

# LOS CABOS TOURISM BOARD

## MESSAGING PLAYBOOK



### FACTS AND FIGURES: DID YOU KNOW?

- **Tourism Arrivals:**
  - 20% YOY growth – twice the pace of Mexico
  - 2 million international travelers each year
  - 70% repeat visitors
  - Tourism drives 90% of economy
  - 350 sunny days a year
  - Within 3 hours of 22 cities in the U.S
  - 500 weekly flights
  - Americans own 30% of the homes in Los Cabos
  - International tourist arrivals up 20% in 2017
  - Visitors to Mexico: U.S. is #1 (83% of all foreign tourist arrivals); Canada #2; Australia #3
- **Hotel Infrastructure:**
  - Over 72 resorts and 16,000 rooms
  - Strategic split of properties: 1/3 all-inclusive, 1/3 timeshare and 1/3 European plan hotels
  - 16,000+ hotel rooms
  - 2017 hotel occupancy: + 6%
  - RevPar: + 15%
  - January-July 2017: Passenger arrivals + 21.1%
  - Average 230 rooms per property; Focus on quality and 5-star service
- **Investment:**
  - Almost \$1 billion investment in hotels
  - 4000 new rooms by 2021
  - \$50 million investment in airport renovation
  - 20 new hotel projects from over 16 international and national hotel chains

### FIVE-POINT SECURITY ACTION PLAN

- C** **Created a “Rapid Response Network”**  
Real-time and ongoing communications network with local hoteliers and businesses
- A** **Accelerated the Security Surveillance System Expansion**  
Installing 200 new cameras in tourist hotspots and across Los Cabos
- B** **Building a New Marine Base**  
Marine Corps base will open in Q2 2018
- O** **Organized a Hotel Security Committee**  
Bi-weekly meetings to share best practices and ensure tourist security
- S** **Set New Training and Security Protocols**  
implementing new security training aligned with OSAC (Overseas Security Advisory Council) standards



### 3. Amidst a growth surge, Los Cabos is experiencing a renaissance and emerging as the epicenter of a new class of luxury.

- As the de-facto leader in luxury in Mexico, Los Cabos is elevating luxury with a deluxe suite of new hotels and offerings including one of only four Ritz Carlton Reserve hotels in the world, two Auberge hotels and impressive pipeline of more to come.
- Los Cabos is recognized as Mexico’s busiest destination for private aviation, and known as a favorite getaway for celebrities such as George Clooney, Jennifer Aniston and Enrique Iglesias.
- As visitors skew younger, Los Cabos also offers luxury that appeals to a new audience of millennials, young couples, and others.
- Relevant data points:
  - Average household income of the Los Cabos guest is above \$159,000 per annum with 39% of all travelers to Los Cabos earning more than \$200,000.
  - The average nightly spend is \$472 per person in Los Cabos.
  - On average, the daily room rate in Los Cabos is \$300; the luxury 20+ hotels in the pipeline offer an average daily rate of \$686 with a strong occupancy rate of 68%.

### 4. Los Cabos has grown at a staggering pace over the last two years with record levels of arrivals, RevPar and occupancy rates. Even during this challenging period, Los Cabos remains unstoppable

- **If pressed on impact of travel warning on bookings:** Even if we closed the books at the end of Q3, most area hotels and businesses have already surpassed last year’s growth and will end the year in the positive.
- Travel is cyclical. Like any destination, there are a number of issues that influence tourism, including economic, environmental and social factors.
- Los Cabos has grown 20% YOY for the last two years. Simply put, in the bigger picture, **travel to Los Cabos is still up.**

### 5. Investors are confident in Los Cabos and are betting big on the long-term potential of the destination.

- Strong growth in FDI and tourism numbers are a testament to Los Cabos’ proven ROI.
  - 3,800 new rooms are expected to be added from 2017-2021 with an investment of over \$900 million.
- Los Cabos is experiencing an infrastructure boom:
  - The airport is undergoing a renovation and launching a new terminal in 2018. The new construction represents a more than \$50 million investment.
  - Investment in hotel infrastructure is expected to continue growing, adding more than 4,641 new rooms by 2018 and welcoming over 20 new hotel projects from over 16 international and national hotel chains.
  - For example, Nobu (first property of Nobu in Mexico is opening in Los Cabos), Hard Rock Hotels, Montage (first property outside of the US will open in Los Cabos), Ritz Carlton Reserve (the first Reserve sub brand in Mexico will open in Los Cabos – 1 of 4 in the world), Park Hyatt, Four Seasons, St. Regis, and many others.

Travel is Up 20% ➤

Almost  
\$1 billion in hotel  
investment only ➤

Pillar II

Gracias  
Los Cabos

The message points mirror our two-track approach to directly address security questions and concerns regarding travel and tourism to Los Cabos while also promoting the destination as a world-class destination of choice.

\$47 million dollars invested in security

Five-Point Action Plan

Pillar I

Pillar I - Neutralize the Negative

1. Los Cabos today is a safe and secure destination. Security is and always has been our utmost priority.

- As a destination that welcomes more than 2 million international travelers from all over the world each year, we understand that a secure travel environment is critical to the continued success of Los Cabos as a thriving destination.
- Working in close coordination with authorities and all levels of law enforcement, we are committing all resources to ensure the safety of all visitors and tourists in Los Cabos.
- This year alone, the public and private sector have invested more than \$47 million dollars to increase security personnel, equipment and infrastructure.
  - At a local level, the municipality has invested \$13.1 million dollars
  - The state government has invested 26.4 million dollars
  - The private sector has invested more than 7 million dollars

2. In response to recent isolated incidents in Los Cabos, we have intensified security measures and have immediately enacted a FIVE-POINT ACTION PLAN in a joint public and private sector effort.

- C** • **Created a “Rapid Response Network”:** Developed a real-time and ongoing communications “Rapid Response” network with local hoteliers and businesses to encourage information sharing of any suspicious activity or reported incidents and to alert appropriate authorities and law enforcement.
- A** • **Accelerated the Security Surveillance System Expansion:** We are extending our surveillance camera network across the destination – from San Jose del Cabo, through the corridor and across Cabo San Lucas. Our goal is to install more than 200 new cameras, especially in high-traffic tourist areas, by the end of the year, bringing the total to 250 from the current 40 in place.
- B** • **Building a New Marine Base:** Working with state, local and federal authorities, we are significantly increasing the presence of the Mexican Marine Corps to manage the expanded security surveillance system and amplify ongoing law enforcement activity. The base will open in Q2 2018.
- O** • **Organized a Hotel Security Committee:** Working with the Hotel Association, the new Committee meets bi-weekly to address any concerns, share best practices and ensure security protocols at all area hotels are meeting the highest standards.
- S** • **Set New Training and Security Protocols:** Aligned with OSAC (Overseas Security Advisory Council) standards, local hoteliers and businesses are implementing new security training programs and protocols to improve preparedness.

- With these concrete measures, tourists – especially our repeat visitors who represent more than 70 percent of our guests – can be confident that Los Cabos will remain the amazing and safe destination they know and love.

90% of Los Cabos’ economy relies on tourism

3rd highest average income with the lowest poverty rate in the country

Pillar I

3. Tourism is the heartbeat of Los Cabos – 90 % of its citizens rely either directly or indirectly on the success of the destination – so their safety, security and well-being is a critical priority.

- Every thriving destination experiences its growing pains that could impact certain parts of its social fabric and physical environment. Los Cabos takes this challenge very seriously.
- While a strong tourism industry lifts all sectors of our economy, we understand that concrete actions need to be taken to address the needs of everyone who has been instrumental in making Los Cabos a world-class destination.
- Today, the public and private sector have made significant investments to fuel sustainability efforts including:
  - The Federal Government and the private sector of Los Cabos have just launched the Progame Familia Infonavit aimed at providing the tools for tourism sector employees to receive financial support to buy or build a home.
  - Information and best practices exchange programs between schools, universities and the hotel association about sustainability in the destination.
  - Building a desalination plant to improve access to potable water across the region; a \$5 million investment in total with the private sector contributing 49% of the cost.
  - Imposing strict regulations to ensure Los Cabos can continue to grow sustainably, respecting and preserving its natural surroundings and resources (Reglamento de Imagen urbana de Los Cabos).

4. Los Cabos is doing much more to bring the local community on par with our destination’s success and will continue working with key public and private stakeholders to realize this goal.

- Baja California Sur has several positive economic indicators about the health and wealth of our economy – which is largely fueled by tourism activity in Los Cabos:
  - Average salary of more than \$14,000 ranks as the 3rd highest in the country and is 28% higher than that of Mexico’s national average of \$10,922.
  - The 5th state with the highest employment rates in terms of working age population.
  - At 19.3%, the lowest poverty rate in the country – less than half of Mexico’s at 40%.
  - The 2nd state with the lowest informal sector in all of Mexico, 9.5 points less than the national average (18.3 vs 27.8).
  - The 4th state with the highest Human Development Index and no. 1 in terms of health.
  - The population of Los Cabos has grown 86 % in the last 10 years attracted by new jobs and opportunities in the rapidly growing tourism industry.

70% repeat travelers

20% YOY growth

Pillar II

Pillar II - Promote the Positive

1. Los Cabos stands alone as the crown jewel of destinations in Mexico, offering a distinct experience that sets it apart.

- Los Cabos offers unique landscapes, new class of luxury, world-class service culture and unexpected, authentic experiences.
- The spirit of Los Cabos is alive and authentic – 90% of people that live here work directly or indirectly in tourism and are fully committed to the destination’s success.
- With 350 sunny days a year and within three hours of 22 cities in the U.S., more than 30% of the homes in Los Cabos are owned by Americans.
- The U.S. ranks first among foreign visitors to Mexico with 83.2% of all foreign tourist arrivals.
  - Arrivals from LA, Dallas, Phoenix, San Francisco, San Diego and Houston are the top 6 international destinations.
- **7 out of 10 visitors to Los Cabos are repeat guests and 90% of first-time visitors say they would return.**
- With more than 72 resorts and 16,000 rooms, Los Cabos offers a strategic split of hotel and residential offerings, providing a breadth of options to travelers: 1/3 all-inclusive, 1/3 timeshare and 1/3 European plan hotels.
- Los Cabos’ strategic road map for sustainable growth has allowed the destination to respect the environment and preserve the best of its natural terrain elements.
- Unlike other destinations, Los Cabos is home to a unique collaboration with public and private sectors both committed to fueling tourism and investment.

2. Los Cabos is a world-class destination of choice that is experiencing an impressive and sustained wave of growth.

- Los Cabos has grown from just over 14,000 hotels rooms in 2014 to more than 16,000 in 2017 with 4,000 more under construction from 2018-2021.
- This infrastructure growth has been sustained by YOY double-digit growth averaging 22.9% 2016 vs 2017.
- As a whole, Los Cabos’ tourism industry is growing at double the pace of Mexico’s.
- In 2017, International tourist arrivals are up by more than 20%.
- Hotel occupancy is up by more than 6% this year; up 15% on RevPar.
- **From January-July 2017, the number of passengers arriving to Los Cabos grew by 21.1% (72% are international passengers).**
- Each year, Los Cabos successfully hosts several large scale, marquee events including Open of Surf, the Los Cabos Open of Tennis ATP 250, the Extreme Sailing Series and the Los Cabos film festival attracting celebrities and major film industry players from around the world.