



Impact Report

2019

Elaborado el 03/2020

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LATIN AMERICA'S INDIGENOUS YOUTH FACE TOUGH TIMES

5.4 million indigenous youth
doesn't have any job opportunities

In 50 years, 50%
of our forests are gone.

The **73%** of Indigenous population in Mexico live
in **extreme poverty**.

More than 70% of
the 2,700 indigenous tourism
initiatives **fail**.

THE PROBLEM

ECOTOURISM IS WASTING ITS REGENERATIVE POTENTIAL

here are more than 12 million indigenous people in Mexico of 66 different ethnic groups, most of them living in rural areas in close relationship with their ecosystem.

Their main economic activity, the cultivation of their lands, usually threatens biodiversity and is closely related to the degradation of the environment; This is due to the lack of alternatives to generate an income in a sustainable way.

Adventure and experience tourism can be a significant and sustainable way of generating income. However, currently the tourism industry in indigenous communities is built on a model in which the vast majority of the income generated remains with external tour operators, leaving communities with very little profit.

Adventure tourism is not improving the lives of locals, because it is carried out and designed by operators outside the community and is based on an extractive model.

In the words of Cecilio Solís, representative of Mexican indigenous people at the United Nations,

“Outsiders bring tourists, which at best generates a few jobs for the local economy. Even worse, they reinforce the dynamics of degradation by putting indigenous people on the sideboard”.

On the other hand, indigenous tourism initiatives are at a competitive disadvantage since they find it difficult to design experiences that make use of their local tourist strengths, they do not have the necessary communication and technological skills to reach their market and they lack the service appropriate customer service.

ECOTOURISM MARKET IS NOT BEING SATISFIED

An estimated 7 million travelers visit Mexico each year looking for nature and cultural travel. However, it is not easy for travelers to reach authentic experiences, as there is little information about them, and it is difficult to contact locals to book a trip. Most travelers end up booking with large and mainstream touristic operators, hotels, or in destinations that act as tourist traps. However, many travellers do seek authenticity, possibility of travel with small private groups, safety and ease of travel.

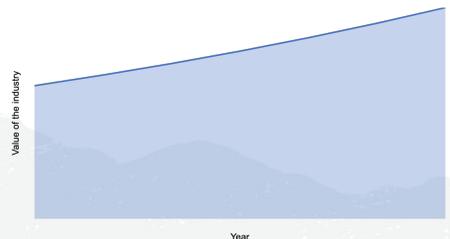
	PRICE	AUTHENTICITY	SAFETY	GROUP SIZE	EASY TO BOOK
Traditional adventure travel operator	Very high	Low	High	Large groups	No
RUTOPIA	Low	Very high	High	Private	Yes
Travelling to rural Mexico and finding hosts by yourself	Very low	Very high	Low	Private	No

A MARKET THAT JUST KEEPS GROWING

This unsatisfied market represents an untapped market opportunity of 45 B dollars, expected to grow 8% yearly to be valued at 71 B dollars by 2025. (Norm Rose, *Why we travel* 2018)

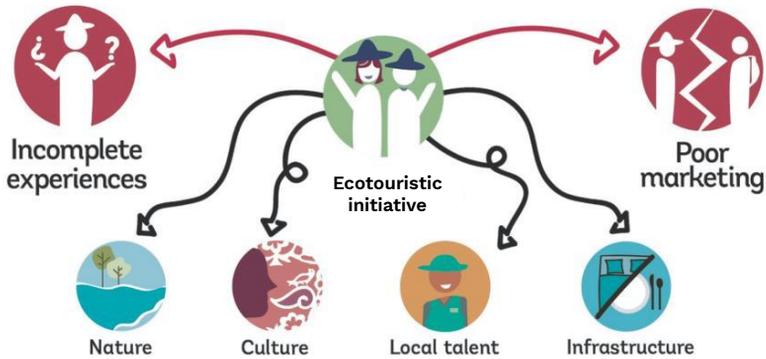
Online bookings for the tour and activities industry grow at almost 10 percent yearly.

Growth of Ecotourism in Latin America



INDIGENOUS VILLAGES ARE ONE STEP FROM THIS OPPORTUNITY

Indigenous communities have everything needed to be great hosts: they have the nature, the culture, the human capital, the organization and even the infrastructure. However, they lack the know-how to design complete and high-quality tourism experiences as well as the tools to access wider international markets.



Because of this, in Mexico there are over 10,000 unused lodges and cabins in natural areas.



And around 24,000 youth, with training in the hospitality industry, who are unemployed.



In indigenous villages across Latin America, youth are who have most access to mobile phones, making them the key community actors for tapping into Rutopia's potential.



THE SOLUTION

TO EMPOWER INDIGENOUS YOUTH TO BECOME SUCCESSFUL TOUR PROVIDERS

We support indigenous youth in rural villages to create touristic work groups of ~12 youth named “Rutohubs”, who commit to delivering ecotouristic experiences in their hometown. At Rutopia, we help them prepare their offerings and then sell them.

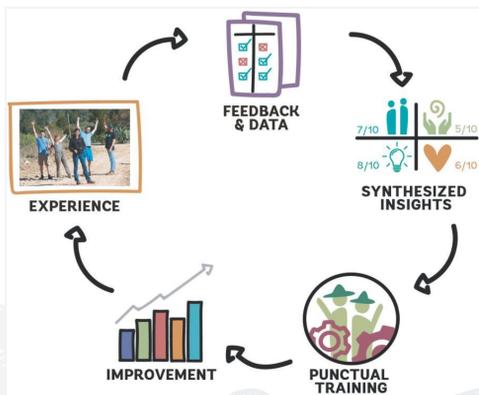


For communities, we support them to become successful tour providers in their own hometown. By providing data-driven consulting in experience design and taking care of their customer acquisition.

Para los viajeros, we provide the authenticity and adventure they seek, but with all the conveniences of modern tourism such as easy bookings and safety.

We ensure high quality experiences through our co-craft system we've developed in 4 years of working with communities.

We ensure safety of our clients following these steps:



1. We work only with safe locations.
2. We review communities previous records
3. Our pilot trip is used to verify the information and ensure safety measures.
4. We offer secure transport and guide to the travelers
5. We offer insurance to all our clients for them to be protected in case of an accident

NPS SCORE 97

*Net Promoter Score (NPS): medida de probabilidad de que un viajero recomiende las experiencias con sus conocidos.

OUR IMACT MODEL

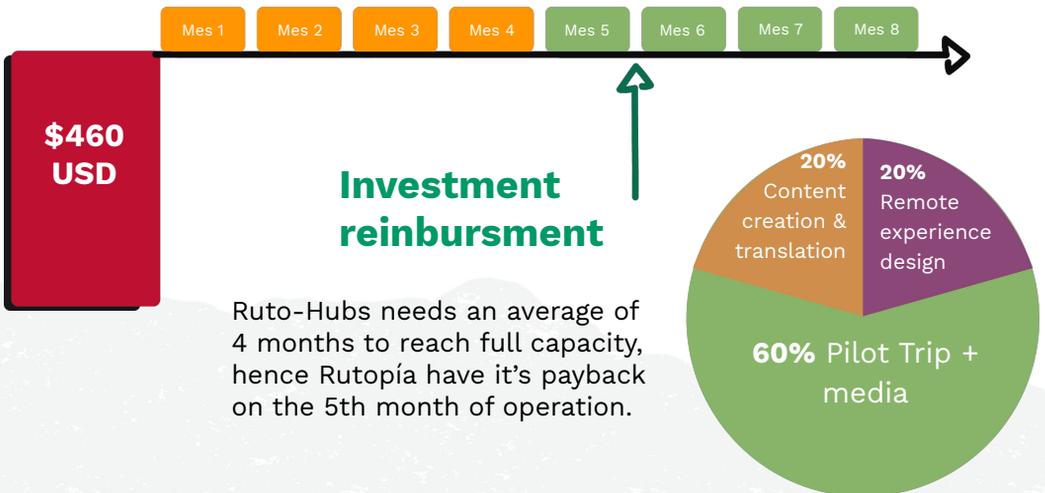
To cover expenses and keep opening new Rutohubs, we charge a markup of 15% to 25% over the cost of the experience. This will ensure sustainability of the model and long term benefits for our partners.



We estimate each community can have an occupancy rate of 40% (according to travel marketplaces) which



represents 5 individual trips sold per week priced at 250 dollars each one. This results in an average monthly profit of \$1,000 for Rutopía.

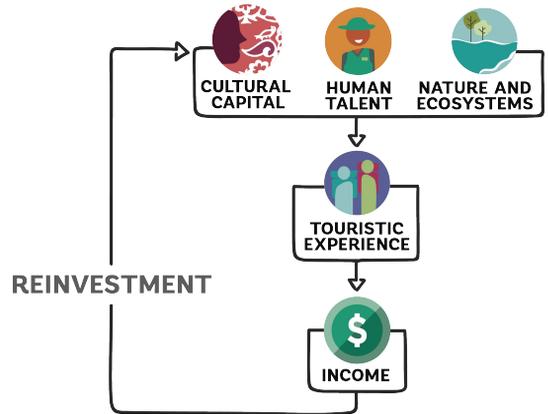


SOCIAL AND ENVIRONMENTAL BENEFITS

REGENERATES CULTURE AND NATURE

The actual economic activities of the majority of these communities have an extractive nature. If these communities keep following those dynamics, the ecosystem will keep deteriorating and migration will keep fragmenting the social tissue.

Ecotourism generates value from nature and culture, creating a reason for locals to take care of them.



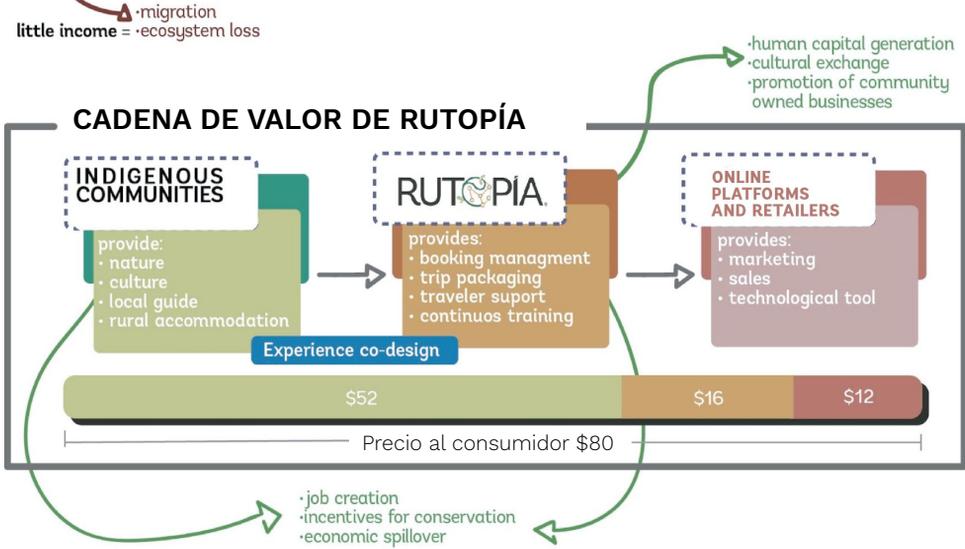
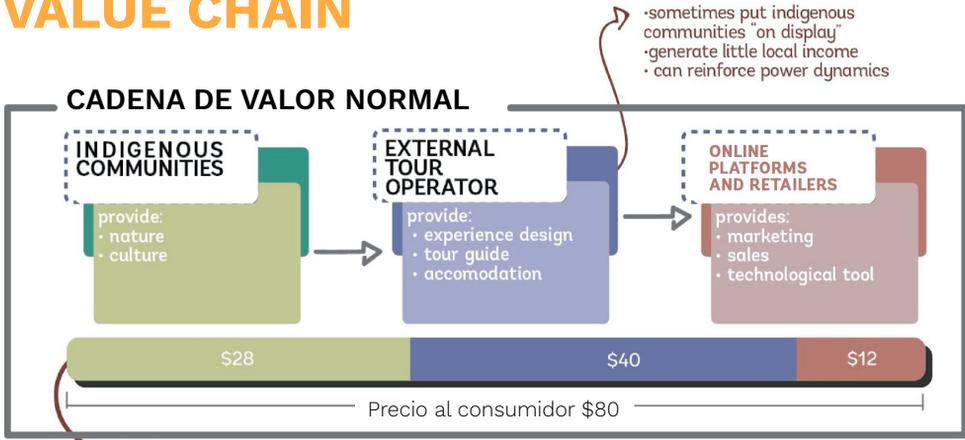
MITIGATING NEGATIVE EFFECTS OF TOURISM

Despite being one of the best economic alternatives, ecotourism, when poorly executed, can be harmful to people and nature in these communities. The main reason may be the growth of economic inequalities and the disruption of the ecosystem.

At Rutopía we mitigate this by decentralizing tourism and generating thousands of Ruto-Hubs, rather than a few overcrowded destinations. Also, we work with local cooperatives that distribute the benefits of tourism. Finally, with continuous feedback we teach good environmental practices to local partners so that they can implement them.



POSITIVE CHANGE IN THE VALUE CHAIN



We empower indigenous youth to add value to their resources by taking charge of the operation of trips. **This way, they don't rely on external tour operators that take, on average, 50% of the income.**

OUR FIRST RUTO-HUBS

We have **successfully activated 12 Mexican Ruto-Hubs** who currently sell different experiences through Rutopía. Our community activation model also makes it easy to activate new experiences continuously.



We currently have **184 communities mapped** in 30 states of the republic. To activate a mapped community, you need a pilot trip that allows you to carry out the first experience design process and the necessary graphic documentation to promote the experiences.

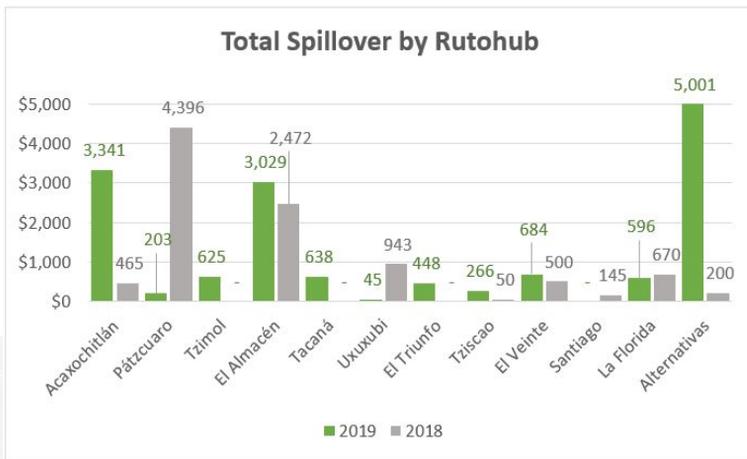
IMPACT METRICS 2019

2019 Was a year of establishing the organization and pass from idea to an operating entity. However we managed to proof the potential of the impact model.

We made a total of 95 individual trips that generated an income of **USD 14,875** for the communities with an average of **USD 156.58** each. To date, **121 jobs** have been generated indirectly in these **11 communities**.

Community	January	February	March	April	May	June	July	August	September	October	November	December	2019
Acaxochitlán	-	-	995	483	-	-	257	-	-	370	1,237	-	3,341
Pátzcuaro	-	-	-	-	-	203	-	-	-	-	-	-	203
Tzimol	-	-	-	-	-	103	-	-	180	-	343	-	625
El Almacén	-	-	-	439	-	85	-	-	-	254	1,121	1,130	3,029
Tacaná	-	-	-	328	-	-	-	310	-	-	-	-	638
Uxuxubi	-	45	-	-	-	-	-	-	-	-	-	-	45
El Triunfo	-	-	-	-	-	448	-	-	-	-	-	-	448
Tzisco	-	-	-	-	-	121	-	-	-	-	146	-	266
El Veinte	-	-	-	-	-	-	48	-	315	-	-	321	684
Santiago	-	-	-	-	-	-	-	-	-	-	-	-	-
La Florida	-	-	-	-	585	11	-	-	-	-	-	-	596
Alternativas	-	-	1,046	-	-	1,287	-	-	2,667	-	-	-	5,001
Total	-	45	2,041	1,250	585	2,258	305	310	3,162	624	2,846	1,451	14,876
Trips	0	1	18	17	2	16	2	1	38	0	0	0	95

In this period, the distribution of travel and income by community was more equitable, raising income for more people in different communities.



The income for the people involved has increased to an average of \$67 dll per month from a \$50 dll before the tourism initiative, in other words, their **income increased by 34%**.

There is still a lot of work to do since the hosts, will need to increase their income substantially to overcome the poverty line.

In the 2 years of operation, Rutopía has accumulated total spill over of **\$25,933 dll** in **253 individual trips**.

Community	2019	2018	2017	Total
Acaxochitlán	3,341	465	392	4,198
Pátzcuaro	203	4,396	-	4,599
Tzimol	625	-	-	625
El Almacén	3,029	2,472	455	5,956
Tacaná	638	-	-	638
Uxuxubi	45	943	-	988
El Triunfo	448	-	-	448
Tziscaco	266	50	-	316
El Veinte	684	500	-	1,184
Santiago	-	145	370	515
La Florida	596	670	-	1,266
Alternativas	5,001	200	-	5,201
Total	14,876	9,841	1,217	25,933



GROWING WITH BIG PARTNERS



One of the most important features is building strong relationships with partners who can help through the distribution of these products. That is why we partnered with Airbnb to launch their new line of products: **Airbnb Adventures with Solidarity Experiences** where we will be able to sell Rutopia products as a branded experience through their marketplace and receive the marketing benefits of its launch.

OTHER KEY ALLIES



LEVERAGING GOVERNMENT'S EFFORTS

In 2015 the UN declared ecotourism as a relevant industry to achieve the Sustainable Development Goals. Billions of dollars have been invested by governments and NGOs to develop small-scale ecotourism projects.

**GOBIERNO DE
MÉXICO**



TRAINING ALREADY DONE BY THE GOVERNMENT.

Mexico government alone has invested around 675M USD in training and infrastructure for tourism in indigenous communities. However, they don't have any data or results over the projects that have been developed in rural areas.

Rutopia will become the commercial engine of those projects, and we can provide governments with the data and results they need over their investments.

We are closing an agreement with Mexico's government in which they will cover these, and we become the commercial engines of their touristic projects.

This same model can be replicated in many countries in Latin America, since many of them have invested on developing ecotouristic destinations with local populations.

SCALING



MAPPING COMMUNITIES

The first step to grow is to map possible Ruto-Hubs. We do this by creating a database of all the existing touristic initiatives.

Then using 6 criteria, such as proximity to large tourist attractions, existence of an organized group, etc. we detect the next ones to approach, what we call the low hanging fruit.

We now have 2,700 mapped out across Mexico. And are starting conversations with the first ones.



*Data based on a nation-wide study with a sample of 43 touristic projects made by La Mano del Mono

CLASSIFYING COMMUNITIES

Classifying each host in the proper stage is key to allocate efforts to maximize the value generated by solving their most pressing needs effectively and efficiently, we use a classification named Market-Ready developed by La Mano del Mono (a tourism enterprise that works in Mexico).

We are a multi-disciplinary team with broad experience working in indigenous villages; together we sum up to 18+ years on the field. We have a deep passion to help solve poverty, social injustice & environmental degradation in our rural communities.

OUR TEAM



**DIEGO
ESPINOZA**
COO



**EMILIANO
ITURRIAGA**
CEO



**LESLIE
PÉREZ**
CMO



**SEBASTIÁN
MUÑOZ**
CPO



**IRENE
HERAS**
DESIGN



**ITZAYANA
TLACUILLO**
LEGAL



**NUBIA
MURILLO**
TECH



**EDUARDO
MAASS**
FINANCE

OUR ADVISORS

We understand that in order to design realistic solutions we have to approach not only the academic experts in the field, but also stakeholders who are on the ground and who, through their experience, can relate to both the challenges and opportunities of this project. We are glad to have four mentors that offer us valuable advice.



Scott Weiner. Chief Technology Officer and Senior Consultant at NeuEon, expert in organizing tech teams and developing multi-million dollar software.



Bibiana Bautista Gaytán. Founder of an indigenous women group that aims for the conservation of soils and ecosystem. Winner of the government grand FONCA for cultural co-investments.



Carlos Muñoz Piña. Ph.D. in Agriculture and Resource Economics at the University of California, Berkeley. Designer of Mexico's Payment for Environmental Services of Forests program.



Cecilio Solís Librado: Mexican delegate of Indigenous People at the UN. Political leader at Mexico's Indigenous Movement in the 90s. Founder of the Indigenous Network of Alternative Tourism Mexico (RITA).



Isaac Lucatero Castañeda. Ph.D in Social Economy by the International University of Andalucía. Director of the Eugenio Garza Lagüera Institute of Entrepreneurship of ITESM.



Susan Amat. Executive Director at Global Entrepreneurship Network & Founder/CEO of Venture Hive. World class entrepreneur who has coached startups since 2012.

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