

Impact of the New Technologies of the Mexican Tourism





1. The Impact of Information on New Businesses

Main Objectives:

- ✓ Getting familiar with new technologies being applied in world tourism.
- ✓ Make a diagnose for the situation of these technologies in the country.
- ✓ Identifying areas of opportunity and make recommendations for the implementation of new technologies and Information Technology concepts in the Mexican tourism environment.





1 The Impact of Information on New Businesses

Contents:

1. Impact of information on new businesses.
2. Use of information technology in tourism.
3. Diagnose for the situation of technology in the Mexican tourism sector.
4. Areas of opportunity for the tourism sector.





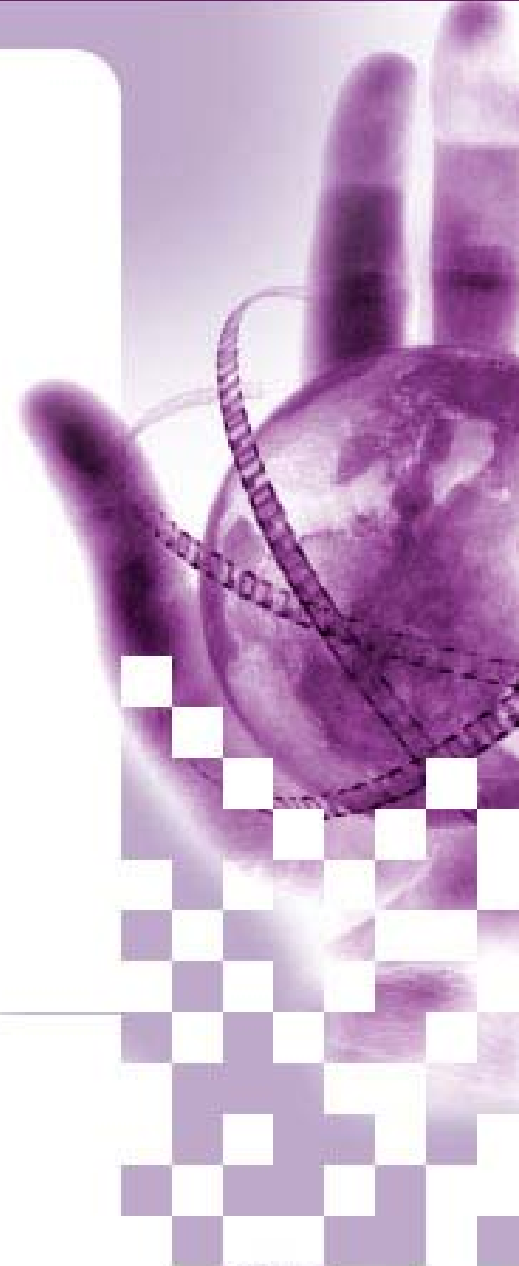
1 The Impact of Information on New Businesses

What is the strategic business model?

Why information technologies have become so important in business?

Which are advantages related to the State of the Art in information technologies?

What is the importance of the Internet in new businesses?



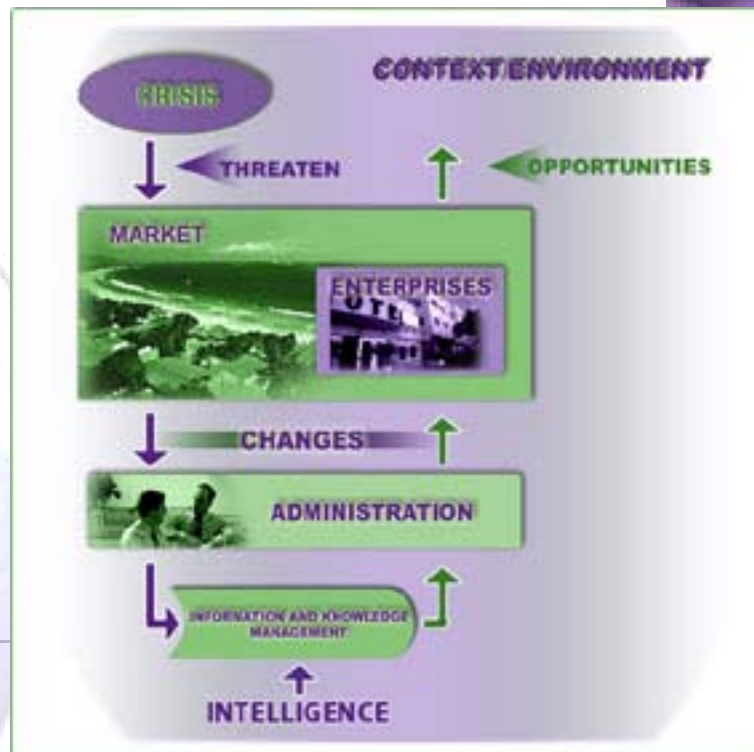


1 The Impact of Information on New Businesses

1.1 The Strategic Business Model

Crises imply both threats and opportunities.

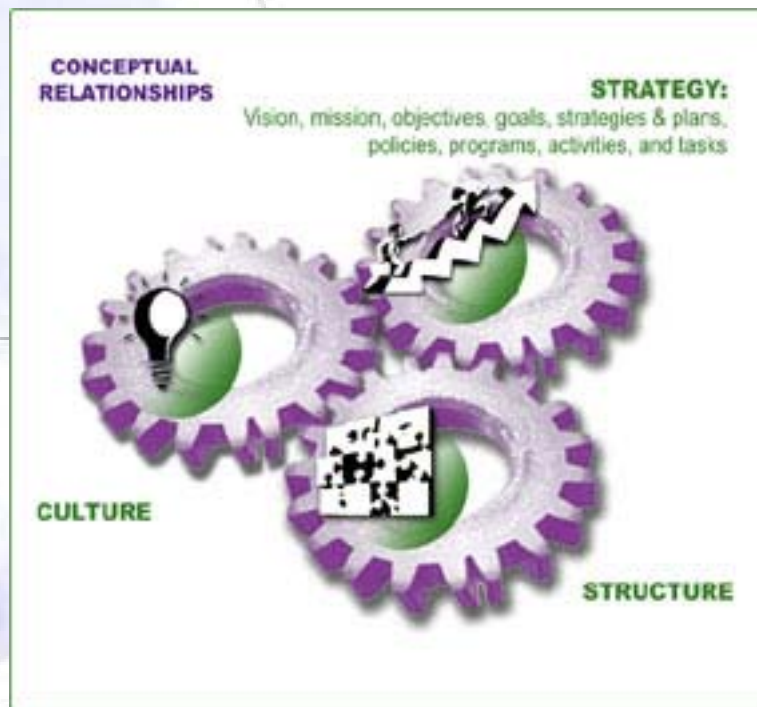
- It is up to companies to leverage on crises for their benefit.
- Possibilities com from the management of information,
- Its transformation into intelligence, and
- The management of knowledge for the
- ongoing design and re-design of a business strategy.





1 The Impact of Information on New Businesses

- Business must rely on a company's strategy, culture and structure.
- The possibilities of identifying opportunities depend on adequating strategy, culture and structure.
- Structure and culture get linked and aligned with business strategy when its instruments are seamlessly integrated.





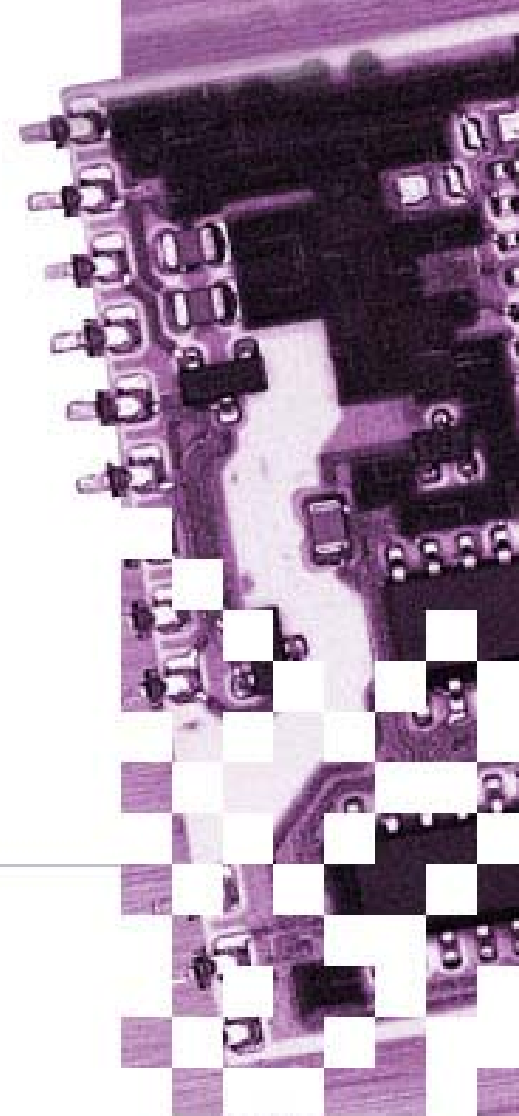
1 The Impact of Information on New Businesses

1.2 State of the Art for Information and Communications Technologies (ICTs)



Advantages on competitors:

- Cost reduction.
- Collaboration inside and outside the company.
- Better internal communications.
- Improvements in internal communications.
- More effective use of the organization's knowledge.





1 The Impact of Information on New Businesses

INFORMATION
TECHNOLOGIES AND
COMMUNICATIONS

- HARDWARE
- SOFTWARE
- TELECOMMUNICATION
- BUSINESS TECHNOLOGICAL STRATEGY

Technology has dramatically affected the world economy due to two extraordinary phenomena:

- Taking down distance boundaries.
- Increase in global competitiveness.





1. The Impact of Information on New Businesses

Projected Growth of Internet Users in the World			
REGION	2001	2002	2003
North America Total	176,973,500	180,521,193	184,141,072
South America Total	17,503,000	20,766,413	24,646,929
Europe Total	110,186,618	129,734,050	152,948,235
Middle East and North of Africa	4,006,140	4,667,321	5,441,542
Rest of Africa	2,412,704	2,525,985	2,651,285
Asia-Pacific Region	108,460,461	133,243,723	164,410,600
World Total	419,542,423	471,458,685	534,239,663

Communications through the Internet have increased dramatically.

Costs and speed of communication move in opposite directions: while costs plummet, speed is on the rise.



1. The Impact of Information on New Businesses

INCOME PRODUCED BY ELECTRONIC PURCHASING
IN THE UNITED STATES FOR THE YEAR 2001

CATEGORY	PORCENTAGE
Tourism	26%
Computers	19%
Books	3%
Music	2%
Games and Hobbies	2%
Other	48%





2. The Use of Information **Technology in Tourism**

Which technologies have the biggest effect on tourism?

What is the relevance of Global Destination Systems (GDS)?

On which strategies should information technologies be applied?





2. The Use of Information Technology in Tourism

2.1 New Technologies Applied to Tourism

**Pocket Pcs
And Cell Phones**



**Property Management
Systems (PMS)**



Point of Sale (POS)

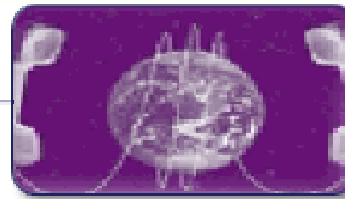


Credit CARD KEY (CCKey)

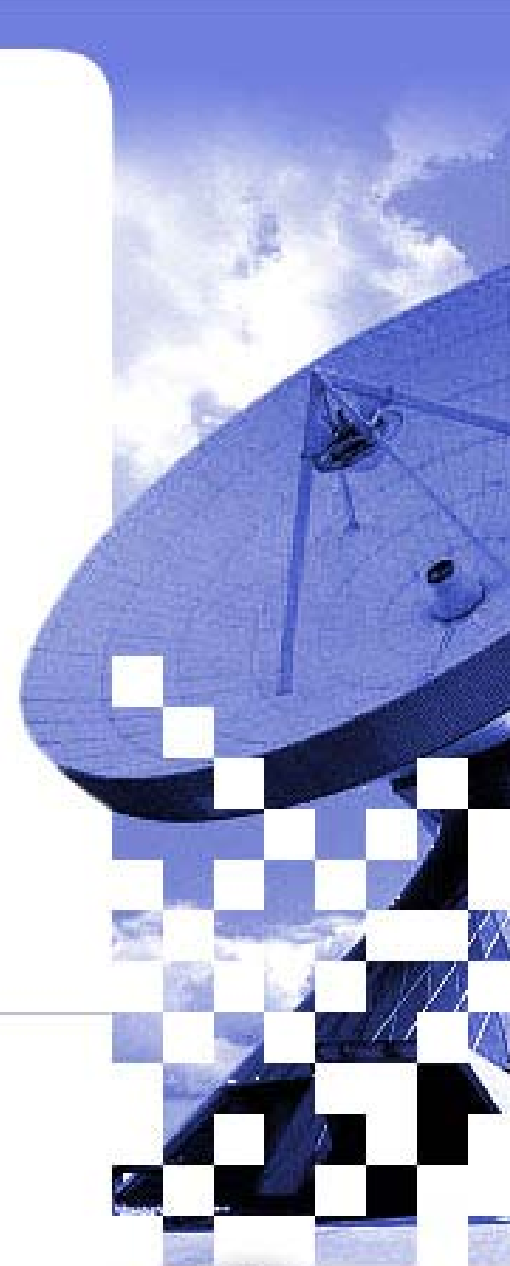
Tariff systems (TARIF)



Satelital Connectivity



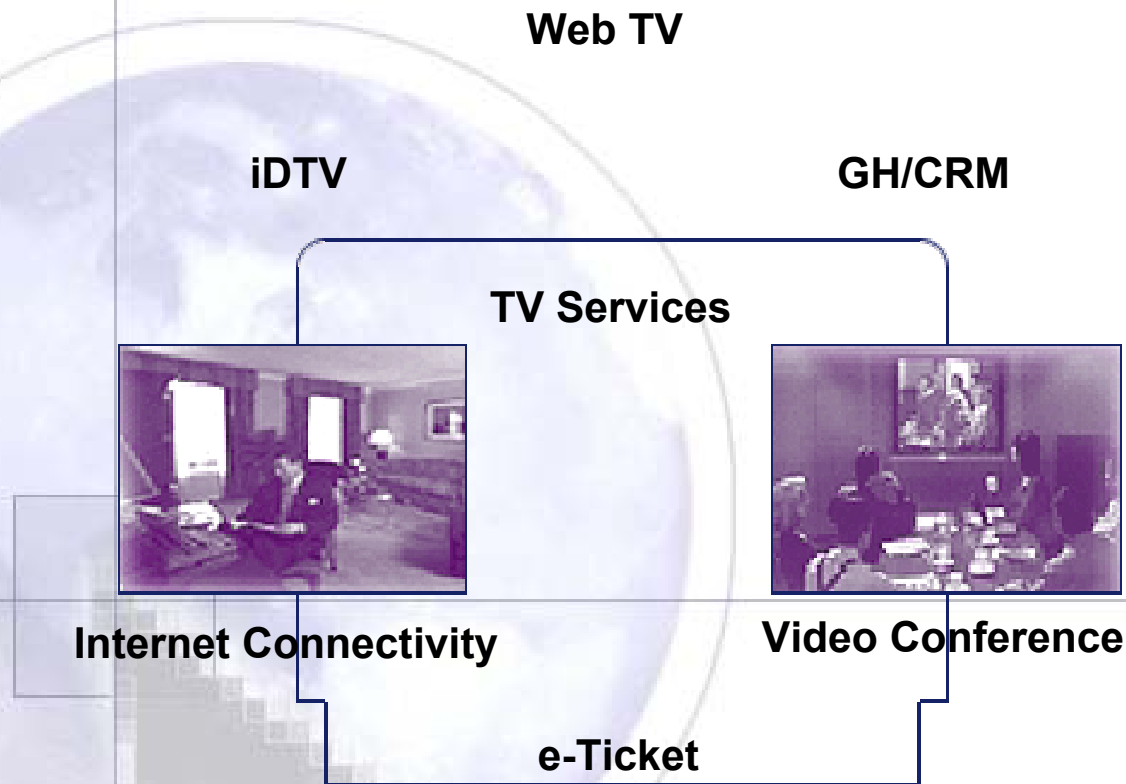
Computer based telephone





2. The Use of Information Technology in Tourism

Imagen p. 39 p/TV service





2. The Use of Information Technology in Tourism

2.2 Incursion of Information Technologies in the Tourism Sector

- Tourism industry relies greatly on

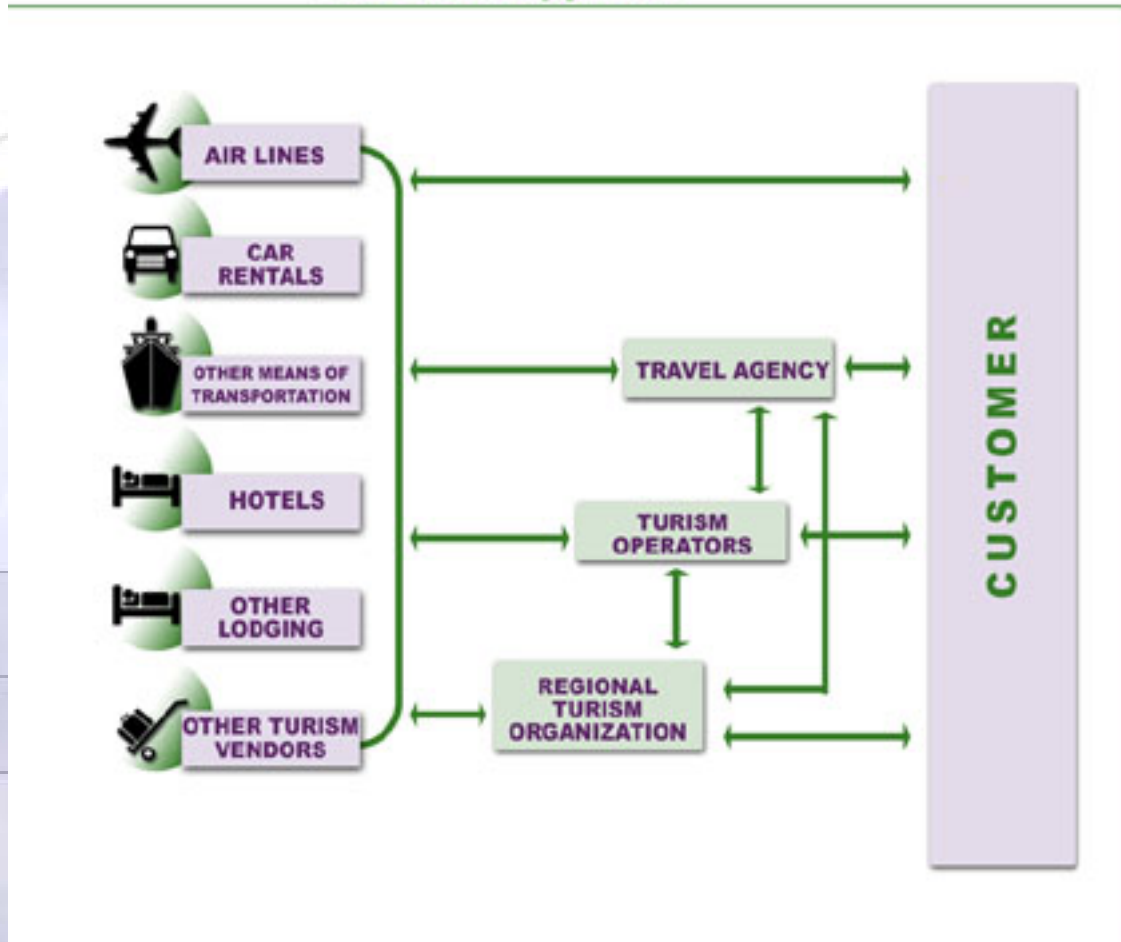
INFORMATION due to two features of the product:
intangibility and uncertainty.

- The exchange of information is critical at all levels of the tourism product cycle, as well as in every link of the value chain.



2. The Use of Information Technology in Tourism

Service Suppliers





2. The Use of Information Technology in Tourism

2.3 Strategies applicable to Tourism Sector.

- SCM (Supply Chain Management).
- ERM (Enterprise Relationship Management).
- KM (Knowledge Management).
- CRM (Customer Relationship Management).
- DSS (Decision Support Systems)





3 Diagnose for the Situation of Technology **in the Mexican Tourism Sector**

Under which technological context is Mexico dealing with its competition?

Which is the status of Mexican tourism regarding information technologies?

Which are some technological solutions applied in Mexico?





3 Diagnose for the Situation of Technology in the Mexican Tourism Sector

3.1 Situation of Technology in Mexican Tourism.

3.1.1. Documentary Investigation

-In the year 2001, Mexico reported 1,540 million dollars revenue for e-commerce.

-There is a high level of informatics illiteracy. 80% of the population don't know how to operate a PC.

Digital Breach
Global Breach
Social Breach
Democratic Breach



3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

-The penetration rate (number of computers per each 1000 people), is 66.2. The country is number 40 of 49 countries members of *OCDE*. (*siglas en inglés, por favor, N. Del T*)

-Out of 22 million households, only 9% have a computer.

Digital Breach
Global Breach
Social Breach
Democratic Breach



3 Diagnose for the Situation of Technology **in the Mexican Tourism Sector**

- Out of a population of 100 million, only 2.3 million have access to the Internet.
- Mexico is the second Latinamerican country by Internet users.
- The fiber optics network (an ideal medium) is very limited.
- Only 11% of the population has telephone service.

Digital Breach
Global Breach
Social Breach
Democratic Breach



3 . Diagnose for the Situation of Technology in the Mexican Tourism Sector

-The price of computers is unaffordable for most of the population.

-Only 13% of Internet users in the country have acquired products and services online, according to estimations.





3 Diagnose for the Situation of Technology **in the Mexican Tourism Sector**

-Out of 41% of Internet users checking on CD prices, only 10% actually bought them; 28% purchased them the traditional way.

-Only 46% of Mexican consumers feel safe about purchasing through the Internet .

-According to a shopping survey ran in 40 e-commerce sites, Mexico has the worst home delivery service; only 35% of products were delivered on time.



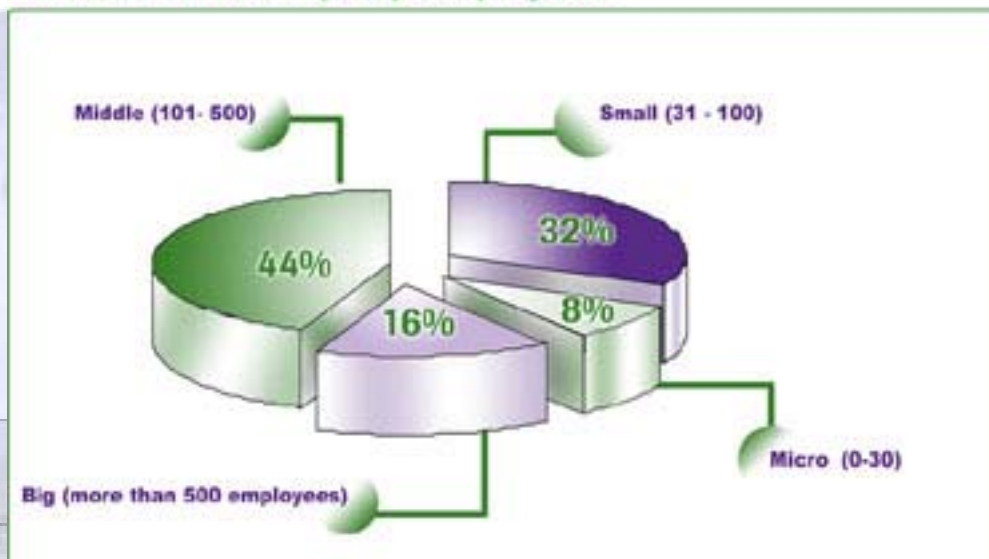


3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

3.1.2. Field Investigation

FIGURE 5

Structure of the sample by company size



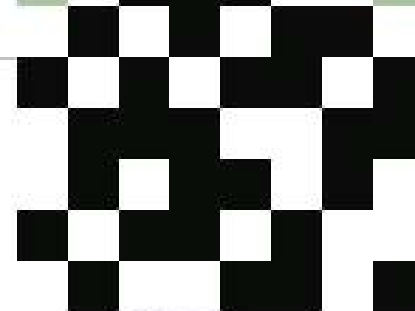
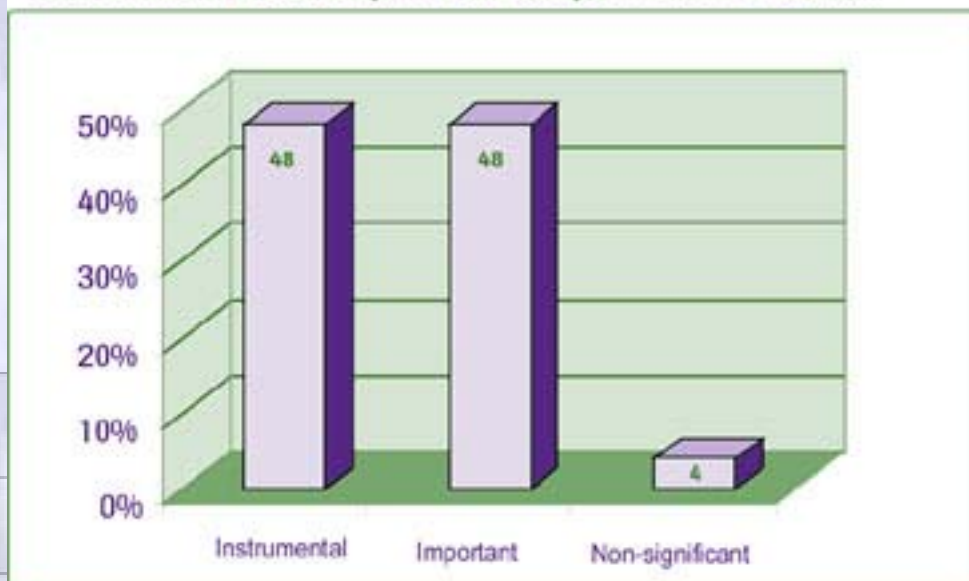
- Results obtained from interviews.
- 181 out of 4,314 companies were selected.



3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

FIGURE 6

Role of ITCs in the development and competitiveness of Tourism

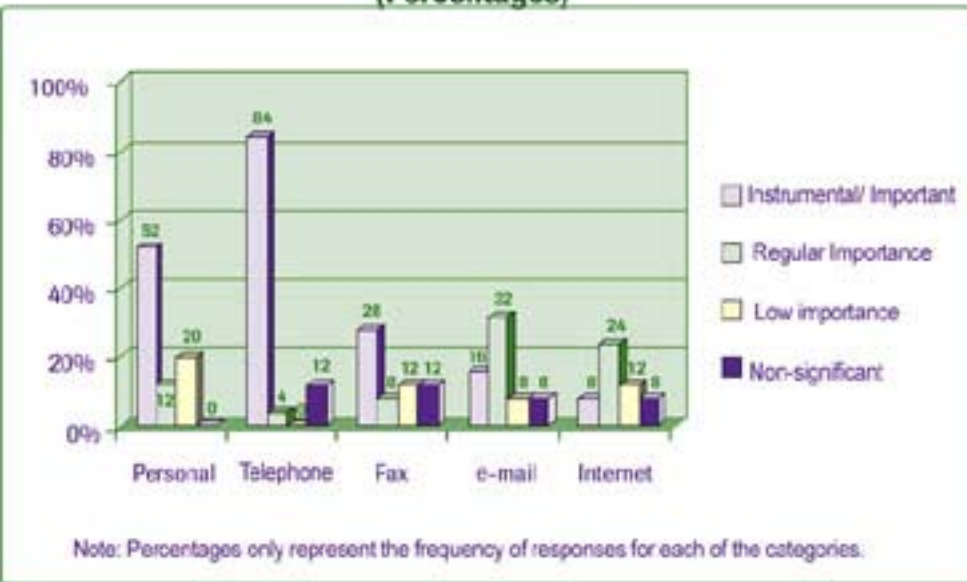




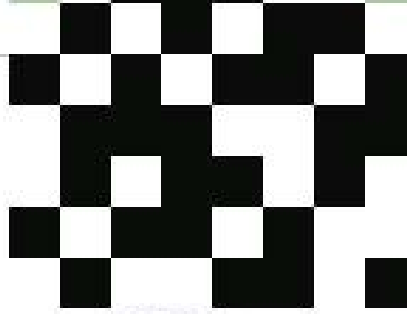
3 Diagnose for the Situation of Technology in the Mexican Tourism Sector

FIGURE 7

Reservation methods (Percentages)



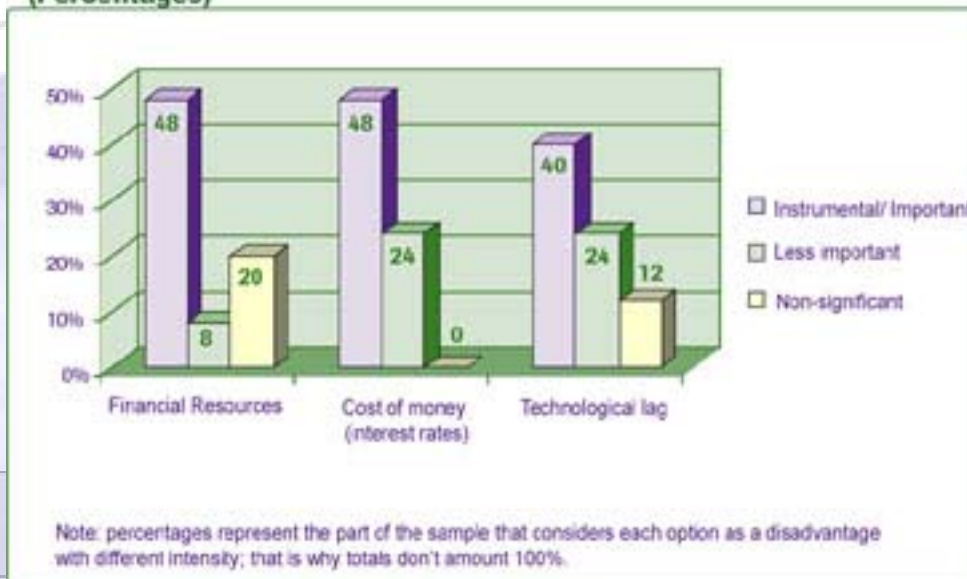
Contradiction: ICTs are very important, yet they are rarely used.



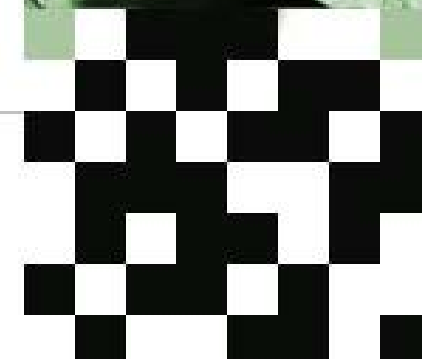


3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

FIGURE 8
Disadvantages of SMEs facing competitiveness
(Percentages)



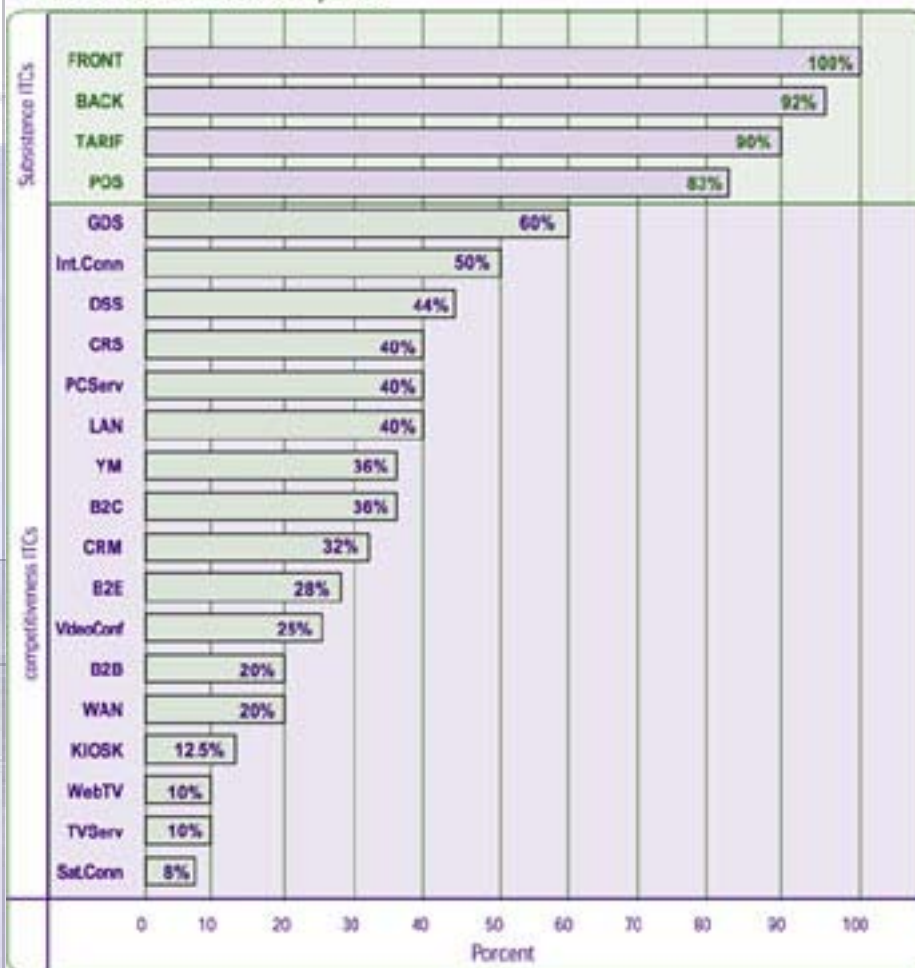
Financial issues and technological lag are recognized as disadvantages for companies; this reinforces the contradiction.





3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

Subsistence and Competitiveness ITCs
Ratio of use between companies



Other ITCs like E-TICKET, COMPUTER-BASED TELEPHONES, CREDIT CARD KEY and WAS are practically non-existing in the sector.

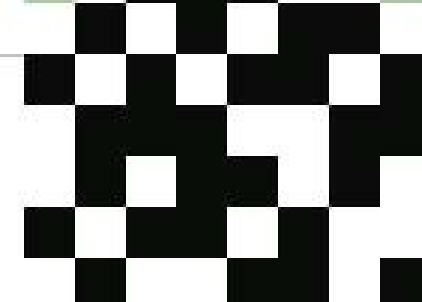
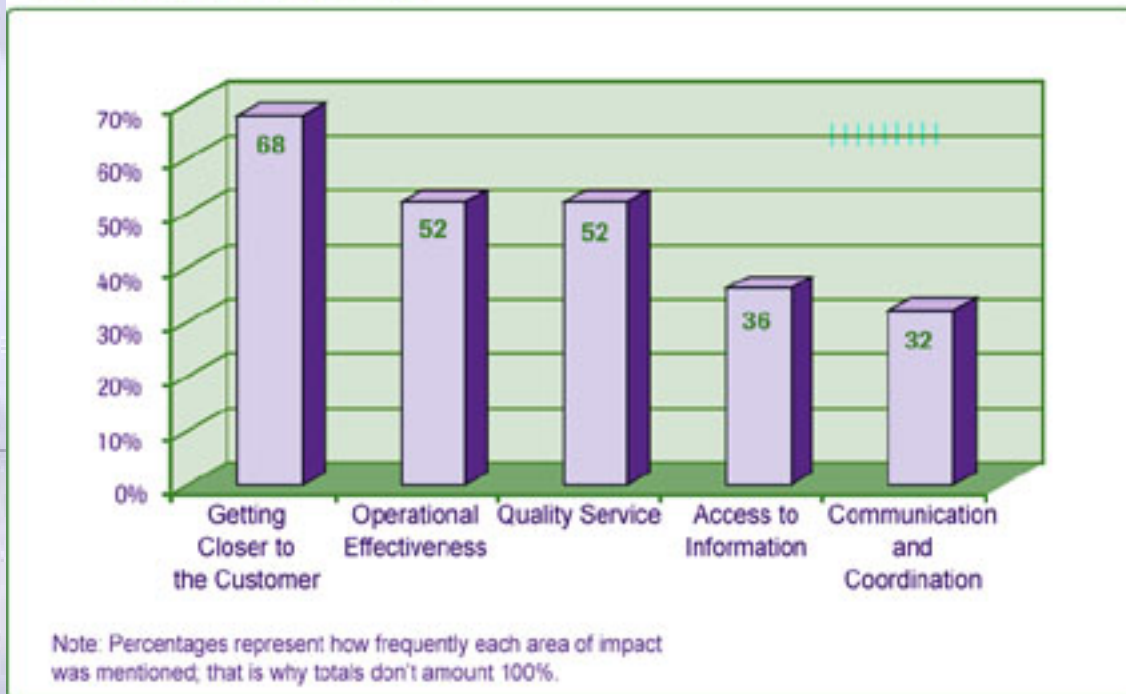




3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

3.2. Main Contributions, Inhibitors, and Trends in the Use of Technology.

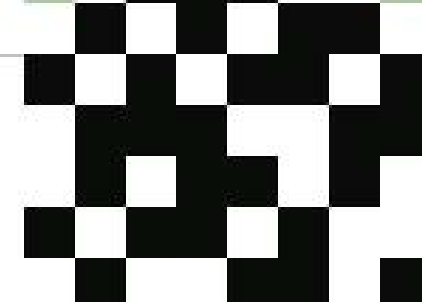
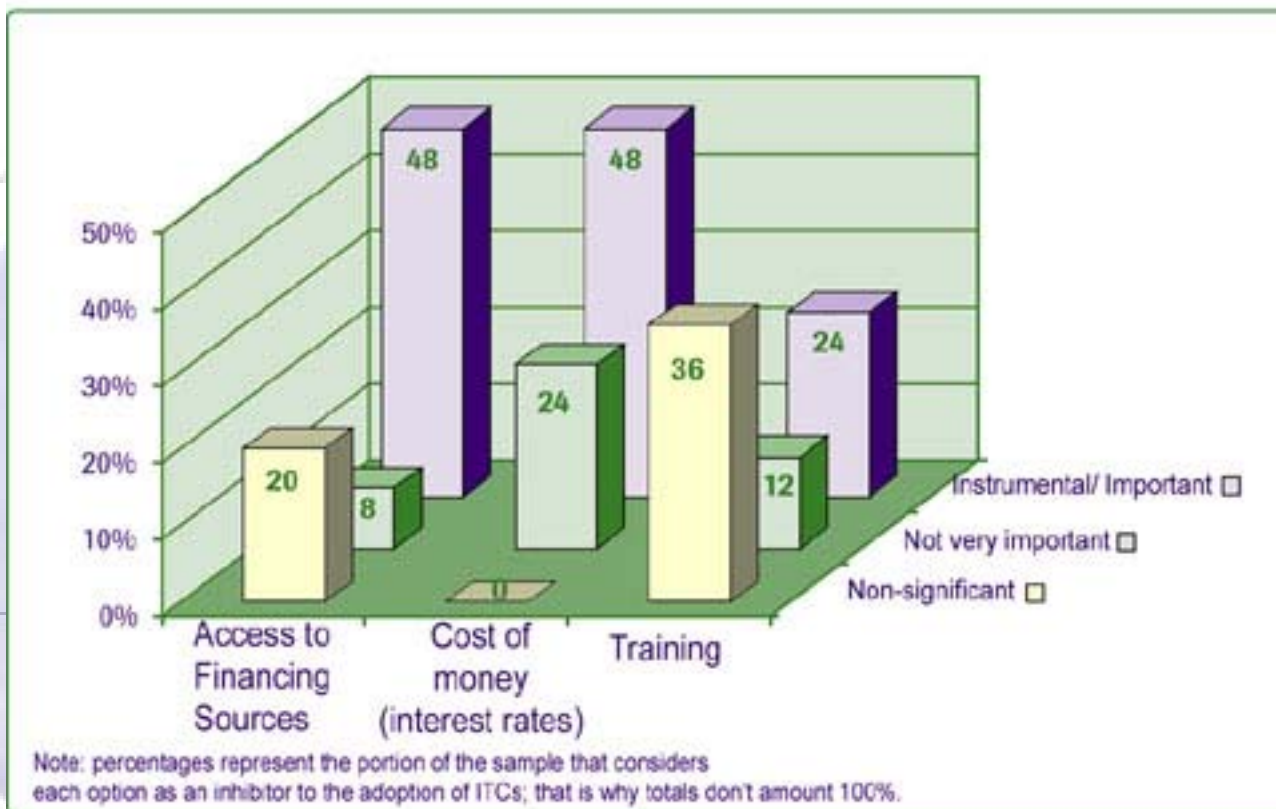
Contributions of ITCs





3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

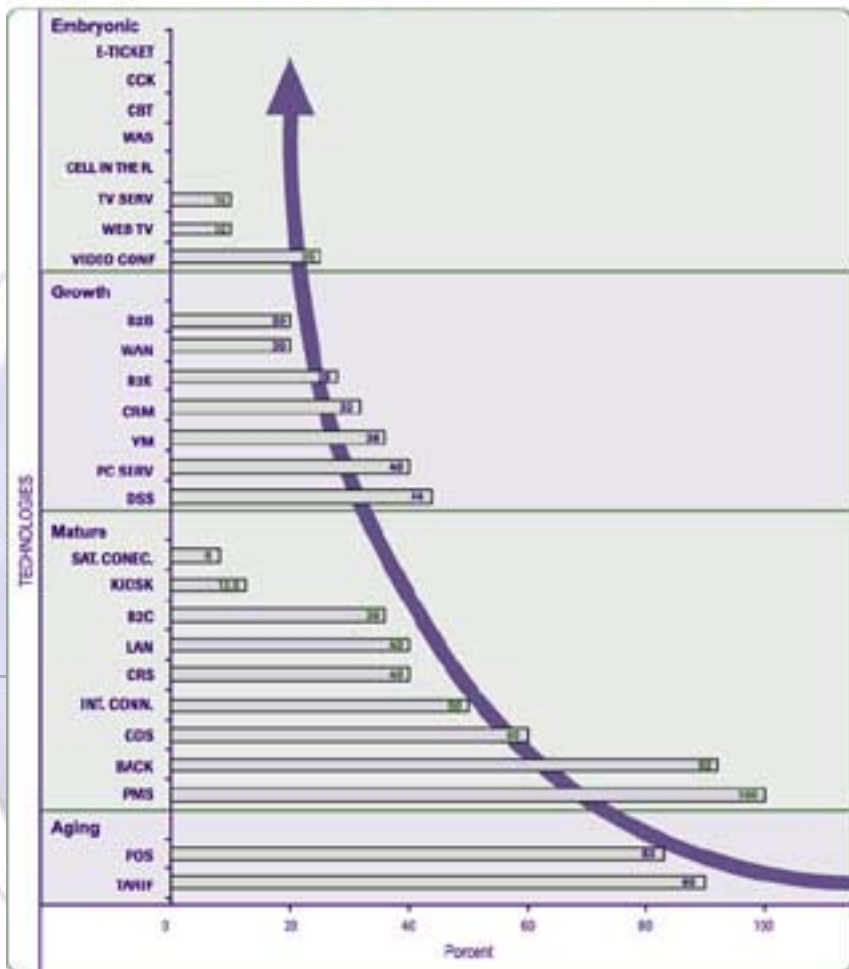
Main inhibitors to the use of ITCs (Percentages)



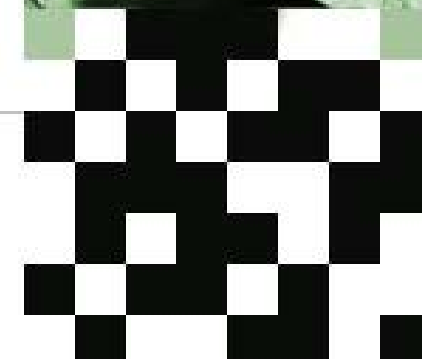


3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

USE OF TECHNOLOGIES IN THE MEXCAN TOURIST SECTOR, ACCORDING THEIR LIFE CYCLE



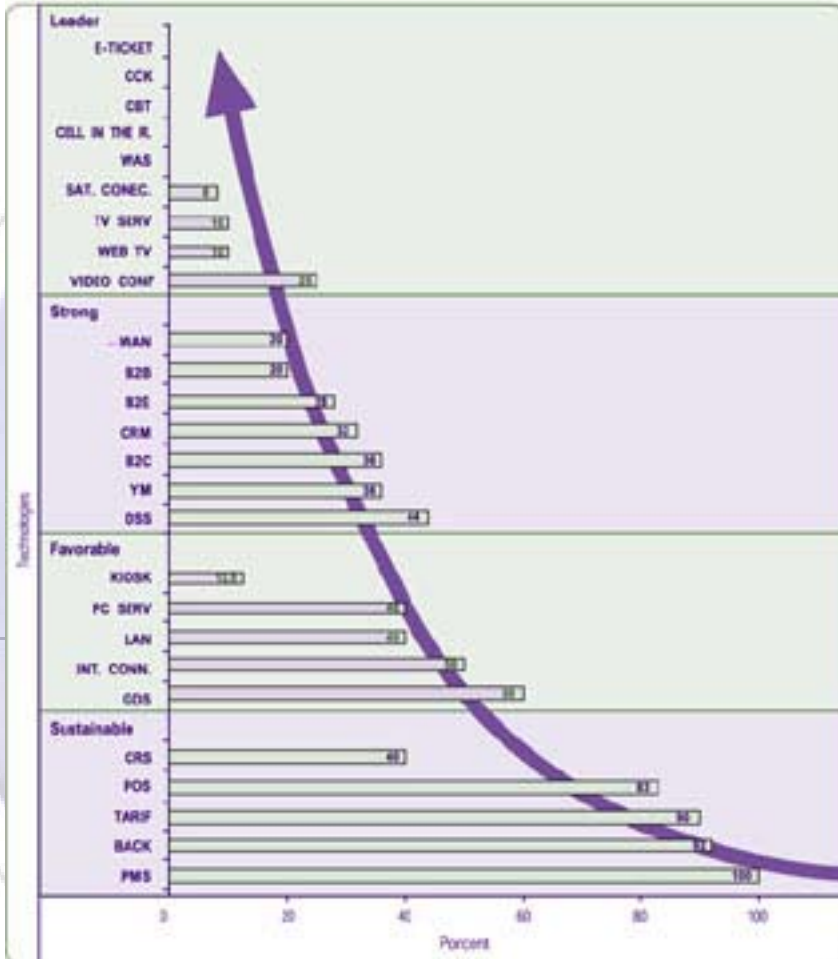
Mature and aging technologies are used more frequently; yet a trend in the use of growing and embryonic ones is noticeable, due to the market demands.



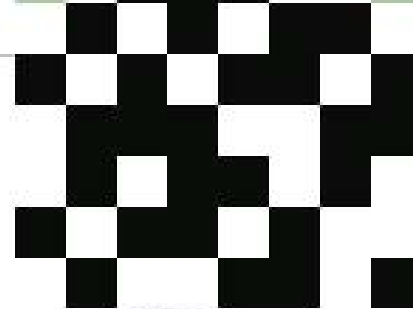


3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

Use of technologies in the Mexican tourism sector, according to the competitive capacity they contribute with



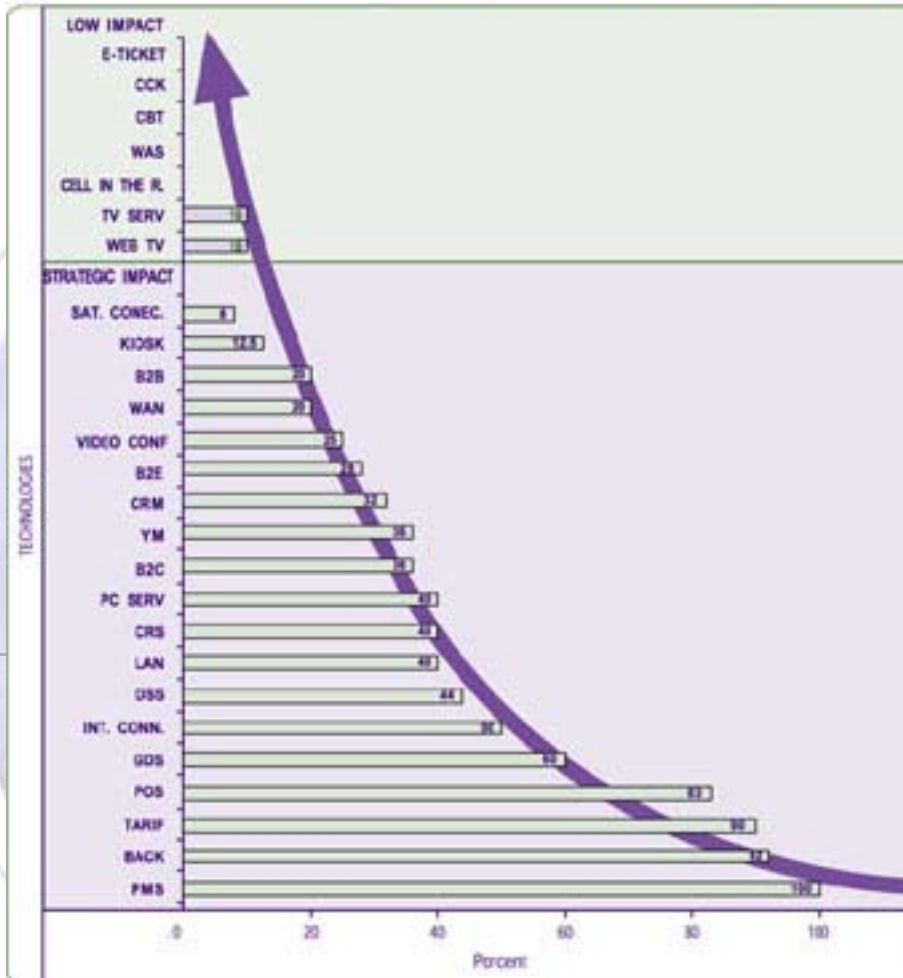
Strategic impact of technologies on companies is found in the use of subsistence technologies. This maintains them in a sustainable competitive level.



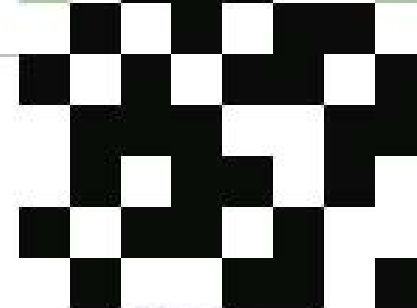


3. Diagnose for the Situation of Technology in the Mexican Tourism Sector

Use of technologies in the Mexican tourism sector, according to their impact on the business



-The strategic impact of several competitiveness technologies help some companies moving from a favorable to a strong status.



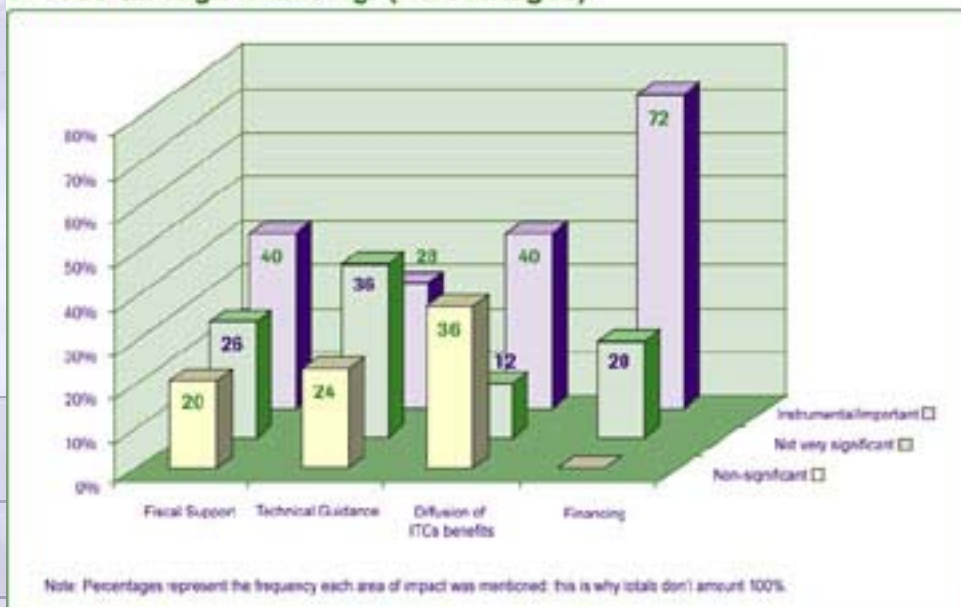


3 Diagnose for the Situation of Technology in the Mexican Tourism Sector

3.3. Main Participants in the Sector and their Relationship with Applied Technology.

FIGURE 19

Government as an important and instrumental factor in the adoption of ITCs through financing. (Percentages)



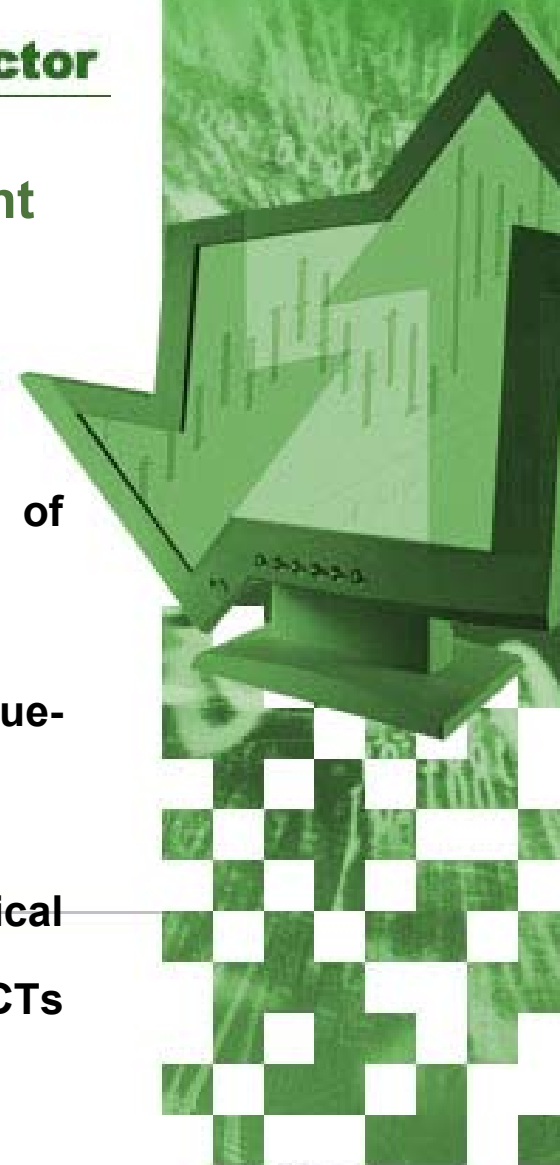
Main subsistence ICT vendors are local; those supplying state-of-the-art technologies are mainly foreign.



3 Diagnose for the Situation of Technology **in the Mexican Tourism Sector**

3.4 Direct and Collateral Effects on Development and Marketing of Tourism Products.

- Technological lag prevents an accurate assessment of ICTs impact on Mexican tourism.
- The key is not technology *per se*, but identifying value-creating technologies.
- To leverage on the competitive advantage of technological change, the value chain must be well known, as well as ICTs that are applicable.





3 Diagnose for the Situation of Technology in the Mexican Tourism Sector

3.5 Case Studies

3.5.1 Decision Making System (DSS). GRUPO POSADAS

- The group's data were recapped manually, which affected time and accuracy for the decision-making process
- The study shows the importance of having effective systems for handling information and supporting the decision making process.
- Today, the company has advanced information systems that help making timely and informed decisions.



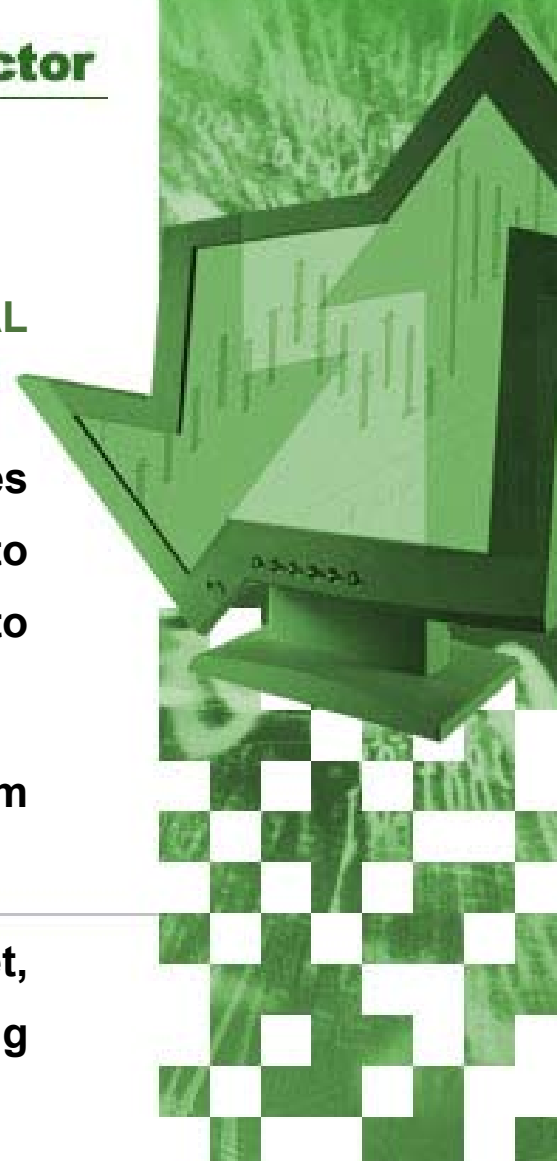


3 Diagnose for the Situation of Technology in the Mexican Tourism Sector

3.5 Case Studies

3.5.2 Improving Customer Service (CRM). KRYSTAL Zona Rosa

- The Direction received several complaints on services available in rooms. Most guests are foreign and used to an intensive use of technology. The hotel decided to implement “TV Services.”
- Some of the problems found included low sales in room service and low averages in quality surveys.
- With the new service, guests have acces to the Internet, can rent movies, check their accounts, and request billing through a TV set.





4 Areas of Opportunity **for the Tourism Sector**

Which are some proposals to transform tourism companies into *e-business* models?

Which are some of the main conclusions in this study?

Which are the most relevant recommendations for the sector regarding ICTs?





4 Areas of Opportunity for the Tourism Sector

4.1 Business strategies in tourism companies.

$e-B = SCM + ERM + CRM$

Where:

e-B = Electronic or digital businesses

SCM = Supply Chain Management

ERM = Enterprise Relationship Management

CRM = Customer Relationship Management





4 Areas of Opportunity for the Tourism Sector

4.2 Conclusions

- In the world tourism environment, businesses have evolved following trends of global markets and technological development. Travelers use more frequently ICTs to choose their destinations. E-businesses have a bigger marketshare in tourism products/services.
- Mexico is no exception for e-commerce trends; digital divide and cultural issues explain the slow advancement of e-commerce in the country, even though it is also linked to a low demand.





4 Areas of Opportunity for the Tourism Sector

4.2 Conclusions

- The use of ICTs in Mexican tourism is very limited. The effects of digital divide and cultural issues are also noticeable in companies.
- Even though ICTS are considered instrumental for the advancement of companies and the sector in general, their low use level is a product of financing problems, high interest rates, technological lag and lack of government support.





4 Areas of Opportunity **for the Tourism Sector**

4.3 Recomendations

- Reinforcing national culture in the use of information and its technologies throughout the value chain of tourist businesses, both for the strategic decision making and for the development of tourism.
- Developing strategies that encourage digital convergence among the various participants of the sector.
- Designing and developing a nation-wide, uniform technological strategy.





4 Areas of Opportunity **for the Tourism Sector**

4.3 Recomendations

- **Making tourism government instances responsible for the design, implementation and monitoring of organization and marketing of Mexican tourism destinations.**
- **Creating a center for the promotion and application of new technologies.**

