholesale RV shipments gain attention and overall curiosity in the Brazilian market and receive some requests and reservations for the second semester. We have to pay special attention to this variety since it's not a common thing for Brazilians due to national overall road and campground safety; it is a recent, mind-opening option for Brazilians when imagining a trip closer to nature and avoiding crowded transportation/accommodation.

Other trends observed in the market:

- Hygiene products are essential travel items (alcohol gel exceeds sunscreen);
- Well-being: the mental health in traveling “smoothly” is priceless;
- Menus with options for takeout or delivery; Cocktail kits to make at home;
- Refusing the daily room cleaning service in hotels;
- Loyalty not by status but by the measures taken in the pandemic (for example, blocking the middle seat on flights);
- Doing everything on foot, instead of using Uber for any distance;
- Instead of taking advantage of the hotel lobby as a living room, make your room a hotel lobby;
- The opposite of overtourism, but remembering that undertourism can kill several companies and communities dependent on tourism. A balance is needed here;
- Sustainable travel, reconnecting with nature, a cultural footprint and experiences with content will help in the recovery of long-distance travel;
- Emphasizing private villas, extended stays, the desire for real adventures and sustainability.
- Florida will call consumers' attention with a series of B2C campaigns in Brazil, focusing on Orlando and celebrating the park's 50 years.

# ATTRACTIONS AND EXPERIENCES (included, add on, or not featured)

All Fly and Drive offered by Brazilian tour operators were created to be personalized and follow the TSUSA Inspiration Guide's suggestions to maximize destination visits and make sure all visitor preferences are included. They offer the destination and create the package suggestion per request, respecting client interests and budget when possible.

As per information purpose, here is a circuit offered and commercialized in Brazil from two major tour groups in the US:

## City Tours

### Music Route (by City Tours) – 9 Days – including hotel and daily guide

- Chicago > Indianapolis > Nashville > Memphis > New Orleans
- *Attractions:* Vanderbilt University, Bicentennial Park, Country Music Fame Museum, Wildhorse Saloon Sun Studios, Civil Rights Museum, Beale Street, Graceland, Oak Valley, Swamp boat, French Quarter, Jackson Square

## Allied T-Pro

### Southern Wonders – 10 nights – W/hotel and virtual guide assistance

- Atlanta > Charleston > Savannah > St. Augustine > Atlanta > Nashville > Memphis > Natchez > New Orleans
- *Add on:* Graceland, Swamp Tour, Dinner Cruise, Jazz Brunch in New Orleans

### Southern Rhythms – 7 Nights – W/hotel and virtual guide assistance

- Atlanta > Nashville > Memphis > Natchez > New Orleans
- *Add on:* Graceland, Swamp Tour, Dinner Cruise, Jazz Brunch in New Orleans

### Southern Charm – 6 Nights – W/hotel and virtual guide assistance

- Asheville > Charleston > Savannah > St. Augustine > Atlanta

# KEY TRAVEL INDUSTRY EVENTS

Travel trade events have been postponed since the beginning of the pandemic.

Last November, the only in-person travel event was Festuris, with low participation and not a real gain for the market; that said, online and hybrid events are preferred.

## 2021 Major Trade Event List:

### **WTM Latin America**

Travel industry – August 3-5, 2021- (model: hybrid)

### **ILTM**

Luxury Travel - October 26-29, 2021

### **ABAV SP**

Travel Trade – September 2021 – TBC

### **FESTURIS**

November 2021 - TBC



# **Media Landscape**

# MEDIA LANDSCAPE

Newspapers and magazines are means of communication that charge per copy. In other words, there is an immediate decision by the reader between paying and reading or dispensing with the product. It is the clearest case of an immediate-value analysis. If it's worth it, the print will be successful. OK, but what is worth reading in a newspaper or magazine? The answer is any refined, in-depth, explanatory, anticipated, well-presented, positioned content. All that is not worth publishing old news. There is no substitution but complementarity. The information strategy is understanding each means of communication. If the news is more agile in digital and electronic media, print needs to invest in everything that does not mean speed.

The market wonders about print media's future - transforming printed brands into something beyond digital, needing to transform the movement. Major newspapers and magazines' mindset had been looking for new communication forms for years and were already redesigning themselves to update their businesses. The form was unfinished, but the pandemic transformed that.

Most newsstands and bookstores have closed due to lockdowns, and the population's fear of touching any objects led for months to a more pronounced decline in the commercialization of printed material, generating even greater demand for digital and a trend that has continued to reduce the volume.

Print media is not dead. It's being reinvented and gathering more precious and permanent content. Credible and written media never goes out of style.

# COVERAGE OF THE USA AND TRAVEL SOUTH USA REGION

All media has focused on Covid. In tourism, much of the focus has been on national destinations with greater emphasis on destinations open to Brazilians. Only big and well-known cities are being mentioned in the news and while significant events such as the virtual Mardi Gras have gone months without news. We got media attention for Mardi Gras since it is related to a Brazilian holiday.

We had excellent responses from visits by influencers such as *Marina Vidigal from Viagens na Mala* (Louisiana, Alabama and Tennessee) and *Eduarda Miranda from Brazil Travel News* (Georgia), generating content without much investment, which can still be an opportunity for Brazilian journalists living in the US, especially during the pandemic. We have three more interested journalists, and we are waiting for projects to be presented soon.

## CHANGE IN PUBLICATIONS, DIGITAL AND PRINT, POST-COVID

Print versus digital in Brazil: the good news is that the form is not dead and will not die. There has been a reduction in printed matter sales (60%) and a more digital landscape today. National travel does not demand so much informative content, but international does. Destination-related content, including what to see and do, is expected to return within 6 months to one year.

Media groups in Brazil were hit hard and have had to reduce their staff (journalists).

Using PANROTAS as a reference, they stopped sending the physical magazine at the beginning of the pandemic and are now only presenting digital magazines. In addition to reading on their portal, they have made the magazine available to our contacts via WhatsApp and Telegram today. For 2021, only four special editions will be printed and distributed in the events that they promote and we will participate in (PANROTAS Forum, WTM, ABAV). They are studying a new format for the digital magazine and believe that there will be no more physical circulation in the future. The main focus today is online media.

# EMERGING TRENDS IN CONSUMER AND TRAVEL TRADE PRESS

Everything has changed - research shows that printed media vehicles will improve in quality since digital media has generated an overdose of information. Fake influencers and lousy content invade the digital market.

Many traditional vehicles invested time in groups of conversations on Instagram.

For example, last year Panrotas created the channel through Telegram, the editors' analysis with the news of the day; able to increasingly target media delivery within the portal (everything is and will be increasingly customizable); Panrotas is also investing in content for brands (advertising, branded content, e-books, etc.); this format is still on the rise and copied by other media vehicles.

The media needed to adopt stricter criteria for publishing articles, after all, the newsrooms were leaner, and relations with journalists became even more essential. Also, there is an increasing feeling of "evaluation" of the destinations' conditions and the measures adopted in the post-pandemic, a trend far from passing.

# OPPORTUNITIES AND TRENDS FOR EDITORIAL PITCHING

Great opportunity to focus on dedicated trips, personal experiences, gems and off the beaten path, including historical, cultural and social experiences.

Knowledge travel - safety when traveling - learning - road trips - the much-desired road trip is for now.

Post covid security activities and attractions that each state is taking are an exciting tip for a publication, even if this activity is different from others.

Focus on outdoor activities and attractions, with easy access and plenty of options around.

Suggested editorial pitching per vehicle:

**Gastronomy:** Barbecue, soul food, seafood, cajun & creole, cocktails, beers & distilleries Farm to table restaurants

**Cultural & Heritage:** Music, arts, museum, architecture, civil rights trails and historical heritage; music legacy; live music, festivals and musical heritage at museums and fame halls.

**Families:** One-of-a-kind attractions, outdoors, beaches, movies tours, theme parks; a variation for their regular Orlando vacation.

Shopping opportunities, main city attractions and coast trips, sports, adventure & outdoor activities

**FIT:** Personal focused experience travel and any niche market opportunities

**Luxury:** Experience trip, learning opportunity, personalized, luxury market targeting red carpet experience trips; cultural enrichment, luxury properties, award-winning restaurants and food & beverages – focus on exclusive experiences not available for all.

## FUTURE OF PRESS TRIPS

There will be a more significant concern for the safety and health of journalists.

It is essential to invest in family trips for journalists to show destinations in different ways; and special care when inviting and forming a press group, since renowned journalists are uncomfortable with influencers' presence in family trips.

Initiatives generated by opportunities with partners, as done in the past, to accompany small groups can be an excellent future opportunity to promote diverse experiences exploring the states.

Press trips will be essential for the resumption of travel. Journalists and bloggers will be the spokespersons for this and will show trade/travel professionals the real security situation.



# KEY MEDIA EVENTS (communication, innovation, marketing and advertising)

## Travel Trade

WTM, ILTM, IPW and International Showcase. At WTM, trends and news from South America and Brazil usually show up; ILTM understands even more about luxury trends and, most importantly, product customization; IPW and International Showcase; the importance of the American market and its trends that echo across all markets in the world.

## WTM Latin America

Travel industry – August 3-5, 2021- (model: hybrid)

## ILTM

Luxury Travel - October 26-29, 2021

## IPW

September 18-22 2021 – Las Vegas

## International Showcase

December 2021 – New Orleans

## Media events related to communication, innovation, marketing and advertising

### Mídia Master Brasil

May 2021 - Royal Palm Plaza, Campinas

### Maxmídia

September 28 – Online

### Proxximma

November 2021 – Online

# CAMPAIGN AND ADVERTISING

These tumultuous times create an opportunity to reach end consumers and speak directly about destinations, including post-pandemic travel suggestions creating trends and generating awareness, focusing on the dream of the long-awaited road trip that has always been put off until later - the time has come to act and invest in advertising and inspire/educate the final consumer.

For our reference, a small campaign with trade media and consumer:

## Travel Trade:

Panrotas – USD2,500 - 3 days.

*(News, publieditorial, social media, digital magazine)*

## Consumer

Revista Viajar - USD800 – 1 page or USD1,000 for 2

*(Content generation for print, website and social media)*



# **Social Media Influencers**

# SOCIAL MEDIA & INFLUENCERS

Brazilian travelers seek inspiration for choosing destinations on the internet. The recommendation of friends won first place overall.

## Top 10 social media in Brazil in 2020

### 1. Facebook

First place in Brazil in 2020, and we should remember that it owns three other social media apps of the top 5 (WhatsApp, Instagram and Messenger). 130M accounts in Brazil.

### 2. WhatsApp

Most popular instant messenger and free for use from most Brazilian cellphone operators. 120M

### 3. Youtube

It is the most used social network for videos in Brazil. Reaches 105M Brazilians watching (and posting) videos every month.

### 4. Instagram

It was one of the first exclusive social networks with access via mobile. Although it is now possible to view publications on desktop, its format remains focused on mobile devices. 4th most used social network in Brazil, with 95 million users.

### 5. Facebook Messenger

It was incorporated into Facebook in 2011 and separated from the platform in 2016. With the “separation,” downloading the Messenger application has become mandatory for users of the social network via smartphones, and this caused millions of people to download it.

### 6. LinkedIn

The largest social network geared towards professionals has become increasingly similar to other sites of the same type, such as Facebook. Another great differential is the communities, which bring together people interested in a specific theme, profession or market. 46M active users.

### 7. Pinterest

It is a social network of photos that brings the concept of “mural of references.” Its audience is mostly female worldwide. The social network has tripled its user base in Brazil in recent years, reaching a total of an impressive 38 million.

# SOCIAL MEDIA & INFLUENCERS

## Top 10 social media in Brazil in 2020 cont.

### 8. Twitter

In 2020, the social network grew with people looking for more agile news updates, making it very relevant journalistically. Today, the social network is used mainly as a second screen on which users comment and debate what they are watching on TV, posting comments on news, reality shows, football games and other programs. 16.6M active users in Brazil.

### 9. TikTok

it is today one of the most used social networks in Brazil by teenagers, celebrities, comedians - professional or not - and companies. Nobody knows for sure how many people do all this since the company does not disclose it. We calculate about 16.5 million in Brazil. However, for sure, the TikTok phenomenon is expected to rise soon.

### 10. Snapchat

is a photo, video and text sharing application for mobile. 11 million users in Brazil, leaving it in the top 10 of the most used social networks in the country. Although not a niche social network, it has a particular audience formed by hyperconnected young people. It is possible to create images with filters based on geolocation, which is a great option for engaging users in events.

# HOW KEY TARGET DEMOGRAPHICS ARE USING AND RESPONDING TO SOCIAL MEDIA

Social media have an influential factor in inspiring and showcasing promotions and opportunities and being always on the mind.

## Where they look for information:

Sites: 69,92%

## WhatsApp-Messenger-etc.:

52,79% Email: 49,40%

## Call:

39,24%

## Apps:

35,66%



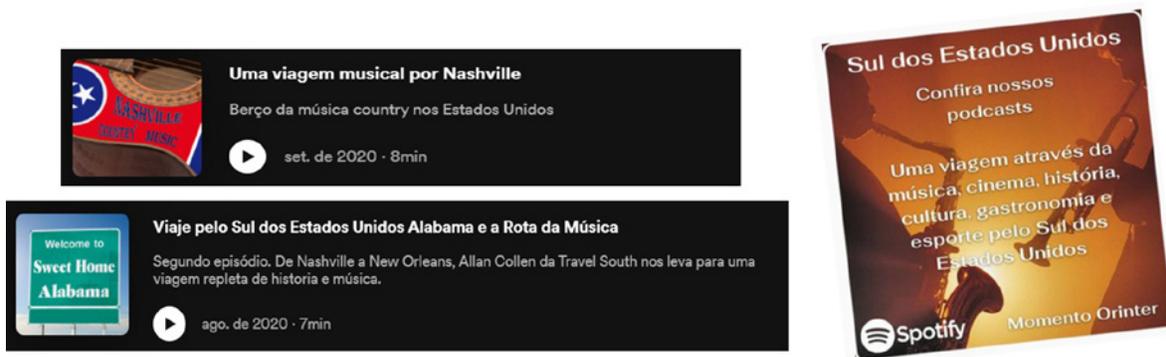
The Brazilian traveler does little travel research a year, usually when he intends to travel. To do this, he uses his smartphone and discusses the options as a couple. The primary motivator of travel is finding a good promotion, but stories told by acquaintances also stimulate. Sometimes he knows which vendors to choose.

# IDENTIFY OPPORTUNITIES FOR TRAVEL SOUTH USA

Use influencers/bloggers specialized in Orlando to target audiences.

Social media presence should be stronger and more impactful, directly interacting through music, history, culture, civil rights, gastronomy, and curiosities. It should generate a greater integration with the public instead of just inspiring. The best way is being run locally, making it easier to adapt and interact with the constant changes of this kind of communication. General posts do not achieve good results.

Podcasts are here to stay – the ClubHouse app just started and can be a fun way to learn about a destination while working.



# INFLUENCERS, CONTENT CREATORS, PODCASTS AND MICRO-INFLUENCERS AND INVESTMENT

The phenomenon of influencer marketing has a simple explanation: brands want to be where the public is. And Brazilian travelers are online.

Since Orkut, Brazil has consolidated itself among the countries that use social networks the most, always at the top of the biggest platforms' ranking. We are the second-largest globally on Instagram and YouTube and the third largest on Facebook and Twitter. We spend almost nine hours online every day, 25% more time online than Americans. When all of our social, business and entertainment behavior is online, our travel choices inevitably pass through as well.

The influencers list is vast and should be created for a specific theme, location and time; since we can select an artist (well-known or sub-celebrity), a famous blogger, a personality chef; a civil rights-focused journalist or a model with a zillion followers; it all depends on our strategy for the specific destinations – and yes, we can have different approaches for each trip.

It is imperative and valid to take journalists and influencers who work with social media to fam's, requiring a good curation when selecting them, to evaluate the presented numbers. Unfortunately, bots are increasingly being used to create fake follower numbers.

The number of social media personalities is increasing in Brazil, so it would be good to use national TV celebrities as a brand, rather than just online celebrities. We need to generate content marketing with credibility.

Investment should be calculated per trip experience and will vary depending on partnerships we can attract. Fake famous is also in trend, and unique curation is needed to determine who we are inviting and what to expect.