



**EXECUTIVE FORUM ON
NATIONAL EXPORT STRATEGIES**

**EXPORT OF SERVICES: HYPE OF HIGH POTENTIAL?
IMPLICATIONS FOR STRATEGY- MAKERS**

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Getting the Most of the Tourism Dollar

**A paper contributed by
Mr. Richard Hall
Vice President
CORPEI
Ecuador**

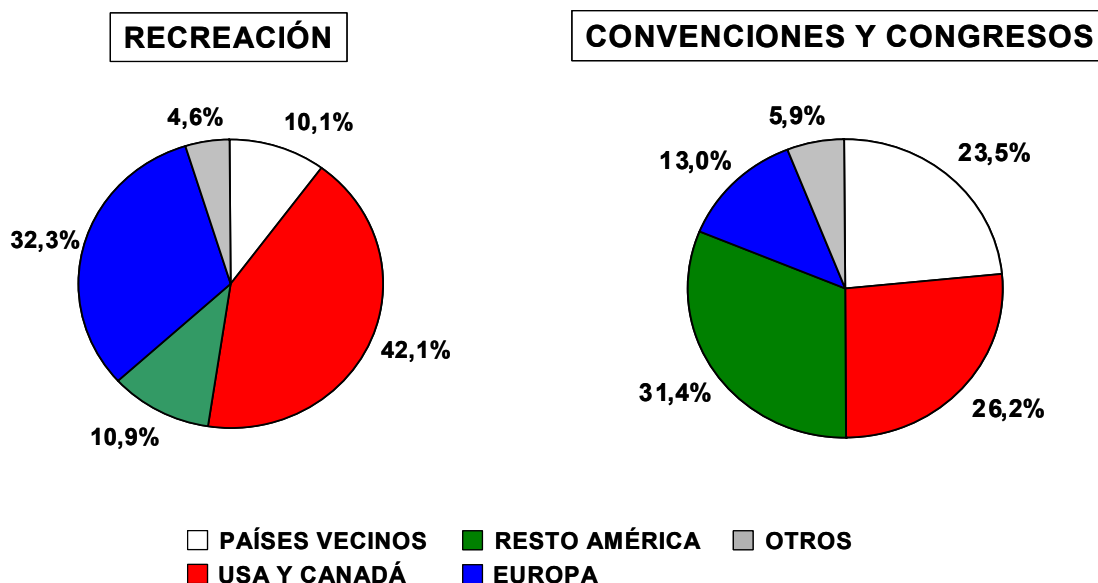
IN ORDER TO GET THE MOST OF THE TOURISM DOLLAR, THE ECUADORIAN GOVERNMENT STARTED TO WORK ON A MARKETING PLAN FOR THE COUNTRY.

This Marketing Plan covers the following points:

1 The product of the current tourist

The Ecuadorian Satellite Account Study shows the main reasons of the visits and the locations current tourists prefer within the country.

The two main reasons of the visits for the spare time tourism are recreation and conventions - congress. The analysis of the origin countries of this kind of tourist is:



Source: Satellite Account

It is necessary to emphasize that in the recreation market, the United States, Canada and Europe have almost 75% of the total tourist volume in Ecuador.

In the conventions and congress markets, we can see that Latin American tourists have almost 60% of the total market.

In the ranking of the visited locations by the current tourist, Quito appears in first place followed by Guayaquil, both of them without any doubt, because those cities are the entrance gate of the international tourist.

| | |
|-------------------------|------------|
| QUITO | 75% |
| GUAYAQUIL | 37% |
| CUENCA | 18% |
| OTAVALO | 14% |
| BAÑOS | 12% |
| PUERTO BAQUERIZO | 11% |

| | |
|---------------------|-----------|
| RIOBAMBA | 7% |
| MANTA | 5% |
| SALINAS | 5% |
| AMBATO | 4% |
| PUERTO AYORA | 4% |
| TENA | 4% |
| ESMERALDAS | 3% |
| LATACUNGA | 3% |
| IBARRA | 3% |
| LOJA | 2% |
| ATACAMES | 2% |
| VILCABAMBA | 2% |
| MINDO | 2% |
| PUYO | 2% |
| NUEVA LOJA | 2% |

- The current competitiveness situation of Ecuador is very tied up to The Galapagos Islands, as the principal myth label; and to the people who know the industry it is related to the diversity, the culture and nature.
- There is a very strong demand for promotion, broadcasting and information, and the desire to increase the knowledge and contacts with the Ecuadorian tour operators.
- As our first reference, the study mentions our country should consider Peru as the main reference, and with less importance Costa Rica and Bolivia, regarding the kind of tourist they offer, but many tourists say Ecuador should sell itself as a unique country.

2 The Strategy on International Markets

An essential aspect of the international marketing strategy is the definition of the target markets. Every country has a different diversification or concentration of the tourist sender markets, characterized by the accessibility and tourist tradition but both issues can be modified by the promotion intensity. In the case of Ecuador, the importance of the current sender markets is as follows:

| | TOURISTS 2004 |
|----------------------------|----------------------|
| Neighbors Countries | 41,7% |
| USA | 23,1% |
| EUROPE | 17,5% |
| OTHERS AMERICA | 14,9% |
| OTHERS | 2,8% |

The information about the tourist origin shows that neighbour countries are historically the most important, and the United States have been the second most important market for our country in recreational or business tourism. Europe, the biggest sender market of the world has the third place with a very clear grown tendency last years.

Latin America, and specially the southern countries and Mexico, are the ones that constitute the fourth group. Even though the current position is low, those countries have the advantage that the trade between those countries and Ecuador is growing, all of them are relatively near to the country and nowadays there have been some improvements in air accessibility.

According to the estimation of the WTO, the current circuits market is higher than 150 million of tourist. For this reason, the proposal of the country is to create and strengthen one general circuit around the country, that we call it ECUADOR, BETWEEN HEAVEN AND EARTH.

This general circuit "The Country Ecuador" will be the central product to promote because now we, as a country, have a product with enough quality to justify the promotion and it also help to reach several goals. The product is the sum of four different world that characterized Ecuador: Rainforest, Andes, Coast and Galapagos.

The circuit, according the characteristics of the holidays markets, should be organized based on two different modules: the first one, of two weeks length , and the another one, of a three-week length. Having in mind the existing limitations to visit the Galapagos Islands, the circuits should be organized in two different formats, which includes Galapagos in its two versions of 4 and 7 days.

| ECUADOR, BETWEEN HEAVEN AND HEARTH | |
|------------------------------------|---|
| 2 weeks circuit | Amazonian+ Andes + Coast + Galapagos (4 days) |
| 3 weeks circuit | Amazonian+ Andes + Coast + Galapagos (7 days) |

The recreation market on its products sun & beach is the one that has the biggest volume at world level. The WTO valued this kind of tourist in about 350 million tourists. The Mediterranean Sea, Caribbean, South America Atlantic area, the Pacific Island and the Ocean Indic have the leader position, based on their important tourist infrastructure and on the natural characteristics of their beaches and sea.

Without any doubt, the ecotourism valued in 30 million tourists per year has to be one of the main targets in the marketing strategy of the country.

Getting into the specialized markets or market niches, Ecuador has shown the existing richness that kind of product that the country can offer to the tourist, for example in bird watching tourism.

This market, perfectly identified, belongs to Europe and the United States, and enable us to make a focused marketing that will warrant a quick return of the promotion activities.

In the sports tourism market we have established, according to accepted international criteria, the following division:

- Great Adventure, sports where the movement force is the man
- Sport, where the offer the option of combining natural elements with equipment.

The cultural tourism today is, according the WTO, a 70 million tourist/year market with a very strong growth. It is characterized by a specific motivation of knowledge about the historic heritage and about other cultures.

This kind of tourism is very important to promote as a niche, because studies show that the expenses level a tourist make in this kind of tourism is higher than other recreational tourism. This situation may be explained because this tourist buy handicraft, local food, local holidays and events, etc.

Within the rural tourism, two types of activities can be included: those in which the tourist wants to share a completely different life of the one he usually has, and another in which the tourist wants to learn about specific aspects of life outside the big cities. Obviously, there is an important synergy with the cultural tourism, but in our case we preferred to make that distinction, because the trade channels of the cultural tourism don't work with the rural tourism.

According to WTO, the market of the rural tourism is about 19 millions of de tourist/year.

Reviewing the products that we can offer to the tourist, we select as the most interesting product the communitarian tourism, because in this one we find alternatives that cover all the diversity of the country.

The conventions and congress market nowadays represents just 3% of the total international visits, but this market moves 127 million tourists/year in the world.

The incentive tourism market is characterized by continuous research of new attractiveness and its concentration in low and medium seasons.

Thanks to it geographic position, Ecuador, can offer good weather every time all year around. This advantage makes Ecuador a very important myth in this kind of tourism.

In this case, the product should be specified according to the needs of the client, but it will be organized with the general circuit.

3 Products Portfolio – Markets

Starting with the double definition of principal markets and products to promote, we have configured the products portfolio – markets.

In this way, and according to every market potential and the current Ecuadorian products' capacities, we established the promotion priorities and we qualified them with 0 or 3 stars, and the result of this work is the following:

EL PORTAFOLIO DE PRODUCTOS - MERCADOS

| | Países Vecinos | USA Canadá | Europa | Otros Américas | Nichos de mercado | Turismo Interno |
|---------------------------------|----------------|------------|--------|----------------|-------------------|-----------------|
| Recreación: Circuitos Generales | ★★ | ★★★★ | ★★★★ | ★★★★ | | ★ |
| Recreación: Sol y Playa | ★★★ | | | | | ★★★ |
| Ecoturismo | ★ | ★★★★ | ★★★★ | ★★ | ★★★★ | ★★★ |
| Gran Aventura | | | | | ★★★ | |
| Deportivo | | | | | ★★★ | |
| Cultural | ★ | ★★ | ★★ | ★★ | | ★★★ |
| Rural | ★★ | | | | ★★ | ★★★ |
| Convenciones Congresos | ★★★ | ★ | ★ | ★★★★ | | ★★★ |
| Incentivos | ★★ | ★★★★ | ★★★★ | ★★★★ | | ★★ |

The product – market strategy is triple. The first one is concentrated in four zones for the general products, another focalized to market niches for specific products and the last one that cover the internal tourism.

Nowadays, the Ecuadorian Government is working with this strategy in several countries, aimed to reach quantity and quality benefits with the tourism promotion.