The price-competitiveness of Peruvian gastronomy

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Abstract

In theory, Peru could use its recently gained international reputation as a culinary destination as a lever to improve the competitiveness of its tourism sector. However, no single factor can, by itself, make a destination competitive, and Peru has the disadvantage of being located far from the world's main outbound tourist markets.

The aim of this paper is to analyze the price-competitiveness of Peruvian gastronomy relative to its main Latin American competitors. I do so by comparing the cost of the baskets of products and services acquired by gastronomic tourists from 15 countries who have visited Peru with the cost of acquiring the same baskets in five alternative gastronomic destinations: Argentina, Brazil, Chile, Colombia, and Mexico. Results show that, overall (considering both local and travel costs), Mexico is the most price-competitive destination for gastronomic tourists, followed by Colombia and Peru, with Brazil and Argentina being the fourth and fifth, respectively.

Keywords:

Peru, Gastronomy, Tourism competitiveness, Destination competitiveness, Price competitiveness

JEL code: Z30

The price-competitiveness of Peruvian gastronomy

1. Introduction

During the last twenty years, Peru has gained an international reputation as a culinary destination (Nelson, 2016). Peruvian restaurants are prominent in the rankings of the best restaurants in Latin America, with one establishment topping the 'World's Best Restaurant' list in 2023 (William Reed Ltd., 2023a, 2023b). Peru has also been recognized as the "World's Leading Culinary Destination" in 9 of the last 10 years (World Travel Awards, 2023).

At first glance, Peru's burgeoning reputation as a culinary hotspot appears to be a strategic asset in enhancing its appeal and drawing more international tourists. However, the path is not clear. On the one hand, because no factor can, by itself, make a destination competitive. As concluded by several researchers (Abreu-Novais et al., 2018; Li et al., 2013), destination competitiveness is a multi-dimensional concept that entails multiple economic, natural, cultural, and social factors. On the other hand, because Peru is located far from the world's main outbound tourist markets (North America, Europe, and Asia), which makes visiting the country more expensive than other gastronomic destinations such as Mexico and Colombia. Furthermore, statistics indicate that, to date, only a modest proportion of tourists from major source markets are motivated to visit Peru by its gastronomy, which indicates that, despite its appeal, Peruvian food is not known or not liked in these countries. At least not known or liked to the extent of becoming a motivating factor for a sufficiently large number of tourists.

The objective of this paper is to take the first step to understand how competitive Peruvian gastronomy is relative to its main competitors by analyzing its price competitiveness. This is achieved by comparing the cost of the baskets of products and services purchased by gastronomic tourists from 15 countries in Peru to those they would purchase in five alternative destinations: Argentina, Brazil, Chile, Colombia, and Mexico. For this analysis, I utilize the World Bank's International Comparison Program's local price database, alongside PromPerú's[1] annual survey of international tourists visiting Peru.

2. Literature review

According to Dwyer et al. (2000), the potential for any country's tourism industry to develop will depend substantially on its ability to maintain competitive advantage in its delivery of goods and services to visitors. However, researchers agree that destination competitiveness is a complex and multifaceted concept (Abreu-Novais et al., 2018; Li et al., 2013). There are important discrepancies in the literature regarding what this concept entails originate from the varying definitions of competitiveness used by authors, the factors deemed relevant for explaining why some destinations are more competitive than others, and the models illustrating the interaction of these factors (Cronjé & du Plessis, 2020).

Despite the heterogeneity of definitions, most authors link destination competitiveness to three main dimensions: the economic dimension, the attractiveness of a destination, and sustainability (Abreu-Novais et al., 2018). The first is based on the works of Michael E. Porter and

[1] PromPerú is Peru's destination market organization.

the notion that competitiveness arises from a firm's—or, as in this case, an industry's—ability to be more productive than its peers, and, therefore, to be able to produce goods that are cheaper or more valuable for consumers (Porter, 1980, 1990; Porter & Van Der Linde, 1995). Thus, a destination's competitiveness correlates positively with the real income and standard of living of its residents (Crouch & Ritchie, 1999; Dwyer & Kim, 2003).

The second dimension, the attractiveness of a destination, refers to the ability of a destination to appeal to potential visitors. These include natural resources (climate, scenery, and landscapes), and cultural (monuments, ancient practices, festivals) with the potential to create memorable experiences for tourists (Hong, 2009). Crouch & Ritchie (1999) and Dwyer & Kim (2003) contend that successful destinations must provide tourists with experiences that surpass those of their competitors.

The third identified dimension of destination competitiveness concerns sustainability. According to Ruhanen (2007), the advent of triple bottom line accounting has increased pressure on planners and managers. They are now tasked with integrating sustainability objectives into the management of a destination's environmental and social resources. Other studies and researchers have also highlighted the relevance of sustainability for the competitiveness of a destination (Buhalis, 2000; Crouch & Ritchie, 1999; Hassan, 2000; Ritchie & Crouch, 2003).

A meta-analysis performed by Cronjé & du Plessis (2020), identified the ten most cited factors that researchers believe influence a destination's competitiveness. These are: activities (water-based, nature-based, and other recreational activities); special events; infrastructure; quality of service; safety; development (hospitality, human resources); environmental management (including environmental standards and attractiveness of the environment); shopping facilities/value for money; information (tourist information, visitor statistics, market segmentation studies); and climate.

2. Methodology

The methodology use in this paper is similar to the one use by Dwyer et al. (2000) in their comparison of the price competitiveness of Australia with 19 competing destinations. The primary conceptual distinction of this study lies in its focus on the gastronomy sector, comparing only the expenditure patterns of tourists who have traveled to Peru with gastronomic motivations.

2.1. Data

Data on the expenditure patterns of international tourists by country was sourced from PromPerú, the destination marketing organization of Peru. Annually, this entity commissions an extensive survey among 6,000-7,000 international tourists who have recently visited the country. The survey, known as 'Perfil del Turista Extranjero' (Profile of the Foreign Tourist), or PTE, encompasses a range of topics including travel motivations, visited locations, activities undertaken, travel methods, logistics, and expenditures. The data utilized for this study spans from 2017 to 2020, as documented by PromPerú (2020). Appendix 1 provides a detailed account of the PTE survey's objectives and methodology.

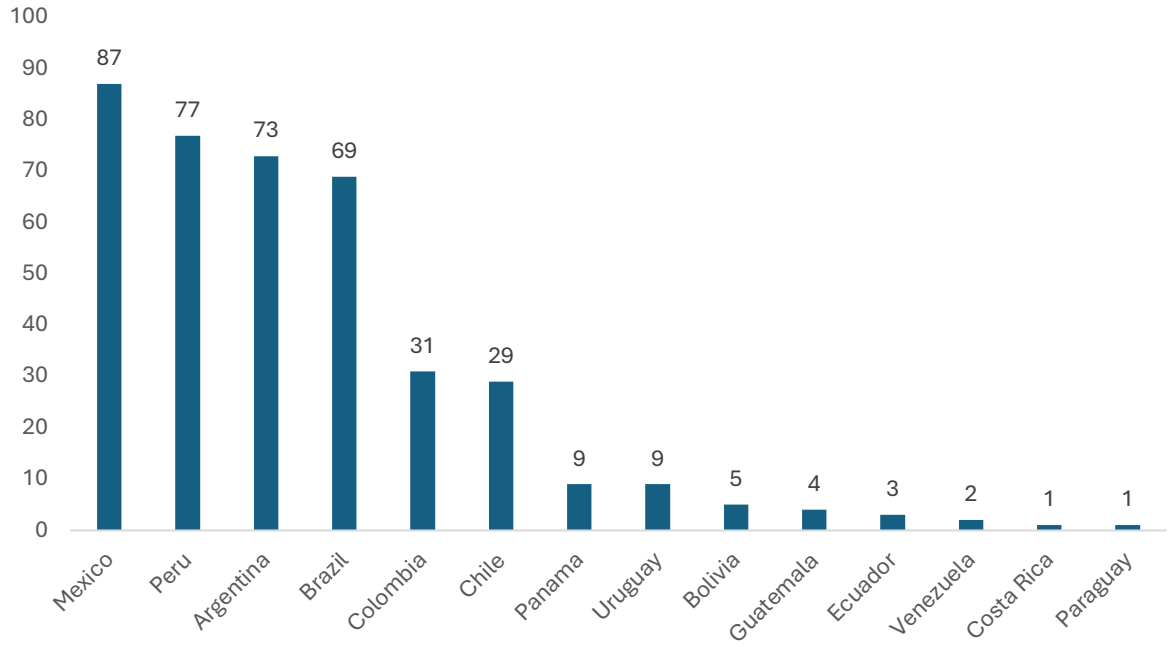
Data on the cost of goods and services in local currencies, exchange rates, and purchasing power parities were provided by the International Comparison Program (ICP), managed by the World Bank under the auspices of the United Nations Statistical Commission. The data utilized in this study corresponds to the 2017 cycle.

2.2. Country selection

The gastronomic destinations selected for analysis were determined by the frequency of mentions in the 'Latin America's 50 Best Restaurants' ranking, published by William Reed Ltd., a British data and events firm.[2]

As depicted in Figure 1, aside from Peru, the five countries with the most restaurants featured in the ranking from 2016 to 2023, listed in alphabetical order, are Argentina, Brazil, Chile, Colombia, and Mexico. These countries are regarded as competitors to Peru for the purpose of this study. The selection of these competitors was validated through consultations with officials from PromPerú, as well as with chefs, restaurant owners, and representatives of the hospitality industry in Peru.

Figure 1. Number of mentions in the "Latin America's 50 Best Restaurants" ranking per country, 2016-23



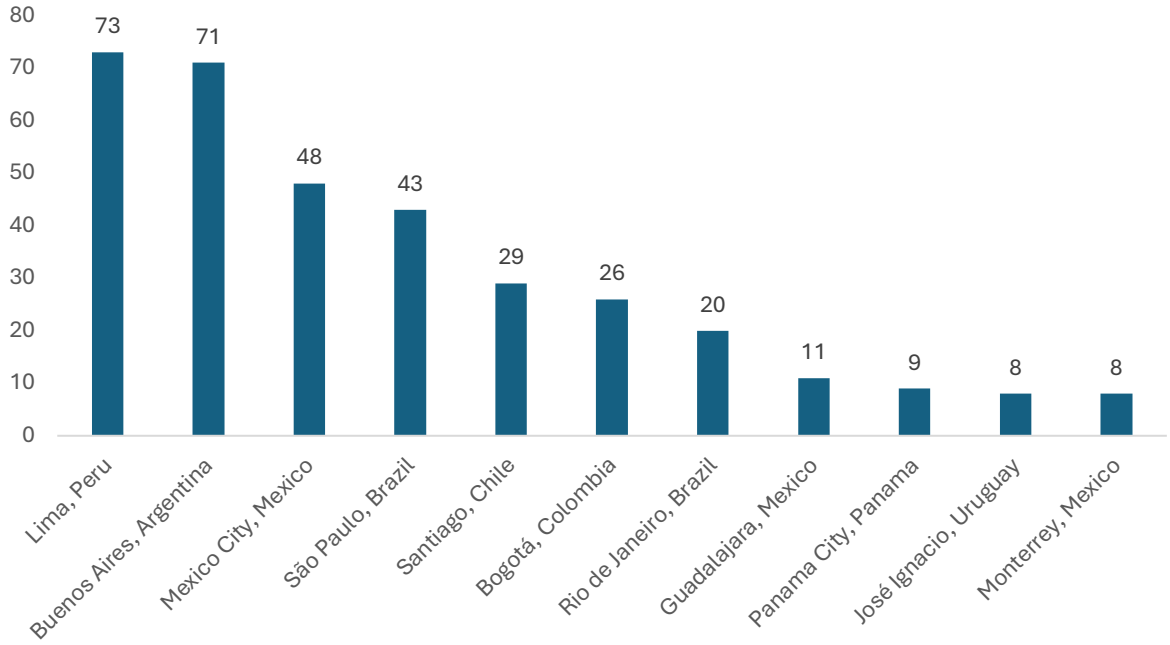
Source: William Reed Ltd. (2023a)

It is noteworthy that the restaurants featured in the 'Latin America's 50 Best Restaurants' ranking are predominantly located in a few cities. In the countries under study, the concentration is particularly high in Peru, Argentina, and Chile, where at least 95% of the mentions are for restaurants in Lima, Buenos Aires, and Santiago, respectively. In Mexico, Mexico City accounts for 55% of the country's nominations, while in Brazil, São Paulo and Rio de Janeiro account for

[2] Details about the voting system used to elaborate the ranking can be found at: https://www.theworlds50best.com/latinamerica/en/voting/the-voting-system.

62% and 30% of the mentions, respectively. These cities will form the basis for constructing the travel component of the price competitiveness index.

Figure 2. Number of mentions in the "Latin America's 50 Best Restaurants" ranking per city (*) 2016-23



Source: (William Reed Ltd., 2023a)
(*) Cities with at least one restaurant mentioned every year.

The 15 origin markets considered for this study are shown in Table 1. These markets represented more than 75% of the international tourists that visited Peru between 2013 and 2019, and where PromPerú concentrates its promotional efforts.

Table 1. Origin markets by region

Region	Country	Code
Europe	France	FR
	Germany	DE
	Italy	IT
	Spain	ES
	Switzerland	CH
	The Netherlands	NL
	United Kingdom	UK
North America	Mexico	MEX
	Canada	CAN
	United States	USA
South America	Argentina	ARG
	Brazil	BRA
	Chile	CHI
	Colombia	COL
Oceania	Australia	AUS

It is important to note that the five countries competing with Peru as gastronomic destinations also send gastronomic tourists to Peru. Therefore, their price competitiveness will be compared across 14 outbound markets instead of 15.

2.3. The domestic component

To analyze the price competitiveness of Peruvian gastronomy relative to its main competitors, it is necessary to compare the cost of the baskets of products and services that gastronomic tourists from each origin market acquire in each of the destinations. Unfortunately, this data is not available with the necessary level of detail for the six gastronomic destinations analyzed in this study. Therefore, the cost of the basket that will be analyzed is the one typically purchased by gastronomic tourists that visit Peru.

For the purposes of this study, gastronomic tourists are defined as those international visitors that responded PromPerú's PTE survey stating that consuming Peruvian food was their first, second or third main motivation to visit this country. Since the number of respondents identified as gastronomic tourists in any year was too small for several countries, the results of the surveys taken between 2013 and 2020 were aggregated.

Table 2 shows the number of PTE survey respondents identified as gastronomic tourists by country.

Table 2. Number of PTE survey respondents identified as gastronomic tourists (2013-20)

Country	Respondents
ARG	64
AUS	54
BRA	77
CAN	107
CH	57
CHL	260
COL	96
DE	59
ES	94
FR	83
IT	42
MEX	112
NL	63
UK	62
USA	201
Total	**1,431**

Table 3 shows the average expenditure of gastronomic tourists to Peru per origin market in nominal US dollars of 2017. To compile this information, individual results for each year were transformed into 2017 US dollars and then averaged by country. Table 4 shows the average weight of each of the 14 reported expenditure components per gastronomic tourist by country.

Table 3. Average expenditure by gastronomic tourists to Peru by origin market, 2013-20 (US dollars of 2017)

Expenditure components	CAN	MEX	USA	CH	DE	ES	FR	IT	NL	UK	ARG	BRA	CHL	COL	AUS
Air domestic transport	204	191	152	221	223	217	222	155	177	187	190	243	156	175	384
Surface intercity transport	112	101	115	123	102	133	121	117	104	110	112	111	63	89	106
In-city transport	96	108	103	103	117	96	101	83	94	63	80	77	65	83	92
Excursions and tours	209	247	170	290	162	254	191	178	195	147	275	118	53	274	36
Accommodation	407	354	365	368	365	362	300	312	403	437	310	352	227	287	439
Restaurants and bars	252	244	265	284	295	233	229	283	308	285	179	253	193	232	278
Food and beverages	89	72	70	116	144	75	84	79	113	95	53	61	45	68	95
Nightclubs and discos	111	99	152	95	202	67	85	58	115	73	273	132	111	107	145
Museums and exhibitions	42	49	32	48	40	50	51	41	40	32	38	47	22	32	28
Sports and artistic activities	117	27	108	186	62	57	90	39	75	111	43	107	54	17	28
Visits to tourist attractions	233	148	190	205	238	184	201	161	250	191	159	153	56	131	345
Crafts / Souvenirs	143	144	127	91	95	111	160	146	110	110	127	160	100	135	202
Clothing and footwear	166	155	147	235	164	68	63	142	122	248	114	157	124	181	107
Other	80	54	92	137	63	117	56	19	109	34	133	124	74	87	57
Total	**2,264**	**1,995**	**2,088**	**2,503**	**2,271**	**2,022**	**1,955**	**1,813**	**2,215**	**2,123**	**2,087**	**2,096**	**1,342**	**1,899**	**2,342**

Source: PromPerú (2020)

Table 4. Average expenditure pattern by gastronomic tourists to Peru by origin market, 2013-20.

Expenditure components	CAN	MEX	USA	CH	DE	ES	FR	IT	NL	UK	ARG	BRA	CHL	COL	AUS
Air domestic transport	9.0%	9.6%	7.3%	8.8%	9.8%	10.7%	11.4%	8.5%	8.0%	8.8%	9.1%	11.6%	11.6%	9.2%	16.4%
Surface intercity transport	4.9%	5.1%	5.5%	4.9%	4.5%	6.6%	6.2%	6.5%	4.7%	5.2%	5.4%	5.3%	4.7%	4.7%	4.5%
In-city transport	4.2%	5.4%	4.9%	4.1%	5.1%	4.7%	5.2%	4.6%	4.3%	3.0%	3.9%	3.7%	4.8%	4.4%	3.9%
Excursions and tours	9.2%	12.4%	8.1%	11.6%	7.1%	12.6%	9.8%	9.8%	8.8%	6.9%	13.2%	5.6%	4.0%	14.4%	1.5%
Accommodation	18.0%	17.7%	17.5%	14.7%	16.1%	17.9%	15.4%	17.2%	18.2%	20.6%	14.8%	16.8%	16.9%	15.1%	18.7%
Restaurants and bars	11.1%	12.2%	12.7%	11.3%	13.0%	11.5%	11.7%	15.6%	13.9%	13.4%	8.6%	12.1%	14.4%	12.2%	11.9%
Food and beverages	3.9%	3.6%	3.4%	4.6%	6.3%	3.7%	4.3%	4.3%	5.1%	4.5%	2.5%	2.9%	3.3%	3.6%	4.1%
Nightclubs and discos	4.9%	5.0%	7.3%	3.8%	8.9%	3.3%	4.3%	3.2%	5.2%	3.4%	13.1%	6.3%	8.3%	5.7%	6.2%
Museums and exhibitions	1.8%	2.5%	1.5%	1.9%	1.8%	2.5%	2.6%	2.2%	1.8%	1.5%	1.8%	2.2%	1.6%	1.7%	1.2%
Sports and artistic activities	5.2%	1.3%	5.2%	7.4%	2.7%	2.8%	4.6%	2.2%	3.4%	5.2%	2.1%	5.1%	4.0%	0.9%	1.2%
Visits to tourist attractions	10.3%	7.4%	9.1%	8.2%	10.5%	9.1%	10.3%	8.9%	11.3%	9.0%	7.6%	7.3%	4.2%	6.9%	14.7%
Crafts / Souvenirs	6.3%	7.2%	6.1%	3.6%	4.2%	5.5%	8.2%	8.1%	5.0%	5.2%	6.1%	7.6%	7.4%	7.1%	8.6%
Clothing and footwear	7.3%	7.8%	7.0%	9.4%	7.2%	3.4%	3.2%	7.8%	5.5%	11.7%	5.5%	7.5%	9.2%	9.5%	4.6%
Other	3.6%	2.7%	4.4%	5.5%	2.8%	5.8%	2.8%	1.1%	4.9%	1.6%	6.4%	5.9%	5.5%	4.6%	2.4%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Using purchasing power parities (PPP) data provided by the ICP,[3] the structure of the expenditure patterns shown in Table 4 were used to estimate the cost of a similar basket of goods and services in the local currency of the six gastronomic destinations PPPs indicate the expenditure levels required to purchase the same basket of goods and services in different destinations.

Lastly, PPPs were adjusted by exchange rates to obtain price-competitiveness indices relative to Peru, using the formula developed by Dwyer et al. (2000):

$$Price\ competitivenes\ index = \frac{Exchange\ rate_{Destination\ X/Peru}}{\frac{Cost\ of\ Basket\ in\ Destination\ X\ in\ local\ currency}{Cost\ of\ Basket\ in\ Peru\ in\ Peruvian\ currency}} x\ 100$$

The price competitiveness index measures the price level of a basket in a particular destination relative to its price in Peru, adjusted for exchange rates. For example, if the cost of the typical basket of goods and services that a Canadian gastronomic tourist purchases costs 1 PEN in Lima but 6.09 ARS in Buenos Aires, to determine where is more expensive we need to compare these figures with the PEN/ARS exchange rate. If the exchange rate is 1 PEN = 5.08 ARS, then:

$$Price\ competitivenes\ index = \frac{5.08}{6.09} x\ 100 = 83.4$$

This result implies that purchasing the basket of goods and services that the average Canadian gastronomic tourist purchases in Peru is 16.6% more expensive in Argentina. Therefore, Argentina is less price competitive than Peru for Canadian gastronomic tourists. This is the price competitiveness index for Argentina for Canadian tourists reported in Table 5.

Table 5 shows price competitiveness indices for the ground component by origin market and gastronomic destination. Results above 100 implies that the destination is more price competitive than Peru for gastronomic tourists of a particular origin market (shown in columns). It can be seen that, in general, price competitiveness indices do not change much among destination countries.

Table 6 shows the averages of the price competitiveness indices shown in Table 5. It can be observed that, in average, Mexico is the more price competitive destination (27.1% more than Peru, in average), followed by Colombia (26.4% more price competitive than Peru). Due to their local prices, Chile and Brazil are 5.9% and 8% less price competitive than Peru for the average gastronomic tourist. Argentina is the less price competitive destination of the sample (18.2% less than Peru).

[3] The data on prices in local currency and national expenditures were provided to the ICP by the economies participating in the 2017 cycle of the International Comparison Program.

Table 5. Price competitiveness indices for the domestic component (Peru = 100)

	CAN	MEX	USA	CH	DE	ES	FR	IT	NL	UK	ARG	BRA	CHL	COL	AUS
Argentina	83.4	83.5	82.8	82.5	83.0	83.7	84.8	83.4	82.8	82.7		85.1	85.1	83.4	86.4
Brazil	90.3	92.7	87.8	88.7	92.1	92.2	92.0	90.9	89.4	91.8	90.9		95.6	92.5	100.9
Chile	92.6	92.8	88.8	92.6	93.9	95.9	98.4	91.3	90.5	90.9	92.5	97.3		92.3	107.0
Colombia	126.2	125.2	124.5	125.9	126.8	126.4	127.0	124.7	125.8	126.4	125.0	127.5	126.6		131.6
Mexico	127.3		123.5	126.0	126.7	127.6	127.9	124.5	125.7	128.6	123.6	129.2	127.7	124.3	136.4
Peru	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ranking for Argentina	6	5	6	6	6	6	6	6	6	6		5	5	3	6
Ranking for Brazil	5	4	5	5	5	5	5	5	5	5	5		4	3	4
Ranking for Chile	4	3	4	4	4	4	4	4	4	4	4	4		4	3
Ranking for Colombia	2	1	1	2	1	2	2	1	1	2	1	2	2		2
Ranking for Mexico	1		2	1	2	1	1	2	2	1	2	1	1	1	1
Ranking for Peru	3	2	3	3	3	3	3	3	3	3	3	3	3	2	5

Results above 100 = more price competitive than Peru

Table 6. Average price competitiveness indices for the domestic component (Peru = 100)

Country	Average price competitiveness indices for the ground component (Peru=100)	Ranking
Mexico	127.1	1
Colombia	126.4	2
Peru	100.0	3
Chile	94.1	4
Brazil	92.0	5
Argentina	83.8	6

Table 7. Average cost of a round trip ticket from the origin markets (US dollars of 2017)

	CAN	MEX	USA	CH	DE	ES	FR	IT	NL	UK	ARG	BRA	CHL	COL	AUS
Argentina	605	698	667	979	748	685	779	723	1027	828		246	202	534	1523
Brazil	691	788	593	664	600	582	649	637	789	775	337		263	419	1329
Chile	841	680	670	1240	811	607	1052	804	1027	889	216	253		392	1061
Colombia	515	438	398	850	651	650	857	756	813	751	487	570	473		2156
Mexico	440		300	515	699	553	751	811	560	798	731	665	710	471	1802
Peru	657	408	444	897	895	727	1029	717	1026	873	480	401	205	360	1651

Source: Google flights (https://www.google.com/travel/flights) and Kayak.com (https://www.kayak.com.pe/.)

Table 8. Price competitiveness indices for the travel component (Peru = 100)

	CAN	MEX	USA	CH	DE	ES	FR	IT	NL	UK	ARG	BRA	CHL	COL	AUS
Argentina	108.6	58.4	66.6	91.7	119.7	106.1	132.1	99.2	99.83	105.5		163.3	101.7	67.4	108.4
Brazil	95.0	51.8	74.8	135.1	149.1	124.8	158.5	112.7	130.0	112.6	142.4		78.1	86.0	124.2
Chile	78.1	59.9	66.3	72.4	110.5	119.7	97.9	89.2	99.82	98.2	221.6	158.3		91.9	155.5
Colombia	127.5	93.1	111.7	105.6	137.5	111.9	120.2	94.9	126.1	116.2	98.5	70.3	43.4		76.6
Mexico	149.4		147.9	174.4	128.2	131.5	137.1	88.4	183.0	109.3	65.6	60.3	28.9	76.5	91.6
Peru	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ranking for Argentina	3	4	5	5	4	5	4	3	5	4		1	1	5	3
Ranking for Brazil	5	5	4	2	1	2	1	1	2	2	2		3	3	2
Ranking for Chile	6	3	6	6	5	3	6	5	6	6	1	2		2	1
Ranking for Colombia	2	2	2	3	2	4	3	4	3	1	4	4	4		6
Ranking for Mexico	1		1	1	3	1	2	6	1	3	5	5	5	4	5
Ranking for Peru	4	1	3	4	6	6	5	2	4	5	3	3	2	1	4

Results above 100 = more price competitive than Peru

2.4. The travel component

The travel component is especially relevant to analyze the price competitiveness of a destination located far from the world's main outbound tourist markets. According to McKercher et al. (2008), distance has a large impact on tourist movements. Destinations located more than 2,000 km from origin markets capture less than 1% of their outbound passenger traffic. And, according to Tveteras & Roll (2014), for the markets that supply the highest number of tourists, distant destinations are mainly made up of developing countries located in the southern hemisphere. This is the case for Peru.

Collecting comparable airfare data is a challenging task, since prices change greatly according to the season, the number of layovers, the period between the purchase and the travel date, the allowed pieces of luggage, etc. For this reason, for this study the data were collected in the most systematic way possible. Data were collected from booking sites Google Flights and Kayak.com in 2019, two months in advance of two travel dates that correspond to the high and low seasons of tourism to Peru (April and July). The tickets whose prices were considered in this study correspond to economy class and include one piece of checked luggage.

In the case of Google Flights, three prices were collected: the cheapest,[4] the fastest[5] and what Google Flights reports as "typical" for the route during the consulted period. In the case of Kayak.com, only the cheapest and the fastest were collected, with the same limitations. Collected prices were converted into US dollars of 2017 and the geometric average of each origin and destination was estimated.

With the exception of the United States, the city with the busiest airport in each country was considered the starting point of the trip. For the United States, three departure cities were considered: Miami, Los Angeles, and New York. Regarding the destination cities, the city of each country with the highest number of mentions in the "Latin America's 50 Best Restaurants" ranking was considered (see Appendix 2).

Tables 7 and 8 present the results, indicating that while prices are highly correlated with distance, the relationship is not linear. From North America is cheaper to travel to Mexico and much more expensive to do it to South America, but from Europe results are mixed. It is cheaper to travel from Spain or Germany to Chile than to travel to Peru, but the opposite occurs with Switzerland, France, Italy, and UK. As expected, the most expensive tickets are those originating from Australia.

If we average the price competitiveness indices for the travel component for each of the destinations, we will obtain that Peru is the least price-competitive destination. However, that would mask the large differences in the results for Chile and Argentina, that are exceptionally good for some destinations, and thus, bias the average results. To correct this bias, Table 9 shows instead the average ranking obtained by each gastronomic destination. It can be seen that, in average, Brazil obtains the highest price competitiveness rankings of the sample, followed by Mexico and Colombia. The destination that, in average, obtains the lowest rankings is Chile.

[4] Excluding flights more than two layovers or layover times longer than the duration of any of the legs.
[5] Excluding results that would duplicate or more than duplicate the cost of the cheapest flight.

Table 9. Price competitiveness indices for the travel component. Average ranking.

Country	Average ranking	Ranking
Brazil	2.50	1
Mexico	3.07	2
Colombia	3.14	3
Peru	3.53	4
Argentina	3.71	5
Chile	4.14	6

3. Overall results

Table 10 shows the overall price competitiveness of the six gastronomic destinations analyzed in this paper, while Table 11 shows their average index for each one. Figure 3 presents the rankings obtained by each destination with respect to each origin market.

Several important conclusions can be drawn from the information presented in tables 5-11. The first is that Mexico is the most price competitive gastronomic destination of the sample. Overall, Mexico ranks as the most or second most price-competitive destination for all but one of the origin markets, as depicted in Figure 3. As shown in Table 5, local prices are the lowest or the second lowest for gastronomic tourists from all origin markets, and its location in the northern hemisphere also makes it the most economical or second most economical destination for 6 of the 14 analyzed outbound markets (see Table 8).

On the contrary, Argentina turns out to be the priciest gastronomic destination among those studied. The cost of the basket that typical gastronomic tourists acquire is the highest for all origin markets (16.2% higher than Peru, in average). Additionally, flights to Buenos Aires rank as the second or third most expensive for 8 of the 14 outbound markets. They are only the cheapest for Chilean and Brazilian gastronomic tourists.

Colombia is the second most price competitive destination among those analyzed, for reasons similar to Mexico. Its proximity to North America, second only to Mexico, is reflected in the travel component's price competitiveness, particularly for Canada and the United States. Additionally, the average cost of the basket of goods and services purchased by gastronomic tourists is only marginally higher than in Mexico, by 0.7 percentage points. Like Mexico, Colombia ranks as the most or second most price competitive destination for all but one of the origin markets analyzed (see Figure 3).

Peru ranks as the third most price competitive destination overall. The ground component of its index is approximately 27% less price competitive than those of Colombia and Mexico, placing it between third and fourth among the destinations studied. For most origin markets, Peru ranks as the third or fourth most price competitive destination, and it ranks second for gastronomic tourists from Chile, Colombia, and Mexico (see Figure 3).

Table 10. Overall price competitiveness indices (domestic + travel, Peru = 100)

	CAN	MEX	USA	CH	DE	ES	FR	IT	NL	UK	ARG	BRA	CHL	COL	AUS
Argentina	88.7	77.2	78.8	85.1	92.1	89.3	98.3	87.9	88.2	89.1		93.3	87.2	79.9	95.1
Brazil	91.4	81.5	84.8	98.5	104.0	99.5	108.6	96.5	100.0	97.3	98.0		92.7	91.3	109.3
Chile	88.7	84.8	83.1	85.9	98.3	101.4	98.2	90.6	93.4	93.1	104.6	103.8		92.3	122.1
Colombia	126.5	119.6	122.3	120.8	129.2	122.9	124.9	115.9	125.9	123.7	120.0	115.3	104.9		105.2
Mexico	130.9		126.7	134.3	127.0	128.4	130.5	113.4	137.3	123.3	108.6	112.6	93.5	114.8	116.9
Peru	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ranking for Argentina	6	5	6	6	6	6	5	6	6	6		5	5	5	6
Ranking for Brazil	4	4	4	4	3	5	3	4	3	4	5		4	4	3
Ranking for Chile	5	3	5	5	5	3	6	5	5	5	3	3		3	1
Ranking for Colombia	2	1	2	2	1	2	2	1	2	1	1	1	1		4
Ranking for Mexico	1		1	1	2	1	1	2	1	2	2	2	3	1	2
Ranking for Peru	3	2	3	3	4	4	4	3	4	3	4	4	2	2	5

Results above 100 = more price competitive than Peru

Table 11. Average price competitiveness (Peru = 100)

Country	Average price competitiveness (Peru=100)	Ranking
Mexico	121.3	1
Colombia	119.8	2
Peru	100.0	3
Brazil	96.7	4
Chile	95.7	5
Argentina	87.9	6

Figure 3. Overall price competitiveness rankings by origin market of the six gastronomic destinations.

Brazil turns out to be the fourth most price competitive destination overall, mainly due to its travel component (see Table 11). Indeed, the cost of the basket that gastronomic tourists purchase is 8% higher than in Peru, and around 35% higher than in Colombia or Mexico. However, its proximity to Europe makes airfares relatively low-priced (airfares to Brazil are the cheapest or second cheapest for 7 of the 14 remaining origin markets). Interestingly, airfares to Brazil are the second lowest from Australia too. Arguably, the fact that the Sao Paulo/Guarulhos international airport is the largest hub in South America also influences prices to this destination. Bogotá, for example, is about as close to Europe as Sao Paulo, but Brazil's travel component is more price competitive than Colombia for 6 of the 7 European origin markets.

Chile, being the most distant from North America and Europe among the countries studied, reflects this in the travel component of its index. It ranks as the least price-competitive destination for North American and European markets, except for gastronomic tourists from Mexico and Spain. Nonetheless, Chile's ground component partially offsets this, with prices averaging 2.1% lower than in Brazil (see Table 5).

4. Conclusions and considerations

The main conclusion of this study indicate that Mexico stands as the most price-competitive gastronomic destination among the six evaluated, followed by Colombia and Peru, with Brazil ranking fourth. Conversely, Argentina and Chile are less price competitive, with Argentina being the least.

However, when interpreting these results, several important considerations must be taken into account. The data provided by the ICP, which are used to estimate local currency costs, primarily reflect household expenditures. Consequently, the quality and prices of goods and services typically consumed by gastronomic tourists—particularly in the realms of hospitality and dining—are likely to be higher. Furthermore, the ICP acknowledges that their comparison data may lack precision at the disaggregated levels employed to estimate the cost of the basket in local currency, introducing potential bias and inaccuracies. These factors necessitate a cautious approach to the conclusions drawn from this study.

The limitations arising from the structure of the basket whose cost is being compared must also be considered. It is reasonable to expect that some goods and services are consumed more in countries where they are cheaper. Therefore, in principle, what should be compared is the cost of the baskets actually consumed in each destination. However, the information necessary to make this comparison is not available. From my perspective, this is the main limitation of this study.

Additionally, it is important to consider that while relative prices change with time, they change much faster under certain circumstances. For instance, Argentina has been experiencing a severe inflationary process since 2017, the year used for making the comparisons. Since inflation does not affect all prices equally, it is expected that some relative prices have changed significantly.

For stakeholders in the tourism industry and potential visitors, these findings offer a comparative perspective on the cost of gastronomic experiences across Latin American destinations. Future research could enhance these insights by incorporating more targeted data on tourist expenditures and by exploring additional methodologies to assess price competitiveness in the gastronomic sector.

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Appendix 1: PTE survey methodology

Goals:

Know the profile of foreign tourists who visit Peru.

Identify the main motivations for traveling to Peru.

Estimate the expenditure made by foreign tourists in Peru.

Universe: Foreign tourists aged 15 or older, who stayed in Peru for at least one night and whose reason for traveling was other than residence or paid work in the country.

Methodology: Surveys taken at the Jorge Chávez International Airport (Lima), Chacalluta Border Complex (Tacna), Kasani Immigration Control Post (Puno) and Binational Border Attention Center - CEBAF (Tumbes)

Sample: Between 6,500 and 7,000 a year.

Field work:

First measurement: February

Second measurement: May

Third measurement: August

Fourth measurement: November/December

In 2020, due to the outbreak of the COVID-19 pandemic, only one measurement was carried out.

Appendix 2: Origin and destination cities considered for the travel component.

Origin cities		Destination cities	
Argentina	Buenos Aires	Argentina	Buenos Aires
Australia	Sydney	Brazil	Sao Paulo
Brazil	Sao Paulo	Chile	Santiago
Canada	Toronto	Colombia	Bogotá
Chile	Santiago	Mexico	Mexico City
Colombia	Bogotá	Peru	Lima
France	Paris		
Germany	Frankfurt		
Italy	Milan		
Mexico	Mexico		
Spain	Madrid		
Switzerland	Zurich		
The Netherlands	Amsterdam		
UK	London		
USA	Los Angeles		
	Miami		
	New York		