



COMPETITIVENESS AND INNOVATION IN THE TELECOMMUNICATION AND TOURISM INDUSTRIES

OPPORTUNITIES AND CHALLENGES IN LATIN AMERICA AND THE CARIBBEAN

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I. Importance of the Tourism and Telecommunications Industries

- **In the global economy**
 - international inbound tourism in 2010 accounted for 9,1 % of global GDP and directly or indirectly employed over 250 million people
 - telecommunications represented 3% of the GDP of OECD member countries, while an accelerated expansive trend in the mid-term for various services within the industry was reported, particularly in mobile telecommunications and Internet access (ITU 2010)

Importance of the Tourism and Telecommunications Industries

- **Challenges....**

- Both industries operate in highly competitive global environments through the actions of big international leaders with important market power
- Salient asymmetries in country and region participation
- Innovation-based competitiveness and accelerated technological changes
- Changes in business models and new competitors

Importance of the tourism and telecommunications industries

- **... and opportunities**
 - Knowledge of new competitiveness conditions and opportunities
 - Take on the development of innovation-based competitiveness
 - Exploit business niches based on local capabilities and interacting with the global economy

II. Conceptual Elements for Strategic Analysis

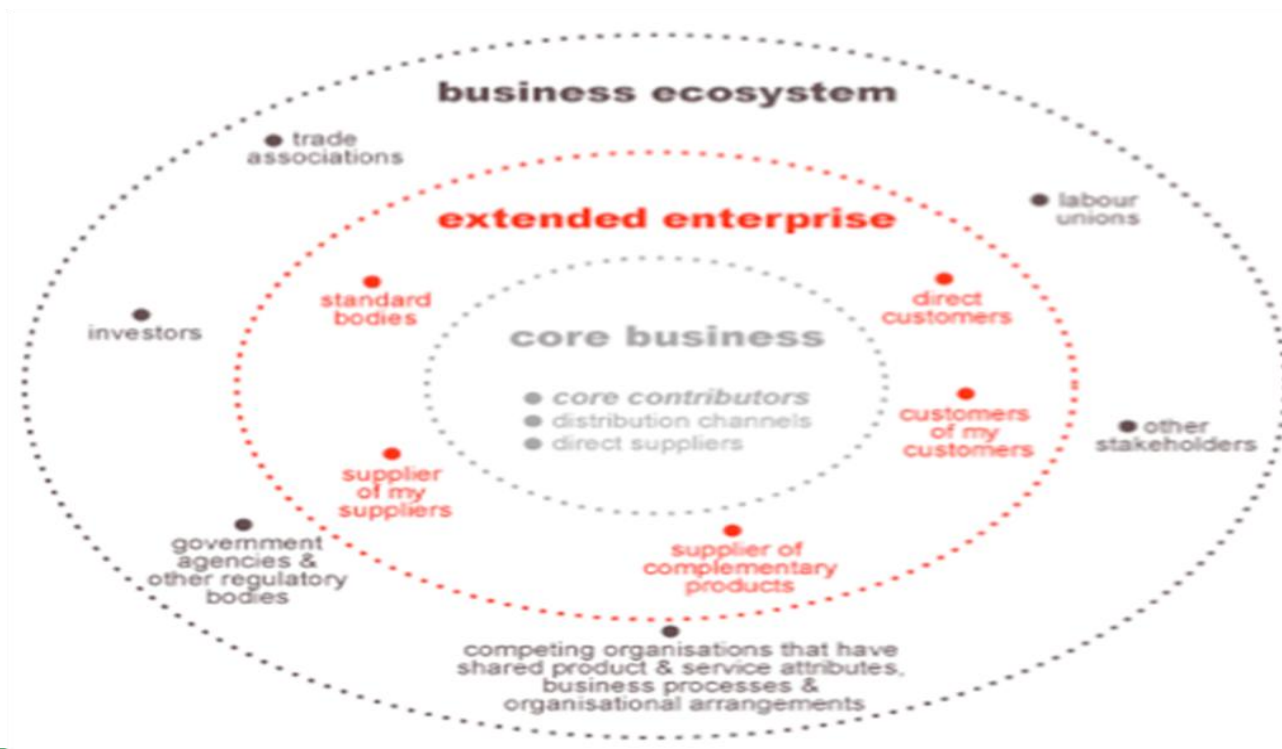
- **The characteristics of competition in these global industries....**
 - Accelerated innovation, change in business models, redefined roles in value chains, access of new consumers, opening of new markets
- **Requires assuming new analytical approaches....**
 - Business Ecosystems
 - Business Models as the basis of innovation

II. Conceptual Elements for Strategic Analysis

- **A business ecosystem is**
 - An economic community comprised of a group of interacting organizations and individuals that produces goods and services of value to customers, who are also members of the ecosystem.
 - These actors co-evolve their capabilities and roles in the creation of value
 - They align themselves with the directions set by one or more central companies.

II. Conceptual Elements for Strategic Analysis

- **Business Ecosystem Diagram**

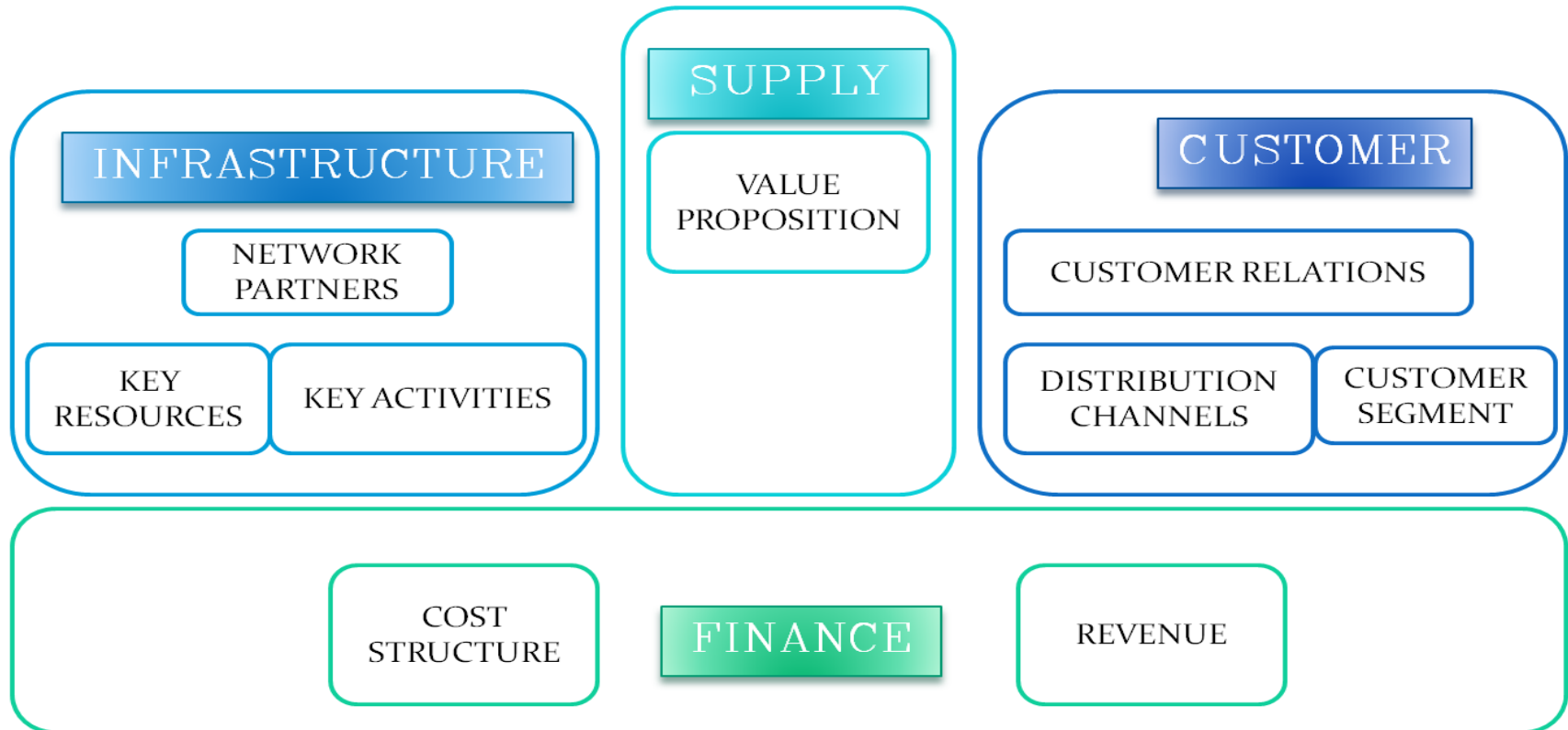


II. Conceptual Elements for Strategic Analysis

- **A business model**
 - Describes the way in which an organization creates, distributes and captures value within the ecosystem
 - Represents a project with a strategy to be executed across the organization's structure, systems and processes
 - Is the heart of innovation processes around which technological and organizational changes are fulfilled to develop new processes and products

II. Conceptual Elements for Strategic Analysis

- **Business Model Diagram**

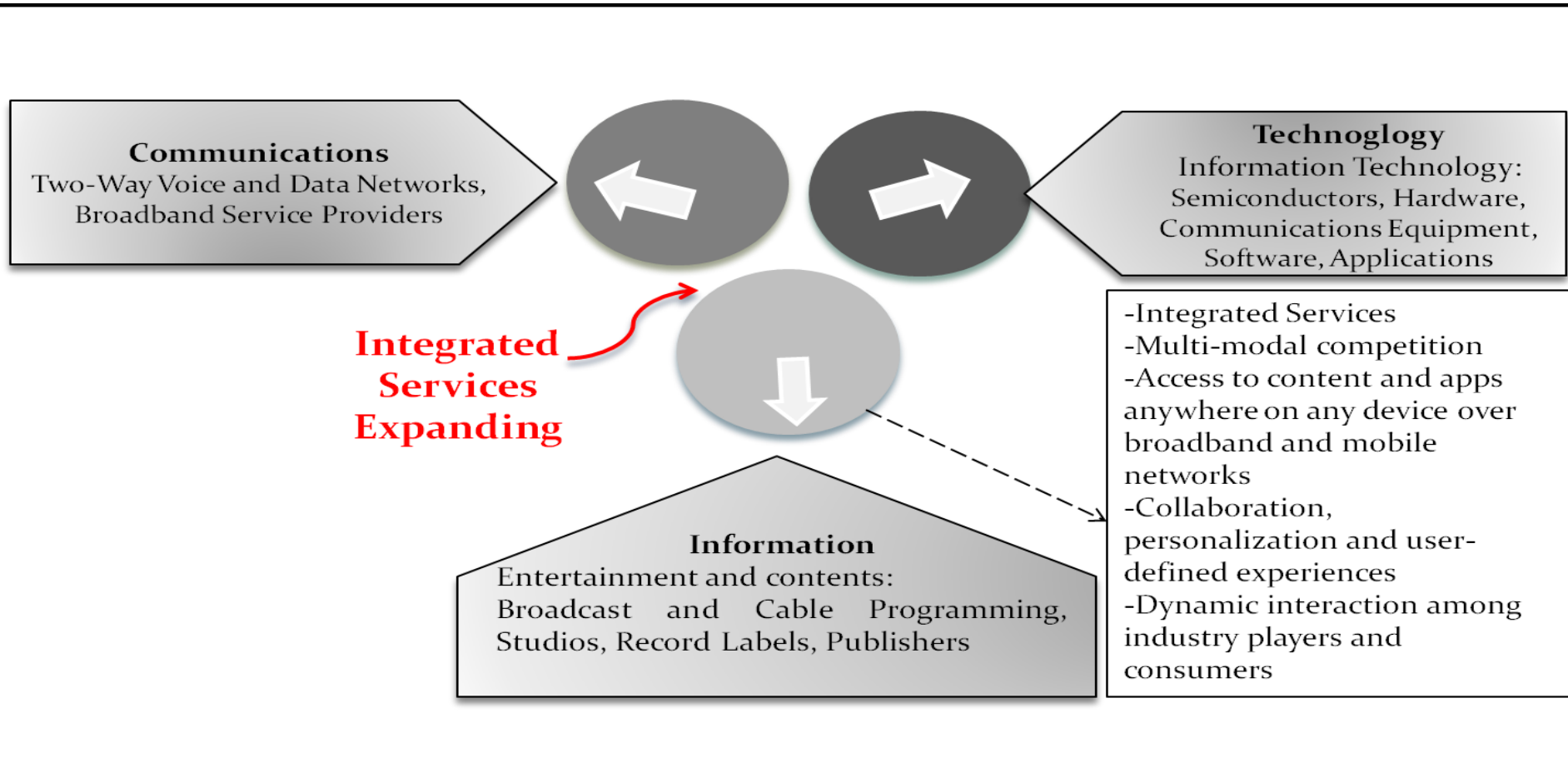


III. Telecommunications and Tourism Business Ecosystems

- Telecommunications and tourism activities operate in ecosystems that have emerged from the rapid changes experienced during the last decades
- Telecommunications have integrated with the creation of a network of ICTs
- Tourism has evolved from mass tourism to diversified and individualized tourism, with significant changes in the value chain



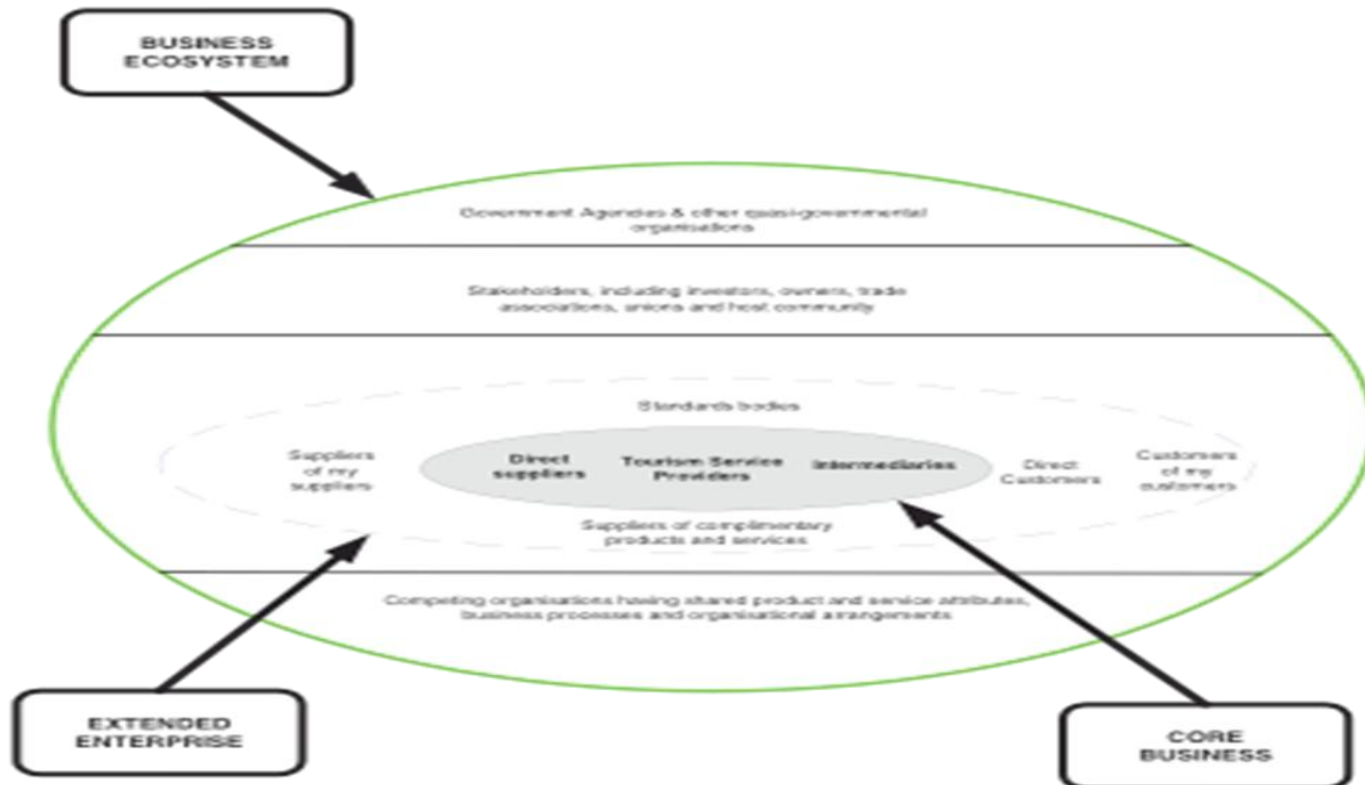
ICT Ecosystem



Source: Brogan (2009)

Tourism Ecosystem

- Consumer-Centered Tourism Ecosystem



IV. The Telecommunications and Tourism Industries in Latin America and the Caribbean

- During the last two decades telecommunications and tourism in LAC have, in different ways, experienced important transformations resulting in a combination of factors:
 - Transformation of respective ecosystems in the global economy
 - Public policy initiatives in countries of the region
 - Different response of international and domestic business actors

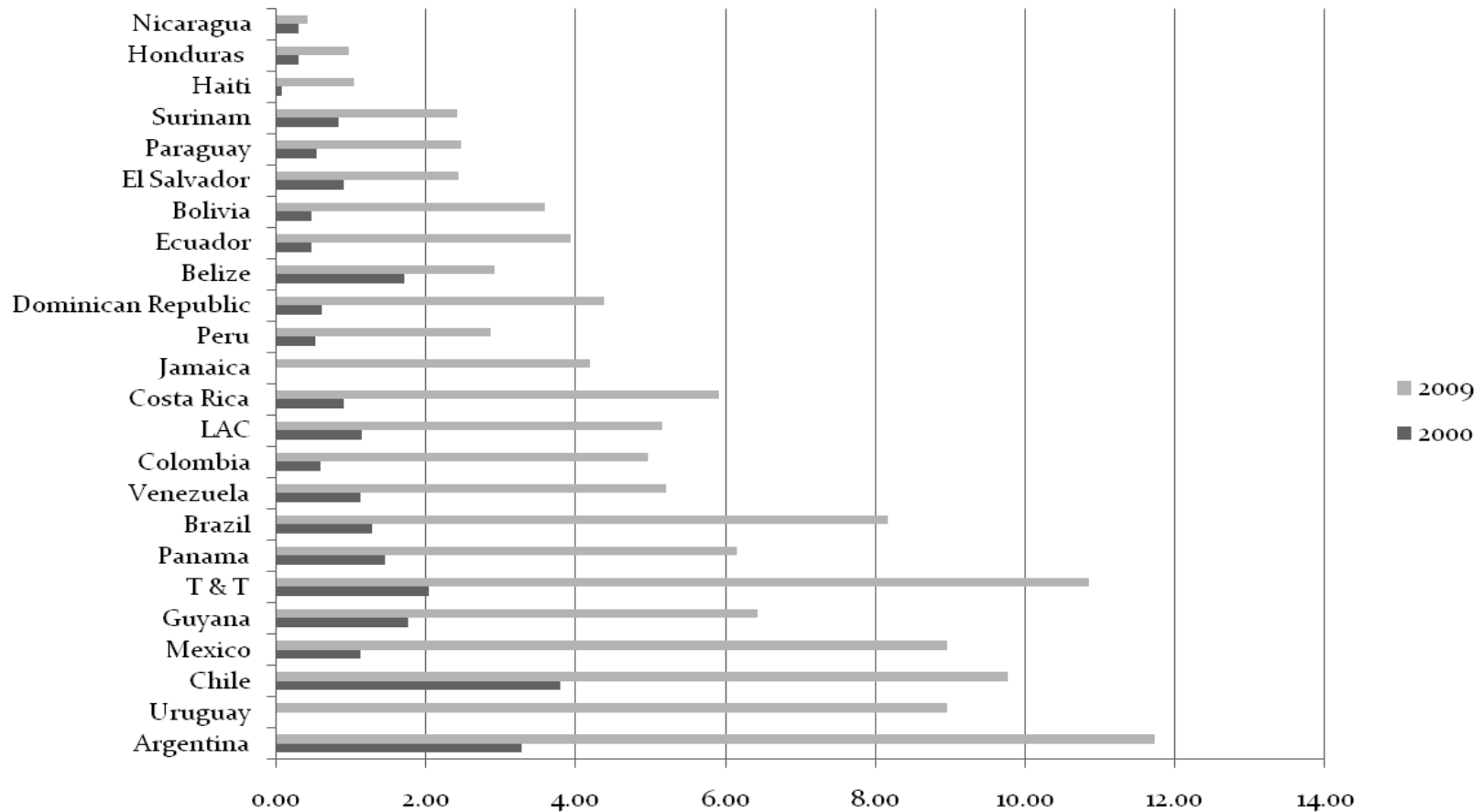
IV. The Telecommunications and Tourism Industries in Latin America and the Caribbean

- **Evolution of Telecommunications**
 - Liberalization, deregulation and privatization
 - Changes in technologies and business models with the boom of mobile telephony and Internet
 - New presence of international firms in the industry
 - Change in consumer attitudes

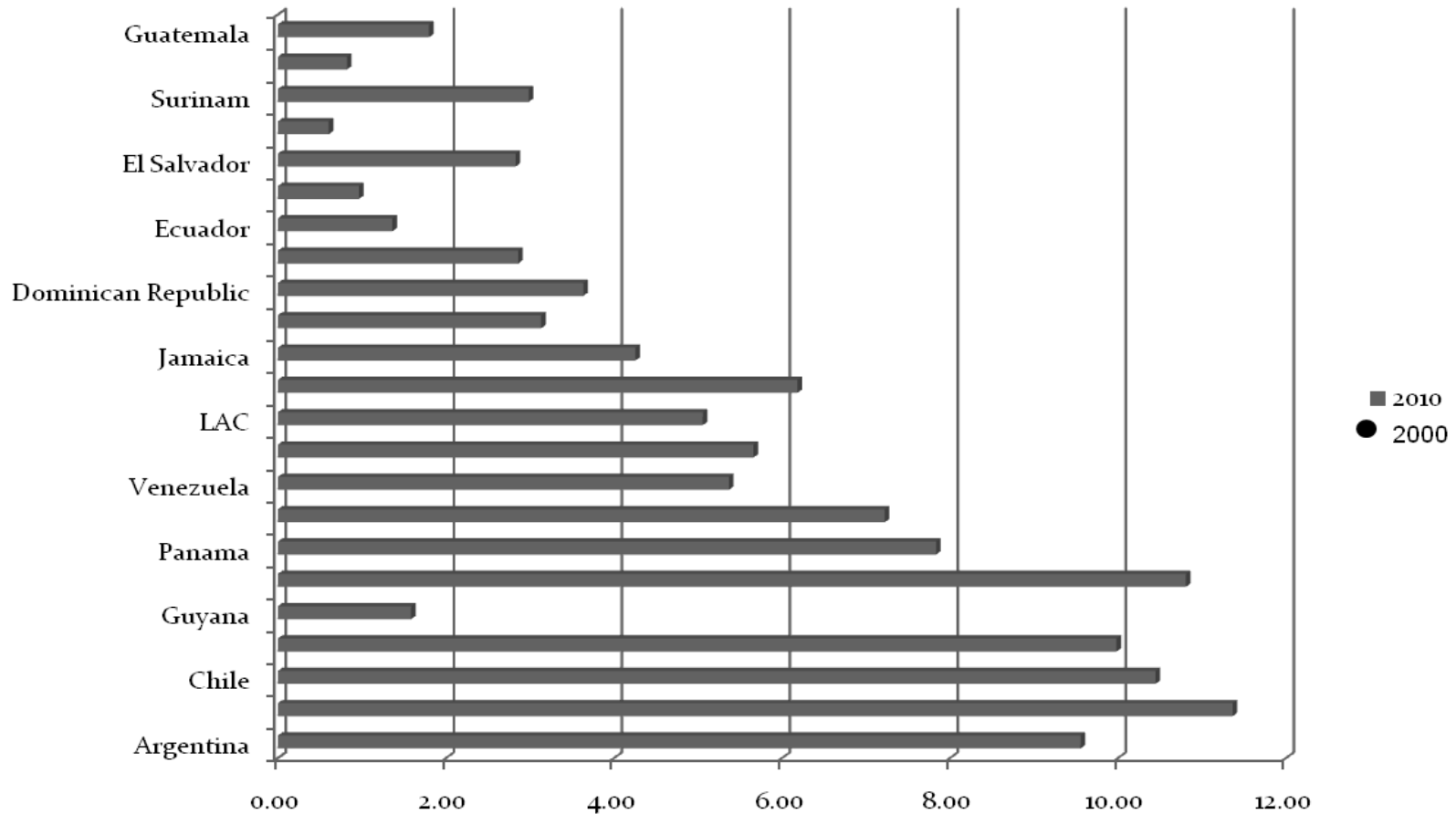
Mobile and Fixed Telephony

Country	Mobile telephones per 100 inhabitants	Number of mobile telephones per fixed line
Brazil	90%	4.2
Mexico	70%	4.3
Colombia	90%	5.6
Argentina	129%	5.3
Peru	85%	6.3
Venezuela	96%	4.1
Chile	97%	4.6
United States	95%	1.9
United Kingdom	130%	2.4

- Internet subscribers per 100 inhabitants



- **Broadband users per 100 inhabitants**



IV. The Telecommunications and Tourism Industries in Latin America and the Caribbean

- **Evolution of tourism**

- Changes in regulatory policy
- Long-term public policy and investments in the industry with an impact on the development of competitive clusters
- New presence of international tourism firms
- New local players in the value chain (digital agencies or low cost airlines)

IV. The Telecommunications and Tourism Industries in Latin America and the Caribbean

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- **Tourism Flows to Countries in Latin America and the Caribbean**

Selected Countries	International tourist arrivals 2009 (thousands)	International tourism incomes 2009 (million)	Income arrival 2009 (USD)	Tourist arrivals 1000 inhabitants (estimated) 2007	per capita income 2005 (USD)	incomes as % of exports of goods and services 2003	Tourism incomes % GDP 2003	% Direct and indirect jobs in tourism 2005	World Tourism Competitiveness Ranking TTCI 2008	Index Value TTCI 2011
Argentina	4.329	3.916	905	115	57	7,4	1,8	9,1	60	4,20
Brazil	4.802	5.305	1.105	26	18	3,2	0,5	7,0	52	4,36
Chile	2.75	1.568	570	151	73	5,3	1,9	6,8	57	4,27
Costa Rica	1.923	2.075	1.079	442	343	17,5	8,1	13,3	44	4,43
Cuba	2.405	2.08	865	188	169	n/d	n/d	n/d	n/d	n/d
Mexico	21.454	11.275	525	201	103	5,7	1,6	14,2	43	4,43
Panama	1.2	1.483	1.236	330	211	10,6	6,3	12,9	56	4,30
Peru	2.14	2.046	956	65	41	9,0	1,6	7,6	69	4,04
Rep. Dominic	3.992	4.065	1.018	408	353	36,2	18,8	19,8	72	3,99
Uruguay	2.055	1.311	638	525	145	14,2	3,6	10,7	58	4,24

Most important destinations in Ibero-America (2007)

Position	International Tourist Arrivals (million per year)		International Tourism Revenues (billions of dollars per country)	
1	Spain	59.2	Spain	57.8
2	Mexico	21.4	Mexico	12.9
3	Portugal	12.3	Portugal	10.1
4	Brazil	5.0	Brazil	5.0
5	Argentina	4.6	Argentina	4.3
6	Dominican Rep.	4.0	Dominican Rep.	4.0

Success Cases

- Mobile telephony associated to health and education in Chile and Brazil, among others
- ITU-UNESCO regional policy to promote broadband access
- Competitive Tourism Clusters in Mexico, Dominican Republic, Cuba, and more recently, Peru, Colombia and others
- Successful tourism policies and programs for Country Branding and web portals, in the cases of Peru, Colombia, Jamaica, among others

Conclusions

- The region has had a favorable evolution in Tourism and Telecommunications, which in some cases exceeds global averages
- However, while it has opportunities it must face the major challenges of change to sustain its innovation-based competitiveness

Conclusions

- **In the telecommunications and ICT segment**
 - There is regional capacity to expand software production and develop own contents for mobile connectivity
 - The digital divide problem persists in terms of Internet and Broadband access which creates a barrier for development in this ecosystem
 - The region's rates have marked differences with those of developed countries

Conclusions

- **In the tourism segment**
 - Opportunities to expand different types of tourism
 - Threat of decline of the region's participation in global economy due to accelerated growth of Asia
 - Need to maintain public investment in infrastructure, within the context of major fiscal limitations in the region
 - Shortcomings in the training of industry personnel and in the capacity and modernization of small and medium sized tourism enterprises



THANK YOU!

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