

Japan International Cooperation Agency (JICA)
Secretariat of Tourism (SECTUR)
The Government of United Mexican States

The Study
on Formulation of Tourism Development and Promotion Strategies
for the Selected Tourism Destinations in Mexico

3

Final Report
Volume -3
Regional Strategies for
Selected Destinations
February, 1997

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Pacific Consultants International
System Science Consultants Inc.

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The exchange rates applied in this study are:

US\$ 1.00 = \$ 7.5 (Mexican Peso)

(As of December 1996)

PREFACE

In response to a request from the Government of United Mexican States, the Japanese Government decided to conduct a study on Formulation of Tourism Development and Promotion Strategies for the Selected Tourism Destinations in Mexico and entrusted the study to Japan International Cooperation Agency (JICA).

JICA sent to United Mexican States a study team headed by Mr. Takahide Fujihira, and composed of members from Pacific Consultants International and System Science Consultants Inc. three times from September 1995 to October 1996.

The team held discussions with concerned officials of the Government of United Mexican States, and conducted field surveys. After the team returned to Japan, further studies were made and the present report was prepared.

I hope that this report will contribute to the promotion of the project and to the enhancement of friendly relations between our two countries.

I wish to express my sincere appreciation to the officials concerned of the Government of United Mexican States for the close cooperation extended to the team.

February, 1997

A handwritten signature in black ink, reading "Kimio Fujita". The signature is written in a cursive style with a long horizontal stroke at the end.

Kimio Fujita

President

Japan International Cooperation Agency

February 1997

Mr. Kimio Fujita
President
Japan International Cooperation Agency (JICA)
Tokyo, Japan

Letter of Transmittal

Dear, Sir:

We are pleased to formally submit herewith the report of "The Study on Formulation of Tourism Development and Promotion Strategies for the Selected Tourism Destinations in Mexico".

This report compiles the results of the study which was undertaken in the United Mexican States, from September 1995 to October 1996 by the study team, organized jointly by Pacific Consultants International and System Science Consultants Inc.

We owed a lot to many people for the accomplishment of this report. First, we would like to express our deep appreciation and sincere gratitude to all those extended their kind assistance and cooperation to the study team, in particular, officials concerned of Ministry of Tourism, the United Mexican States, and Mexican counterpart team.

We also acknowledge the officials of your agency, the JICA advisory committee and the Embassy of Japan in the United Mexican States.

We wish the report would be able to contribute really to Mexico's people and socio-economic development in future.

Very truly yours,

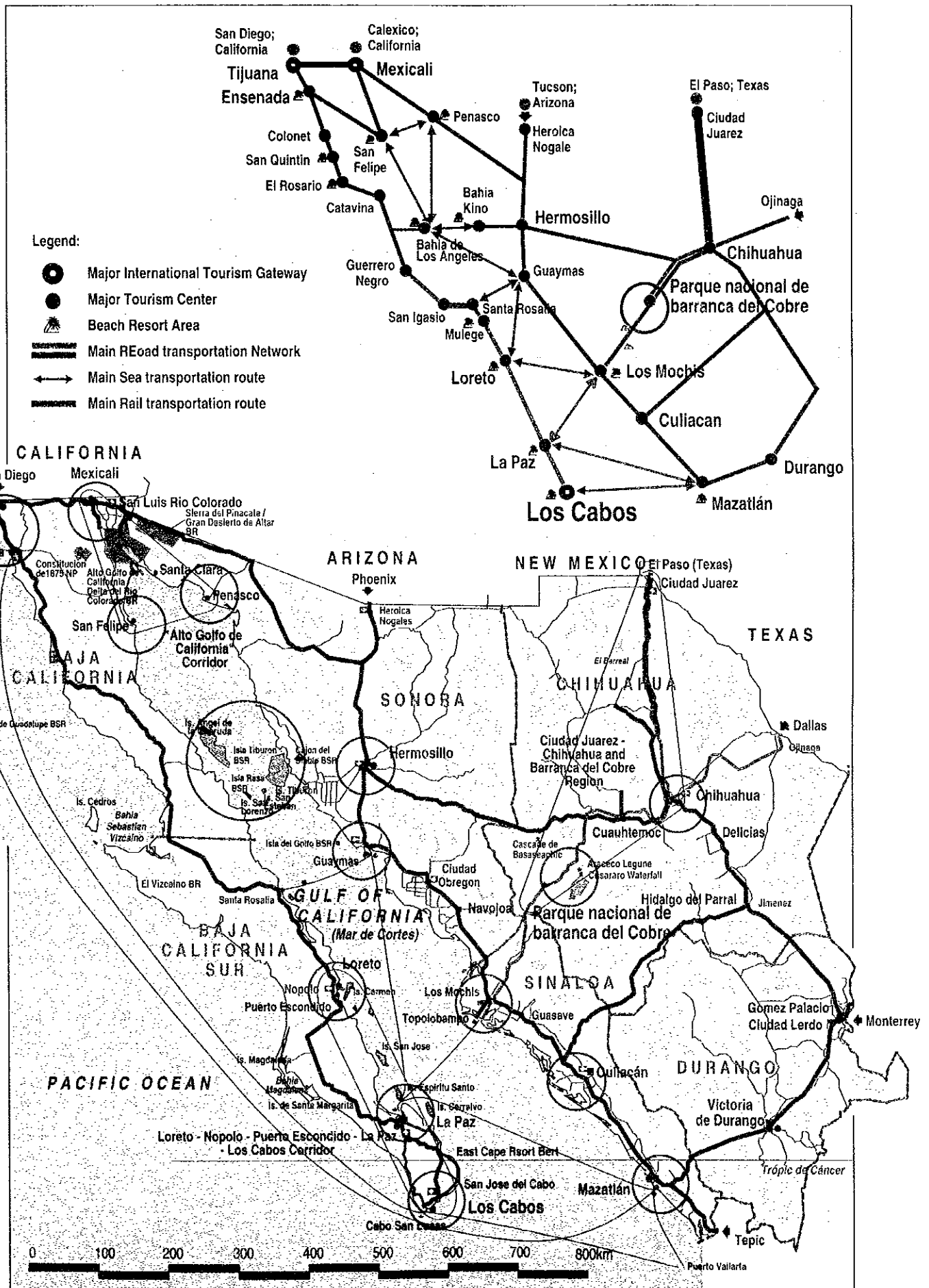
藤平卓英

Takahide Fujihira

Team leader

The Study on Formulation of Tourism
Development and Promotion Strategies for the
Selected Tourism Destinations in Mexico

Proposed tourism structure of Los Cabos tourism region (Level 4)



Proposed tourism structure of Los Cabos tourism region (Level 3)



Development skeleton for tourism areas



Development framework

Hotel arrivals of domestic tourists (unit: 1,000 visitors)

	(1995)	(2000)	(2005)	(2010)
Los Cabos	58	91	131	194
La Paz	148	196	251	340
East Cape	--	31	59	102
Todos Santos	--	6	11	17
Loreto	12	25	41	65
Others	--	36	54	63
Total	274	385	547	781

Hotel arrivals of international tourists (unit: 1,000 visitors)

	(1995)	(2000)	(2005)	(2010)
Los Cabos	390	589	877	1,302
La Paz	50	66	88	121
East Cape	--	40	77	131
Todos Santos	--	7	11	17
Loreto	24	55	102	170
Others	--	27	40	47
Total	503	765	1,196	1,789

Framework of Hotel rooms (unit: rooms)

	(1995)	(2000)	(2005)	(2010)
Los Cabos	3,710	5,201	7,348	10,423
La Paz	1,342	1,703	2,081	2,682
East Cape	162	435	572	788
Todos Santos	37	84	115	162
Loreto	381	480	718	1,004
Others	456	502	675	748
Total	6,088	8,405	11,509	15,807

Trans Baja Circuits

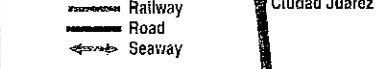
(Baja California Sur + Baja California)

- Existing Events in California Peninsula:
1. Mar de Cortes 1000 Sea-miles (Yacht Racing)
 2. Baja 1000 miles (Off-road Car Racing)
 3. Aero Baja

Mexico Highway-1
Tijuana - Los Cabos 1,704km

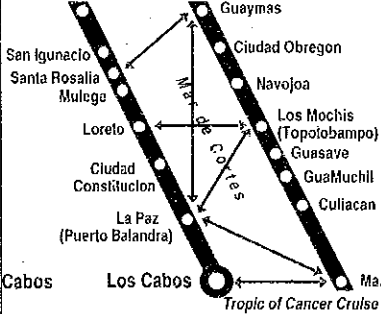
Chihuahua Pacific Circuit

(Chih + Sin + BCS)



Mar de Cortes Circuits

(Baja California Sur + Sinaloa + Sonora)



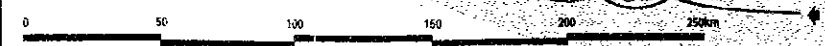
- Legend:
- State Capital / City
 - Major Tourist Center
 - Airport: International / Domestic
 - Seaport: Principal / Secondary

- North area of the state
- 1 Laguna Ojo de Liebre; whale watching area
 - 2 Laguna San Ignacio; whale watching area
 - 3 Sierra San Francisco; cave painting site
 - 4 San Ignacio; oasis town
 - 5 Santa Rosalia; old mining town
 - 6 Mulege; oasis town and mission church
 - 7 Bahla Concepcion; beach resort area

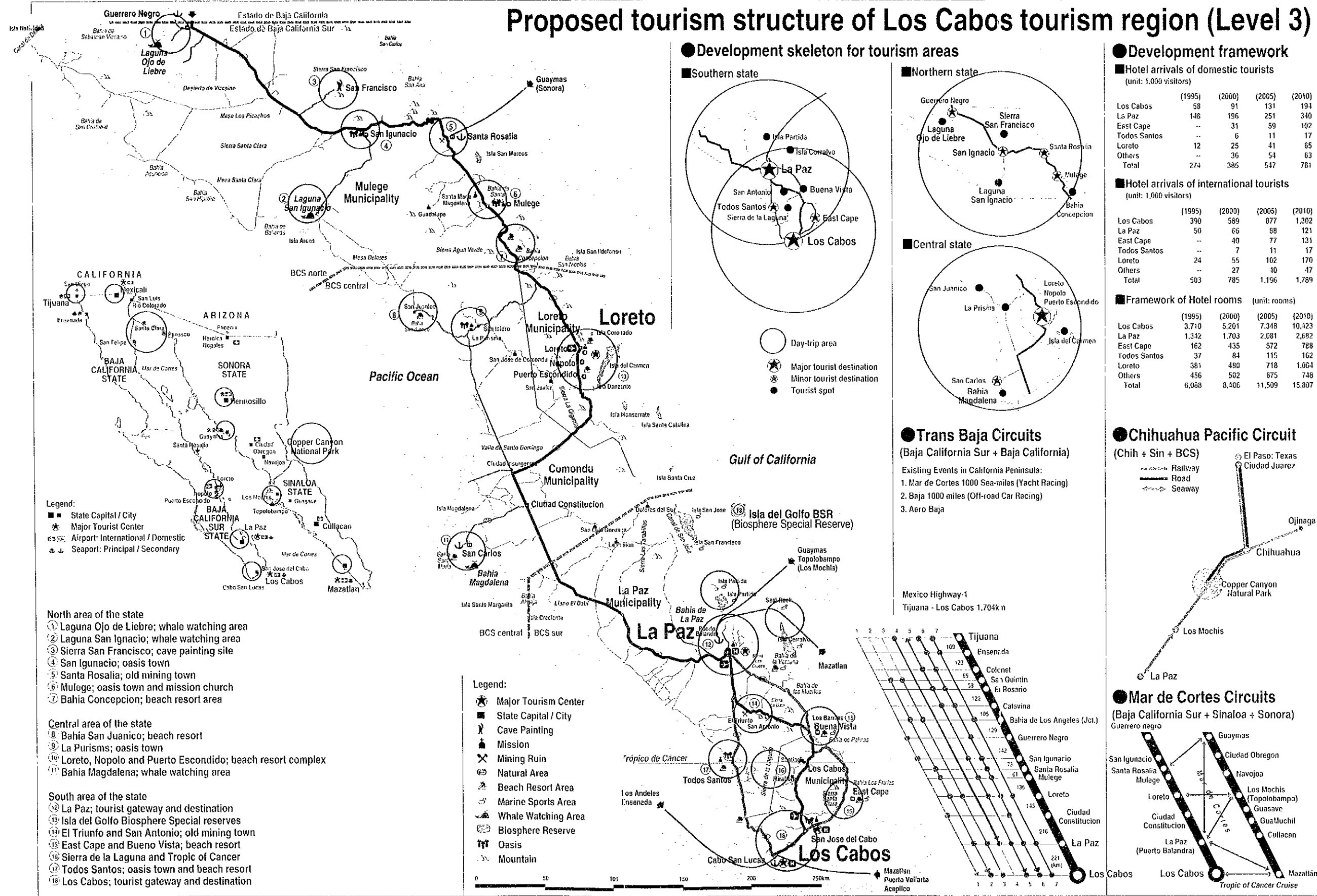
- Central area of the state
- 8 Bahia San Juanico; beach resort
 - 9 La Purisms; oasis town
 - 10 Loreto, Nopolo and Puerto Escondido; beach resort complex
 - 11 Bahia Magdalena; whale watching area

- South area of the state
- 12 La Paz; tourist gateway and destination
 - 13 Isla del Golfo Biosphere Special reserves
 - 14 El Triunfo and San Antonio; old mining town
 - 15 East Cape and Bueno Vista; beach resort
 - 16 Sierra de la Laguna and Tropic of Cancer
 - 17 Todos Santos; oasis town and beach resort
 - 18 Los Cabos; tourist gateway and destination

- Legend:
- Major Tourism Center
 - State Capital / City
 - Cave Painting
 - Mission
 - Mining Ruin
 - Natural Area
 - Beach Resort Area
 - Marine Sports Area
 - Whale Watching Area
 - Biosphere Reserve
 - Oasis
 - Mountain



Proposed tourism structure of Los Cabos tourism region (Level 3)



Development skeleton for tourism areas



Development framework

Hotel arrivals of domestic tourists (unit: 1,000 visitors)

	(1995)	(2000)	(2005)	(2010)
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La Paz	148	196	251	340
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Others	--	27	40	47
Total	503	785	1,196	1,789

Framework of Hotel Rooms (unit: rooms)

	(1995)	(2000)	(2005)	(2010)
Los Cabos	3,710	5,201	7,348	10,423
La Paz	1,342	1,703	2,081	2,682
East Cape	162	435	572	788
Todos Santos	37	84	115	162
Loreto	381	480	718	1,004
Others	456	502	675	748
Total	6,068	8,406	11,509	15,807

Trans Baja Circuits

(Baja California Sur + Baja California)

- Existing Events in California Peninsula:
1. Mar de Cortes 1000 Sea-miles (Yacht Racing)
 2. Baja 1000 miles (Off-road Car Racing)
 3. Aero Baja

Mexico Highway-1
Tijuana - Los Cabos 1,704km

Chihuahua Pacific Circuit

(Chih + Sin + BCS)

- Railway
- Road
- Seaway

Mar de Cortes Circuits

(Baja California Sur + Sinaloa + Sonora)

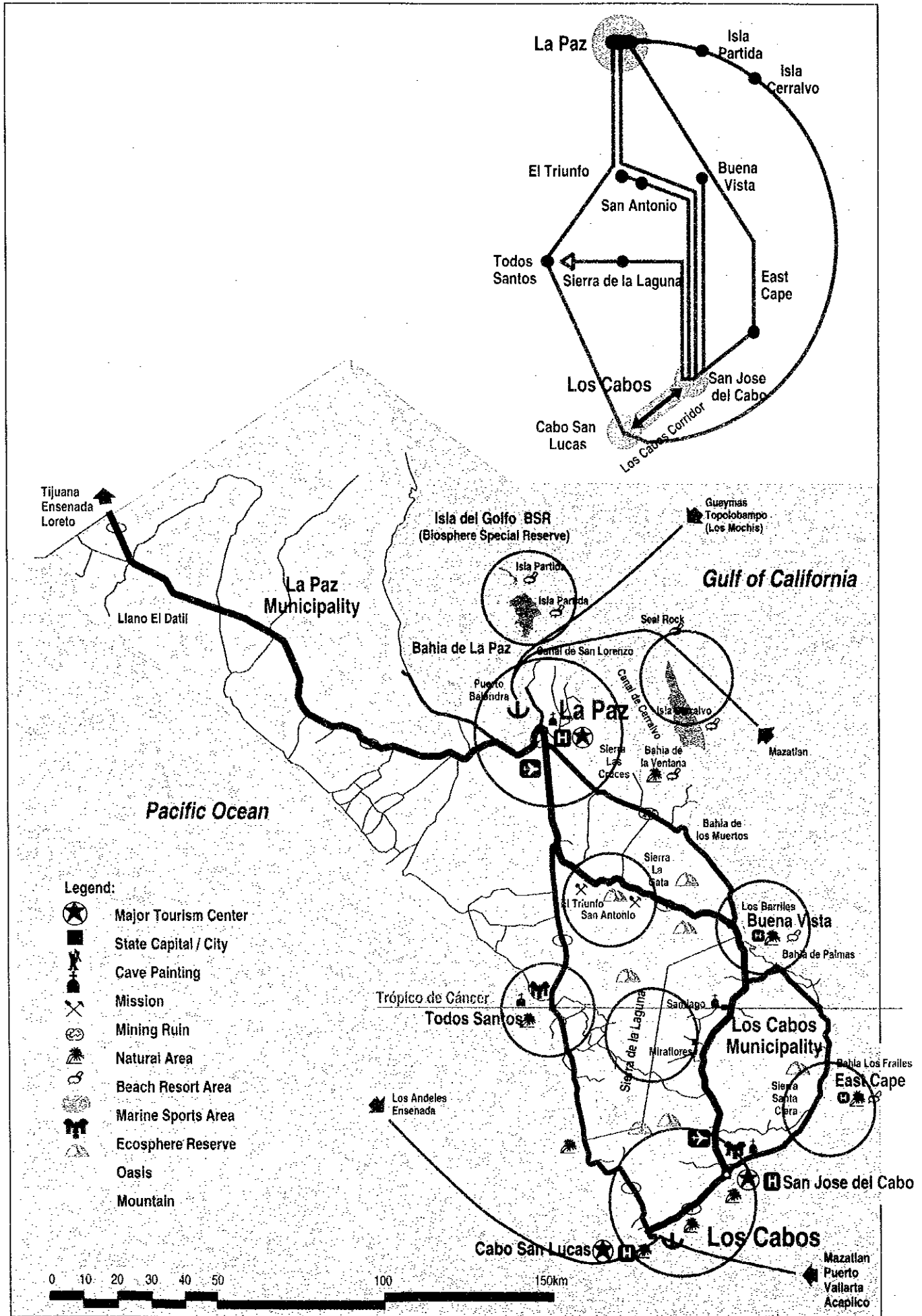
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 2. Laguna San Ignacio; whale watching area
 3. Sierra San Francisco; cave painting site
 4. San Ignacio; oasis town
 5. Santa Rosalia; old mining town
 6. Mulege; oasis town and mission church
 7. Bahia Concepcion; beach resort area

- Central area of the state
8. Bahia San Juanico; beach resort
 9. La Purisima; oasis town
 10. Loreto, Nopolo and Puerto Escondido; beach resort complex
 11. Bahia Magdalena; whale watching area

- South area of the state
12. La Paz; tourist gateway and destination
 13. Isla del Golfo Biosphere Special reserves
 14. El Triunfo and San Antonio; old mining town
 15. East Cape and Bueno Vista; beach resort
 16. Sierra de la Laguna and Tropic of Cancer
 17. Todos Santos; oasis town and beach resort
 18. Los Cabos; tourist gateway and destination

- Legend:
- Major Tourism Center
 - State Capital / City
 - Cave Painting
 - Mission
 - Mining Ruin
 - Natural Area
 - Beach Resort Area
 - Marine Sports Area
 - Whale Watching Area
 - Biosphere Reserve
 - Oasis
 - Mountain

Proposed tourism structure of Los Cabos tourism region (Level 2)

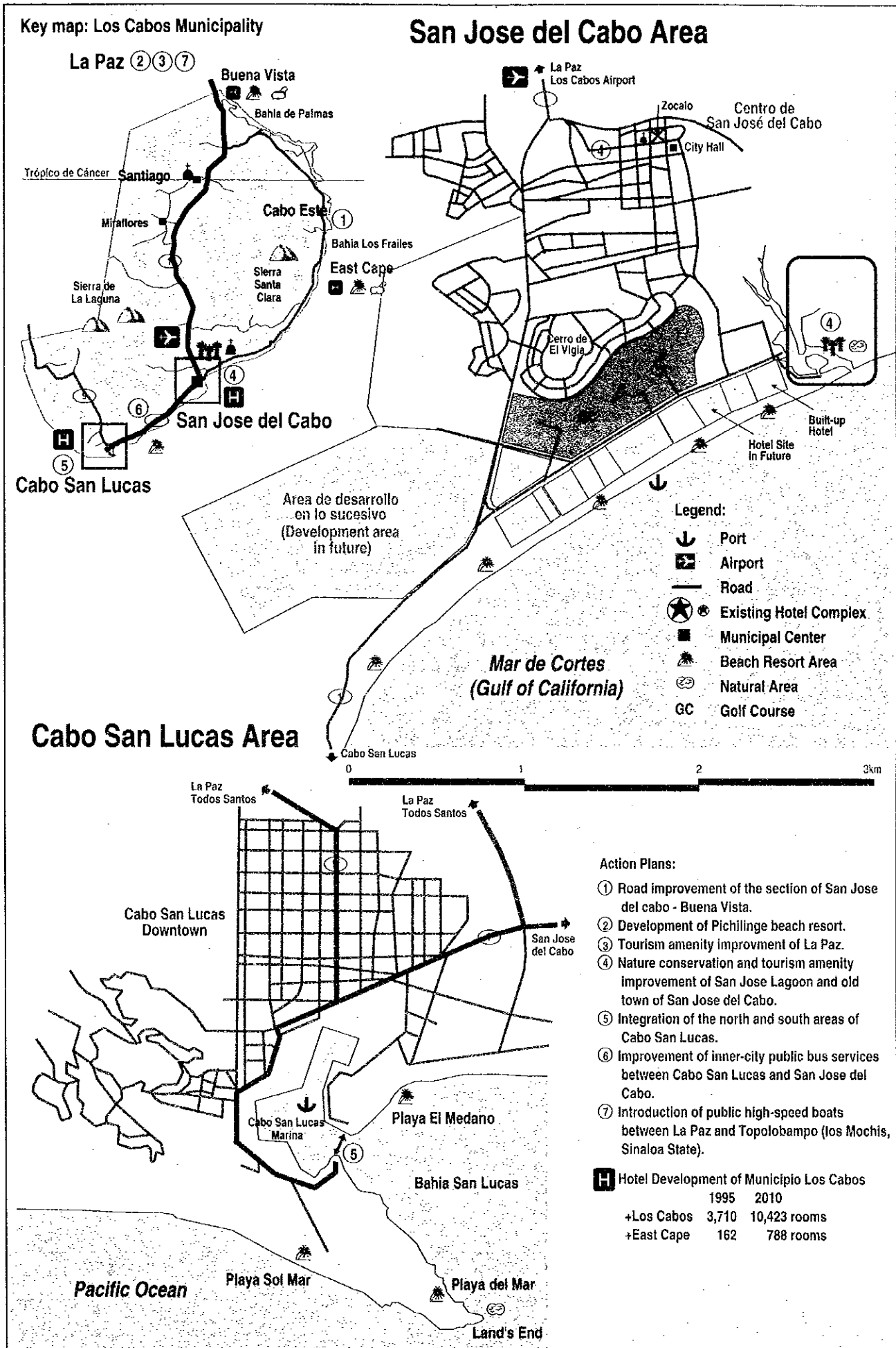


Legend:

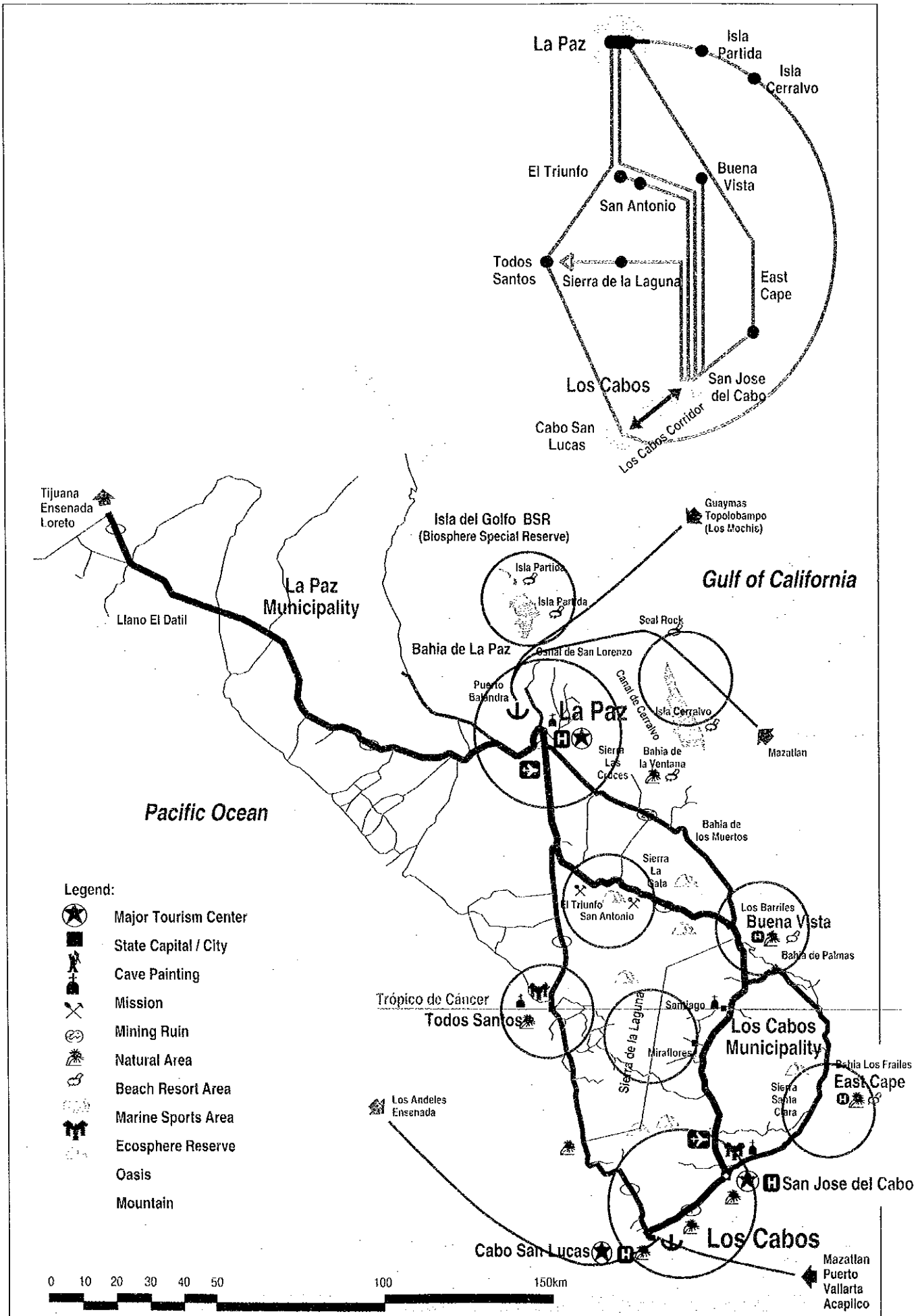
- Major Tourism Center
- State Capital / City
- Cave Painting
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- Natural Area
- Beach Resort Area
- Marine Sports Area
- Ecosphere Reserve
- Oasis
- Mountain



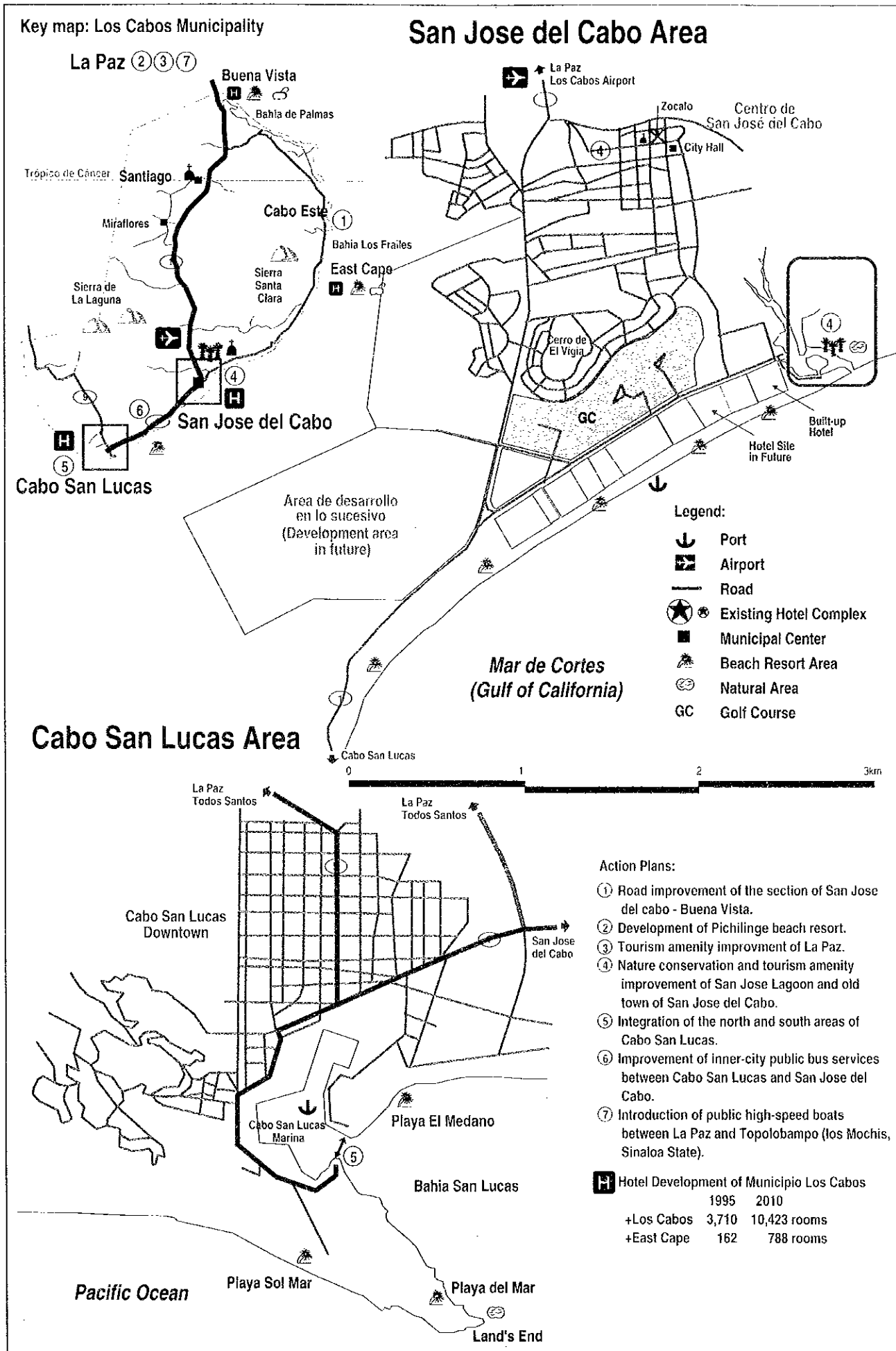
Proposed tourism structure of Los Cabos tourism region (Level 1)



Proposed tourism structure of Los Cabos tourism region (Level 2)



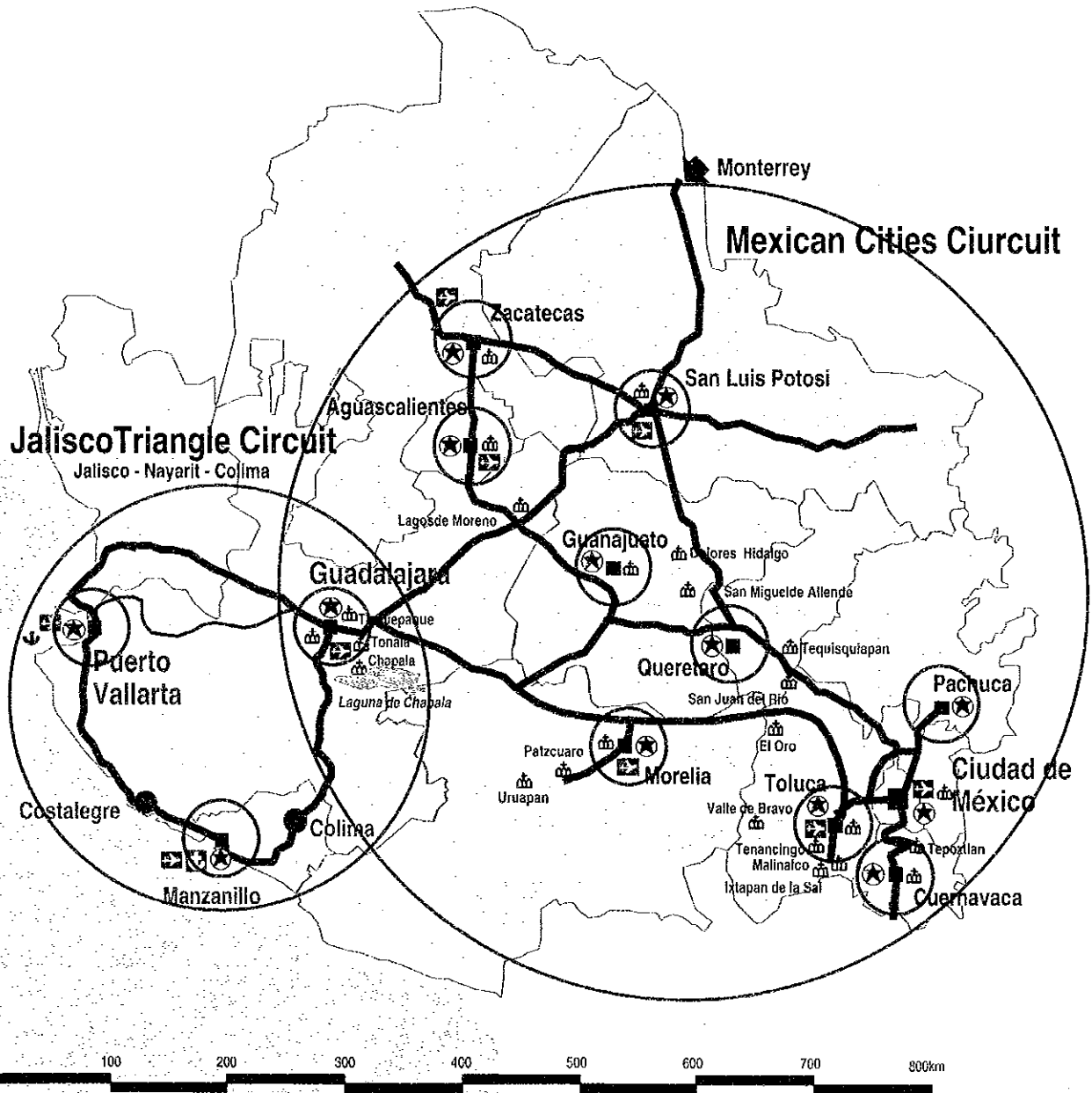
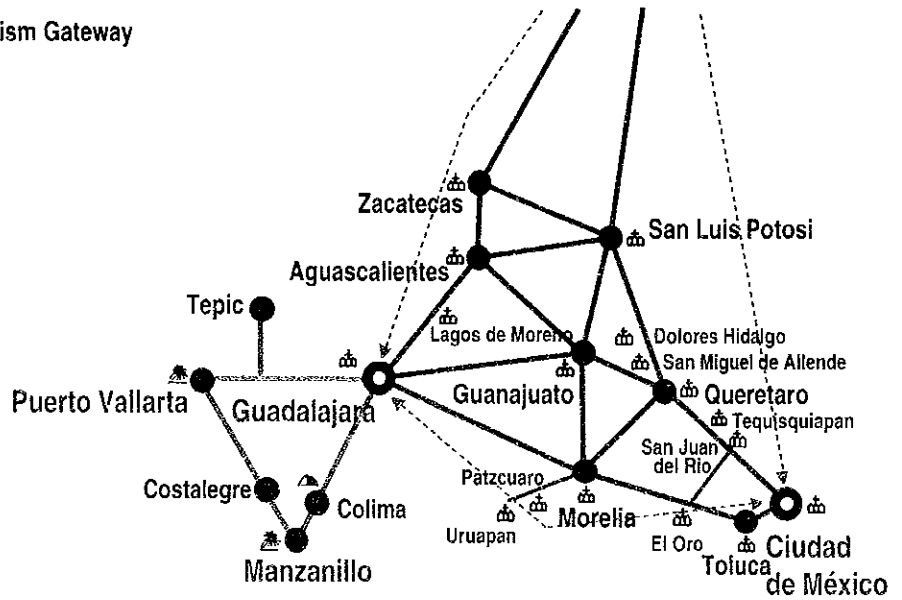
Proposed tourism structure of Los Cabos tourism region (Level 1)



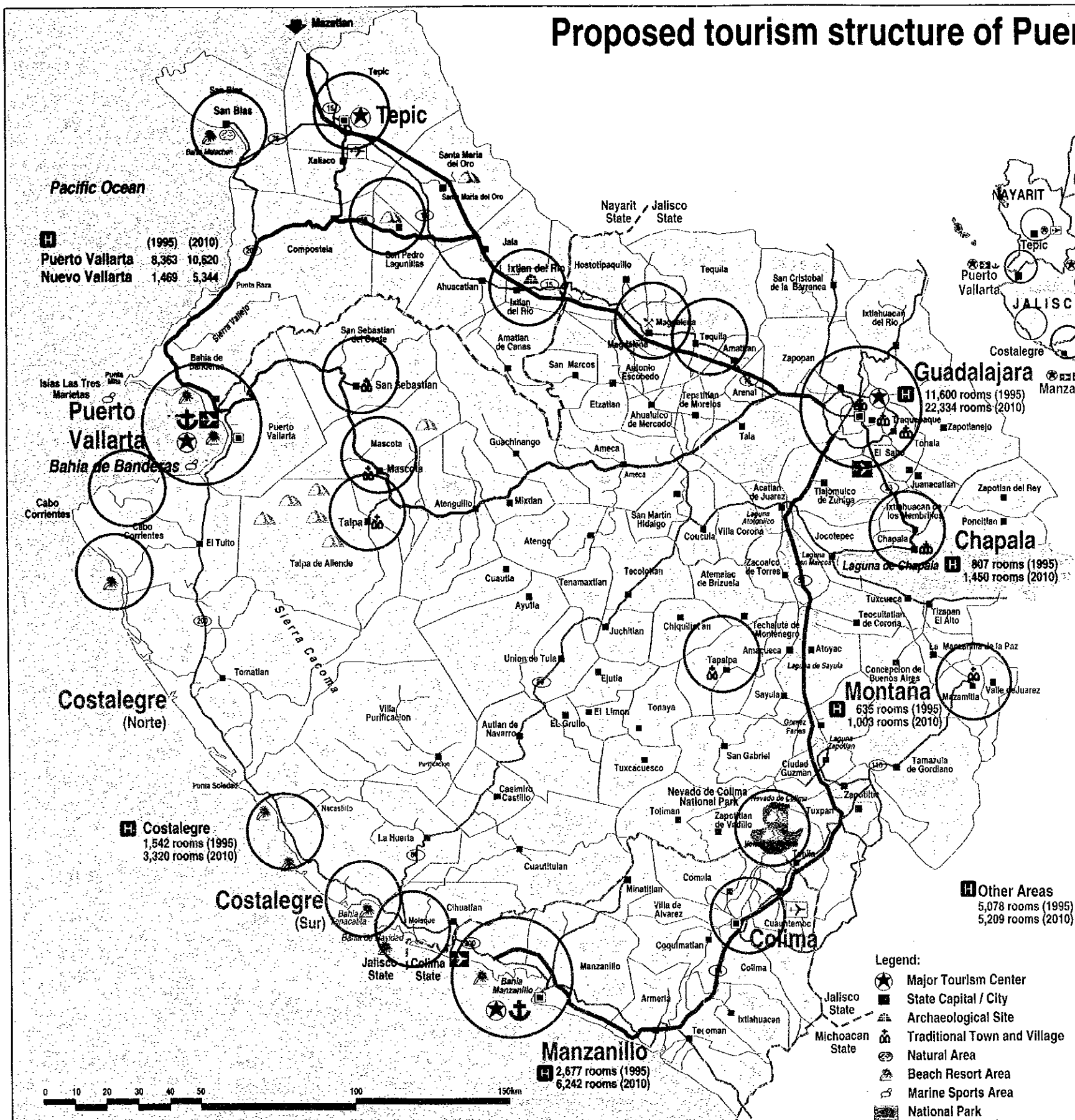
Proposed tourism structure of Puerto Vallarta tourism region (Level 4)

Legend:

- Major International Tourism Gateway
- Major Tourism Center
- ☀ Beach Resort Area
- ⛪ Colonial City
- Main Road Network
- ↔ Main Air Route



Proposed tourism structure of Puerto Vallarta tourism region (Level 3)



Puerto Vallarta
 (1995) 8,363 (2010) 10,620
Nuevo Vallarta
 1,469 5,344

Costalegre
 1,542 rooms (1995)
 3,320 rooms (2010)

Manzanillo
 2,677 rooms (1995)
 6,242 rooms (2010)

Other Areas
 5,078 rooms (1995)
 5,209 rooms (2010)

- Legend:**
- ★ Major Tourism Center
 - State Capital / City
 - ⊠ Archaeological Site
 - ⊙ Traditional Town and Village
 - ⊕ Natural Area
 - ⊖ Beach Resort Area
 - ⊗ Marine Sports Area
 - ⊘ National Park

Development framework

Hotel arrivals of domestic tourists
 (unit: 1,000 visitors)

	(1995)	(2000)	(2005)	(2010)
Guadalajara	1,231	2,086	2,579	3,192
Puerto Vallarta	468	588	609	639
Nuevo Vallarta	23	62	114	189
Costalegre	--	132	263	422
Chapala	--	120	160	210
Mountain	--	125	137	154
Manzanillo	264	436	664	988
Other Jalisco	--	638	736	881
Total	2,970	4,187	5,263	6,675

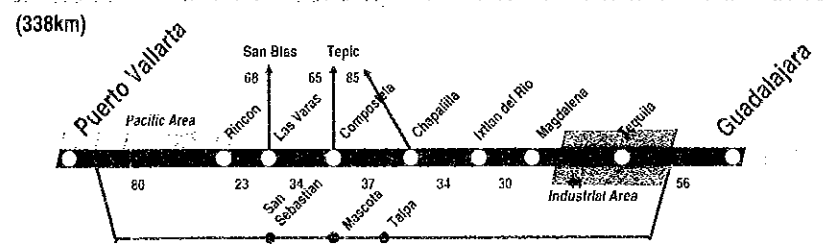
Hotel arrivals of international tourists
 (unit: 1,000 visitors)

	(1995)	(2000)	(2005)	(2010)
Guadalajara	135	189	244	312
Puerto Vallarta	362	372	387	400
Nuevo Vallarta	77	99	128	169
Costalegre	--	41	91	150
Chapala	--	44	58	77
Mountain	--	21	57	101
Manzanillo	60	70	84	104
Other Jalisco	--	123	241	406
Total	689	959	1,290	1,718

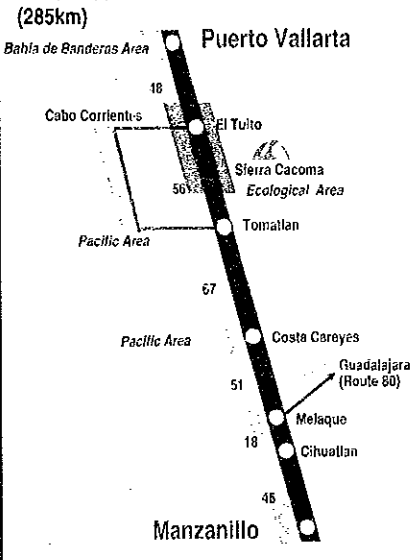
Framework of Hotel rooms (unit: rooms)

	(1995)	(2000)	(2005)	(2010)
Guadalajara	11,600	14,206	18,021	22,334
Puerto Vallarta	8,363	8,830	9,602	10,620
Nuevo Vallarta	1,469	2,598	3,794	5,344
Costalegre	1,542	1,843	2,568	3,320
Chapala	807	921	1,174	1,450
Mountain	635	663	844	1,003
Manzanillo	2,677	4,035	5,041	6,242
Other Jalisco	5,078	5,110	5,146	5,209
Total	32,171	38,206	46,190	55,520

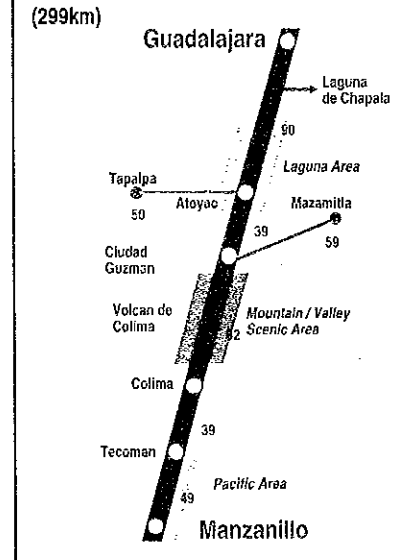
Puerto Vallarta - Guadalajara Corridor



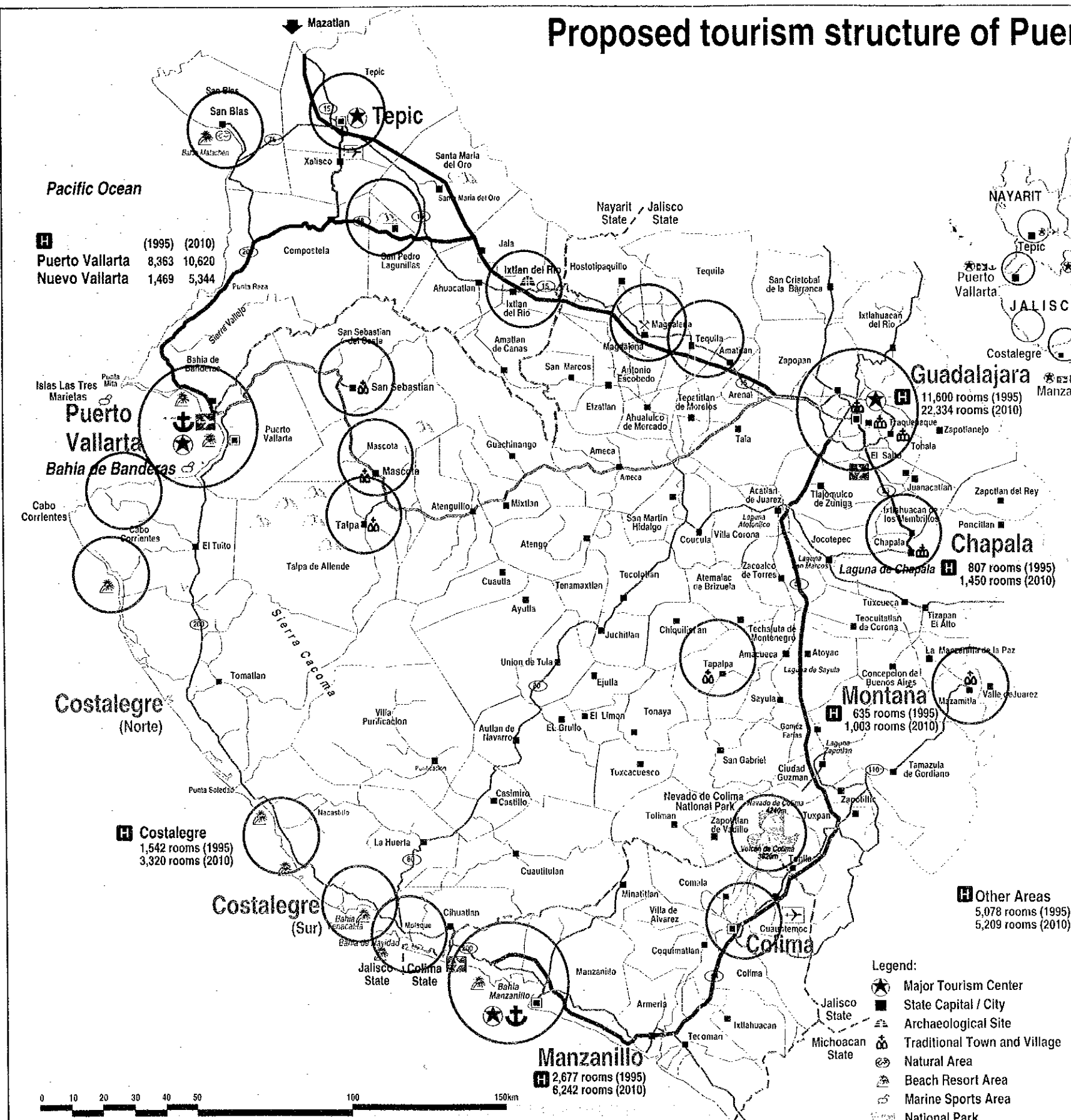
Puerto Vallarta - Manzanillo Corridor



Guadalajara - Manzanillo Corridor



Proposed tourism structure of Puerto Vallarta tourism region (Level 3)



Development framework

Hotel arrivals of domestic tourists (unit: 1,000 visitors)

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Manzanillo	264	436	664	988
Other Jalisco	--	638	736	881
Total	2,970	4,187	5,263	6,675

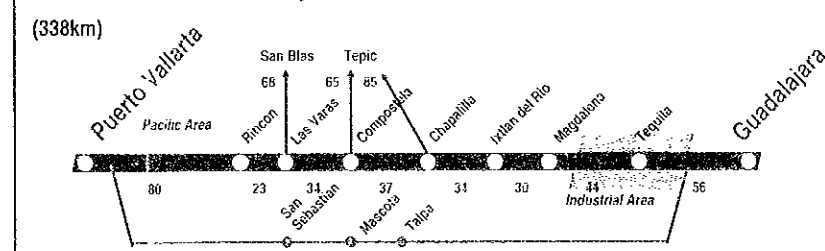
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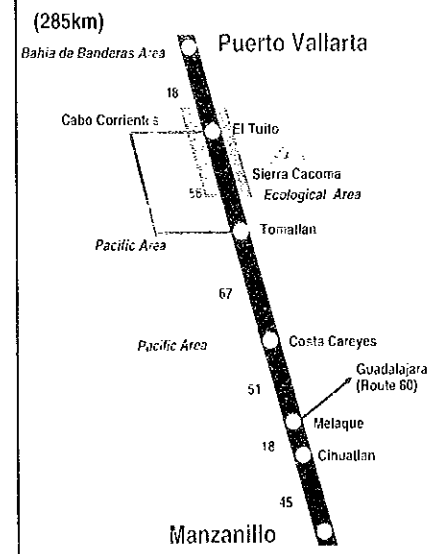
Framework of Hotel rooms (unit: rooms)

	(1995)	(2000)	(2005)	(2010)
Guadalajara	11,600	14,206	18,021	22,334
Puerto Vallarta	8,363	8,830	9,602	10,620
Nuevo Vallarta	1,469	2,598	3,794	5,344
Costalegre	1,542	1,843	2,568	3,320
Chapala	807	921	1,174	1,450
Mountain	635	663	814	1,003
Manzanillo	2,677	4,035	5,041	6,242
Other Jalisco	5,078	5,110	5,146	5,209
Total	32,171	38,206	46,190	56,520

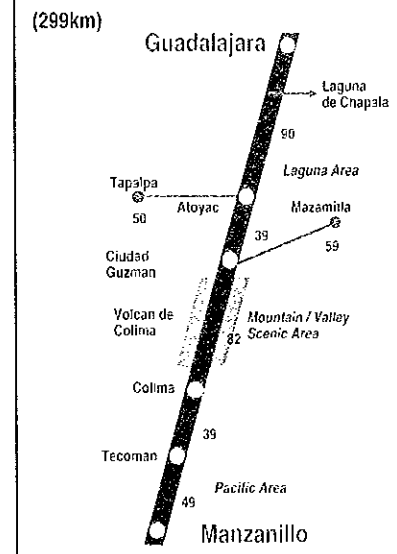
Puerto Vallarta - Guadalajara Corridor (338km)



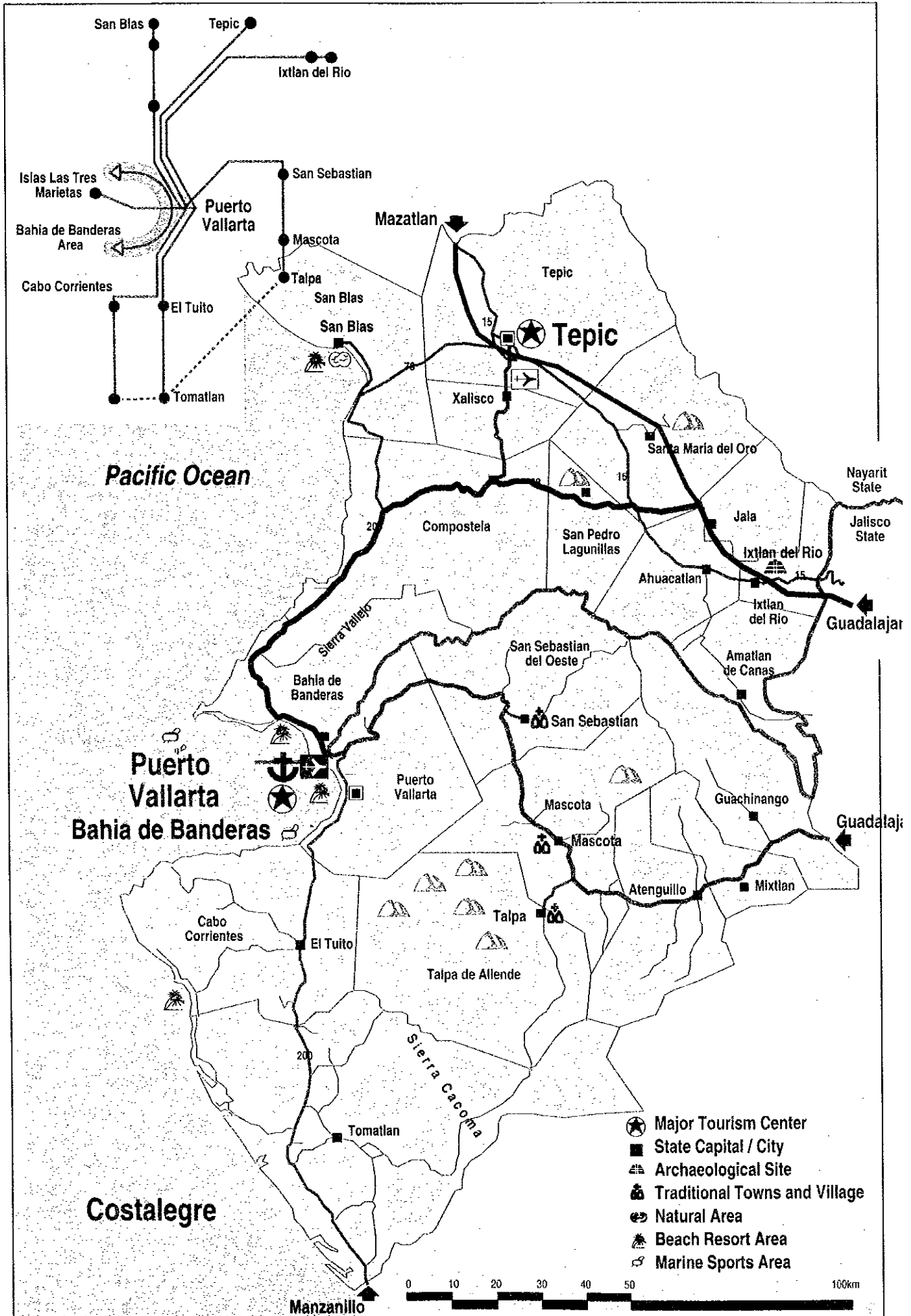
Puerto Vallarta - Manzanillo Corridor (285km)



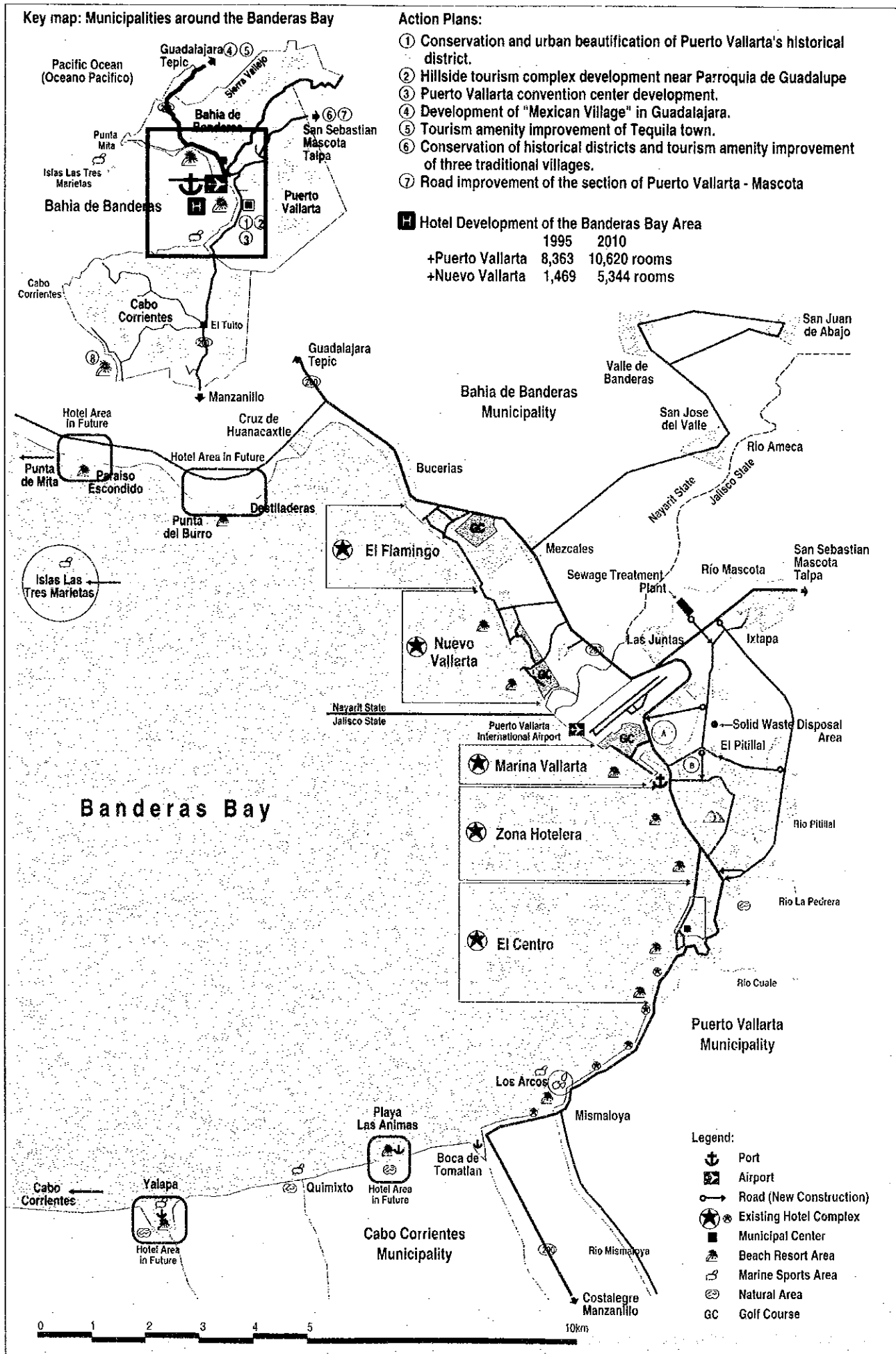
Guadalajara - Manzanillo Corridor (299km)



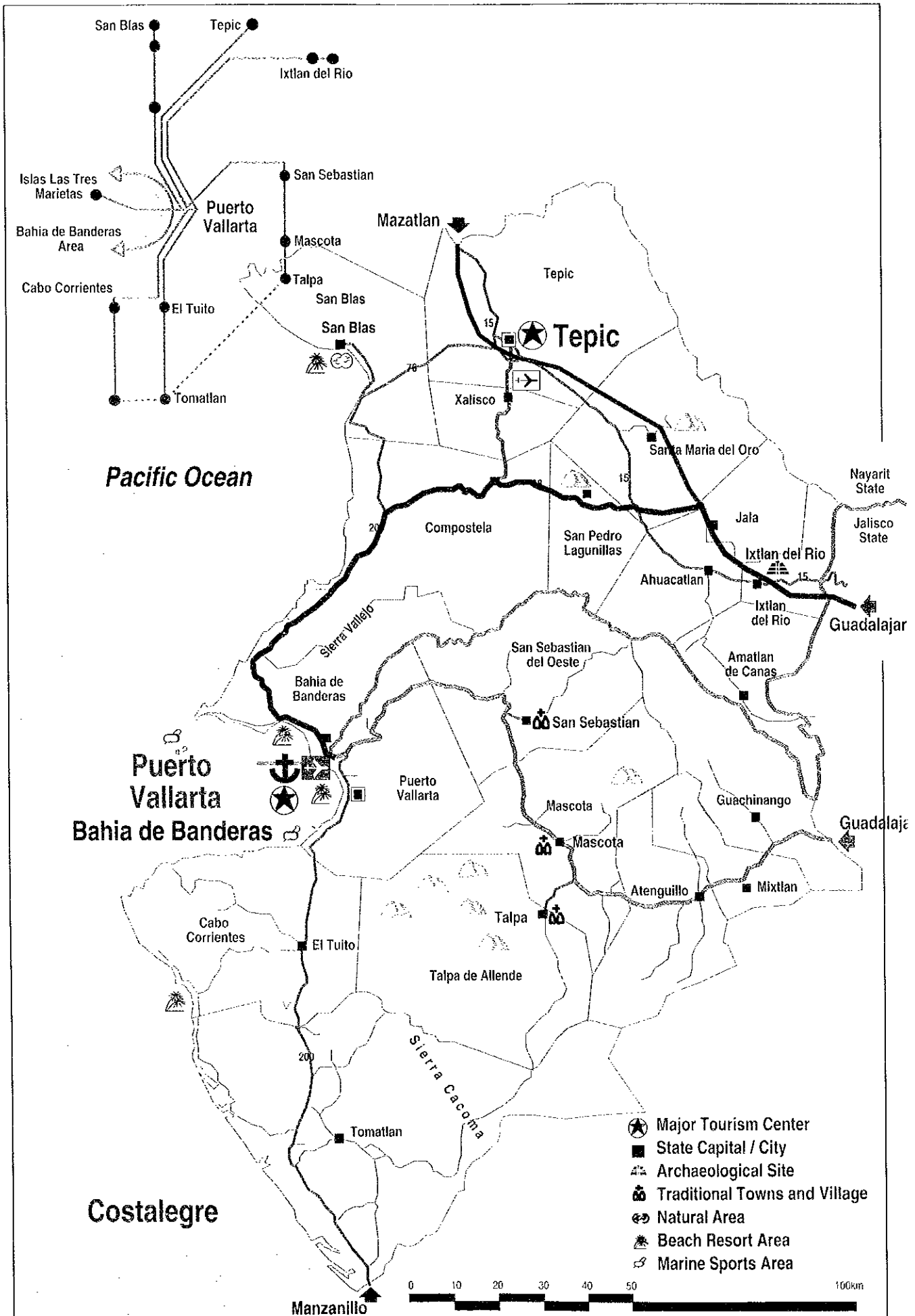
Proposed tourism structure of Puerto Vallarta tourism region (Level 2)



Proposed tourism structure of Puerto Vallarta tourism region (Level 1)

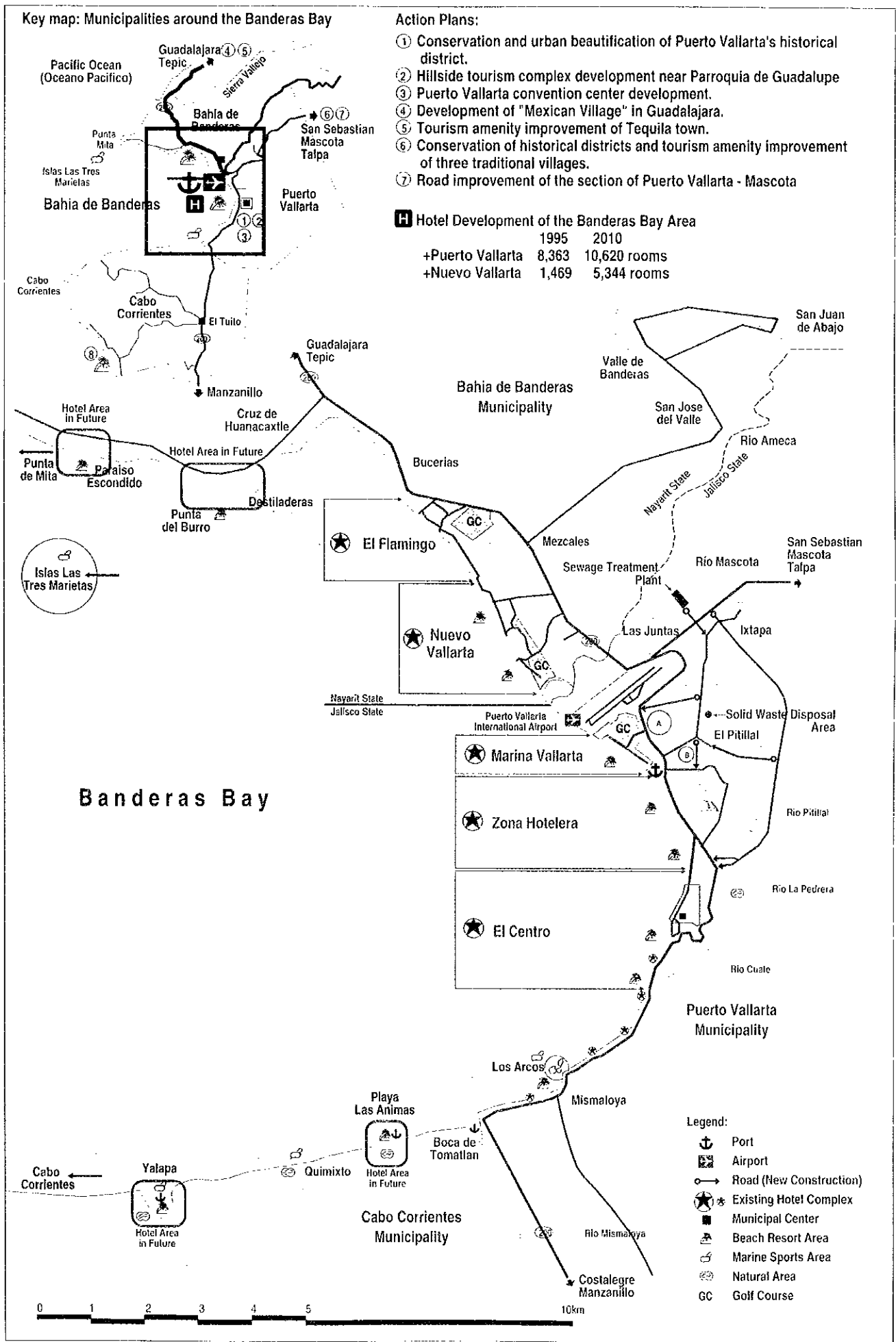


Proposed tourism structure of Puerto Vallarta tourism region (Level 2)



- ★ Major Tourism Center
- State Capital / City
- 🏛️ Archaeological Site
- 🏡 Traditional Towns and Village
- 🌿 Natural Area
- 🌴 Beach Resort Area
- 🏄 Marine Sports Area

Proposed tourism structure of Puerto Vallarta tourism region (Level 1)

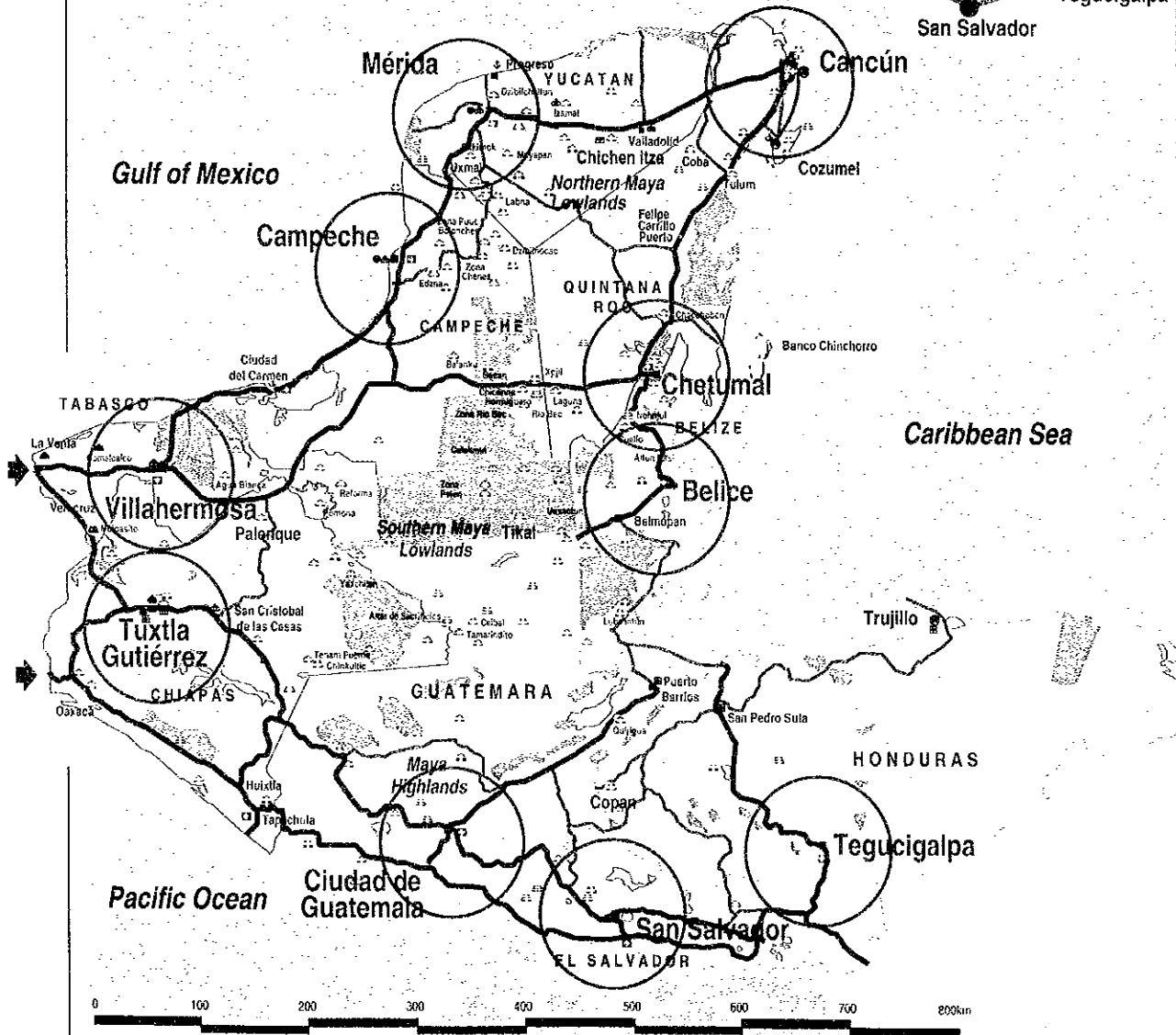
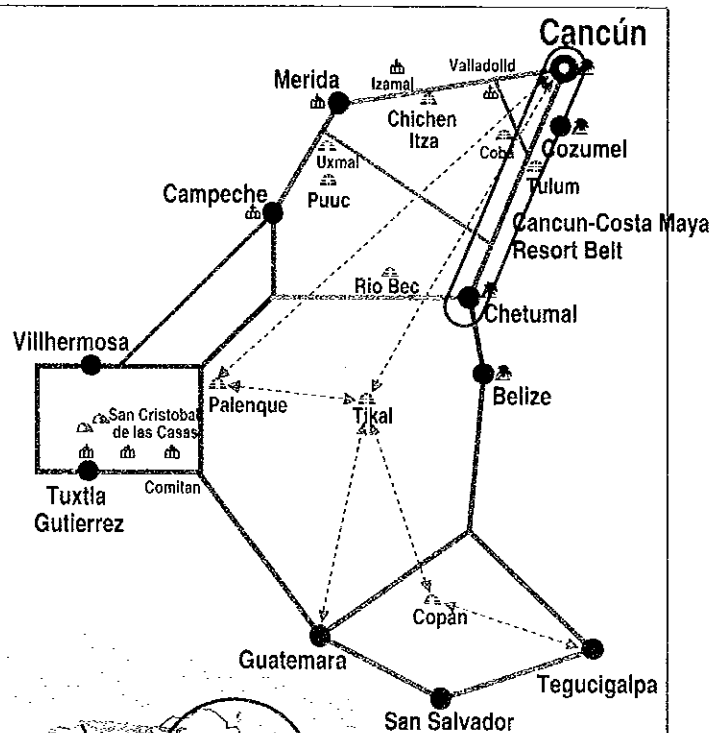


Proposed tourism structure of Cancun tourism region (Level 4)

Grand circuit of Cancun tourism region

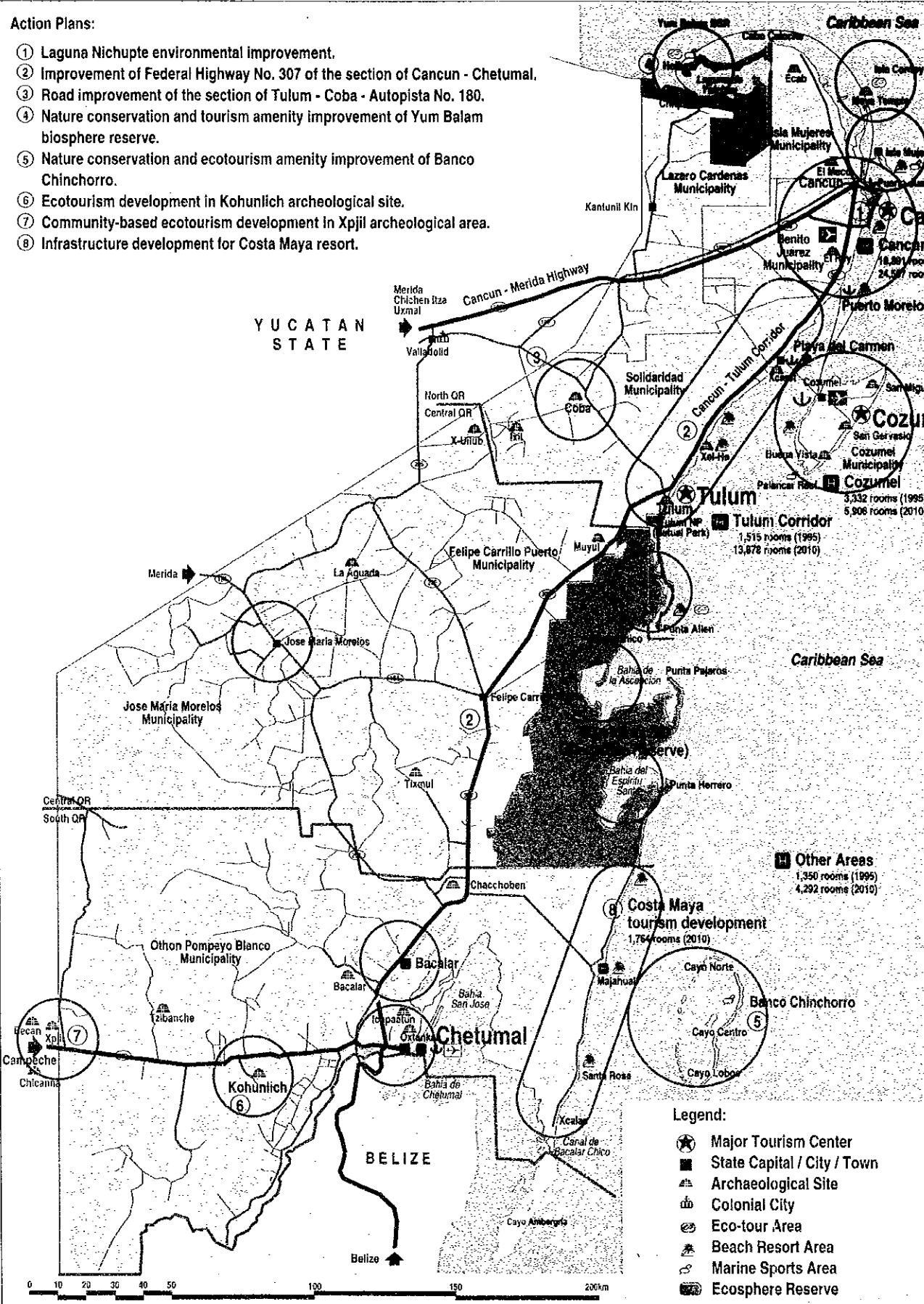
Legend:

-  Major International Tourism Gateway
-  Major Tourism Center
-  Beach Resort Area
-  Archaeological Monument
-  Colonial City
-  Main Road Network
-  Main Air Route

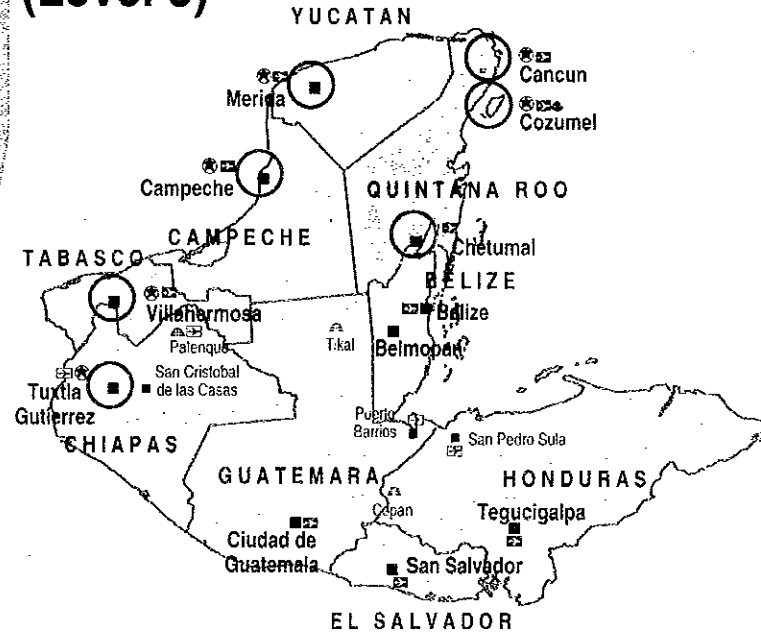


Action Plans:

- ① Laguna Nichupte environmental improvement.
- ② Improvement of Federal Highway No. 307 of the section of Cancun - Chetumal.
- ③ Road improvement of the section of Tulum - Coba - Autopista No. 180.
- ④ Nature conservation and tourism amenity improvement of Yum Balam biosphere reserve.
- ⑤ Nature conservation and ecotourism amenity improvement of Banco Chinchorro.
- ⑥ Ecotourism development in Kohunlich archeological site.
- ⑦ Community-based ecotourism development in Xpil archeological area.
- ⑧ Infrastructure development for Costa Maya resort.



Proposed tourism structure of Cancun tourism region (Level 3)



Development framework

Hotel arrivals of domestic tourists
(unit: 1,000 visitors)

	(1995)	(2000)	(2005)	(2010)
Cancun	489	546	621	731
Cozumel	67	80	97	123
Tulum Corridor	7	62	143	263
Costa Maya	--	16	25	43
Others	--	39	93	161
Total	589	744	977	1,321

Hotel arrivals of international tourists
(unit: 1,000 visitors)

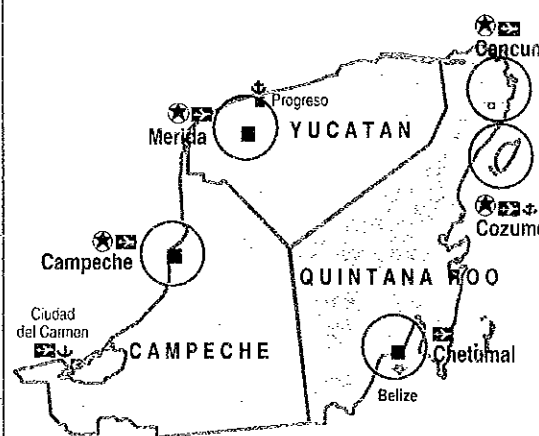
	(1995)	(2000)	(2005)	(2010)
Cancun	1,666	1,788	1,929	2,148
Cozumel	243	297	370	480
Tulum Corridor	108	358	719	1,259
Costa Maya	--	49	80	147
Others	--	78	163	254
Total	2,113	2,570	3,262	4,285

Framework of Hotel rooms (unit: rooms)

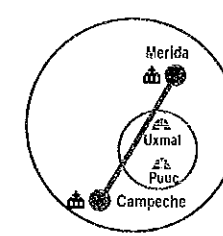
	(1995)	(2000)	(2005)	(2010)
Cancun	18,891	20,150	21,870	24,557
Cozumel	3,332	3,882	4,693	5,965
Tulum Corridor	1,515	4,083	7,968	13,878
Costa Maya	10	543	920	1,764
Others	1,350	1,782	2,942	4,252
Total	25,098	30,440	38,392	50,357

"Mundo Maya" Yucatan Peninsula Circuit

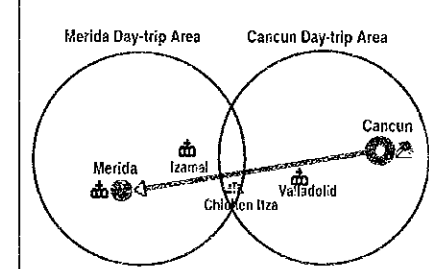
Key map: "Mundo Maya" North Zone



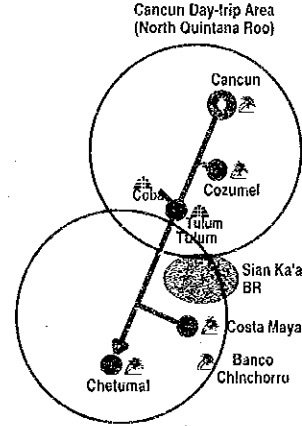
Merida - Campeche Corridor (Yuc+Camp)



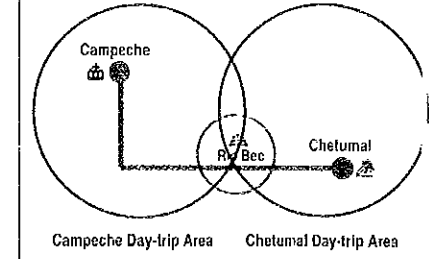
Cancun - Merida Corridor (Qro+Yuc)



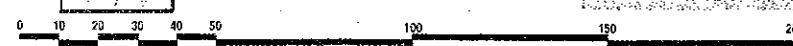
Cancun - Chetumal Corridor (Qro)



Chetumal - Campeche Corridor (Qro+Camp)

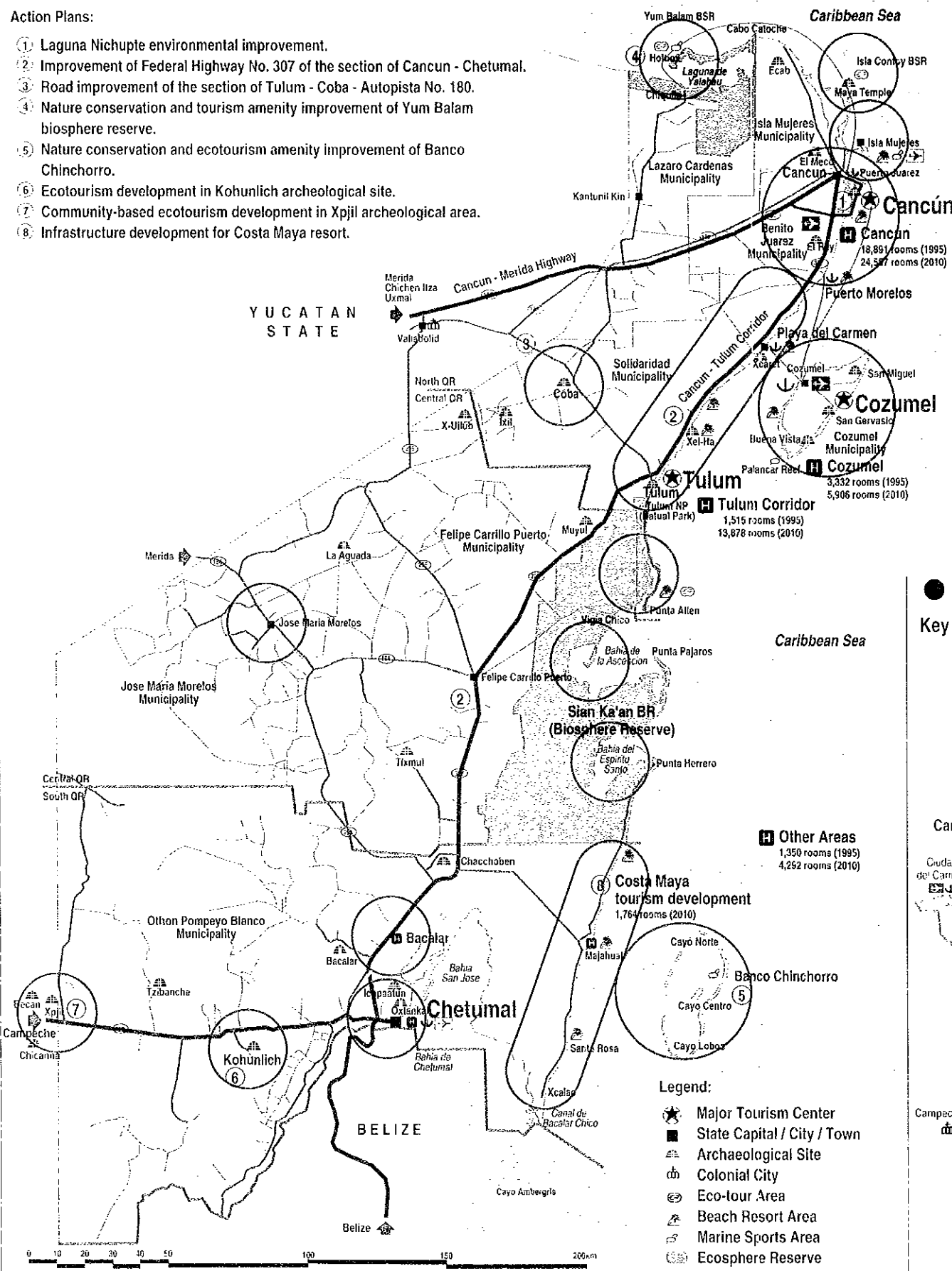


- Legend:**
- ★ Major Tourism Center
 - State Capital / City / Town
 - ⌘ Archaeological Site
 - ⌘ Colonial City
 - ⌘ Eco-tour Area
 - ⌘ Beach Resort Area
 - ⌘ Marine Sports Area
 - ⌘ Ecosphere Reserve

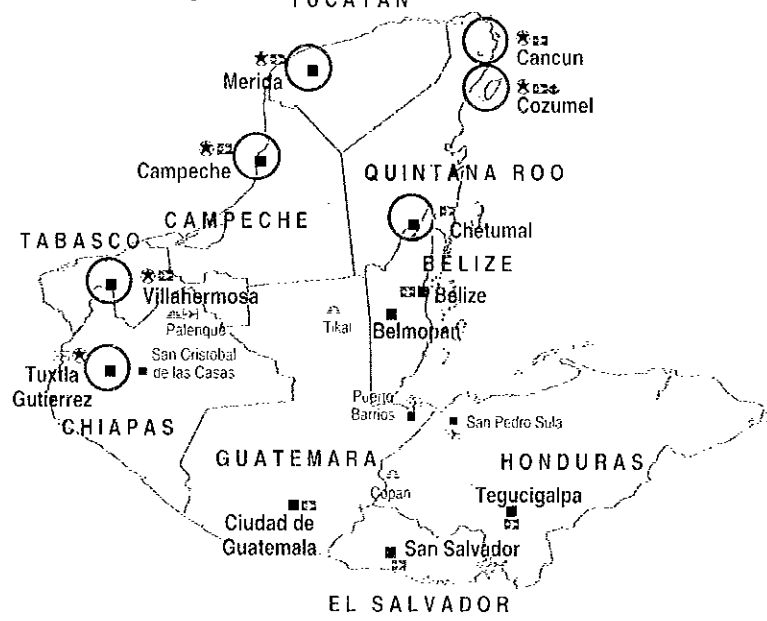


Action Plans:

1. Laguna Nichupte environmental improvement.
2. Improvement of Federal Highway No. 307 of the section of Cancun - Chetumal.
3. Road improvement of the section of Tulum - Coba - Autopista No. 180.
4. Nature conservation and tourism amenity improvement of Yum Balam biosphere reserve.
5. Nature conservation and ecotourism amenity improvement of Banco Chinchorro.
6. Ecotourism development in Kohunlich archeological site.
7. Community-based ecotourism development in Xpjiil archeological area.
8. Infrastructure development for Costa Maya resort.



Proposed tourism structure of Cancun tourism region (Level 3)



Development framework

■ Hotel arrivals of domestic tourists (unit: 1,000 visitors)

	(1995)	(2000)	(2005)	(2010)
Cancun	489	546	621	712
Cozumel	67	80	97	112
Tulum Corridor	7	62	143	210
Costa Maya	--	16	25	40
Others	--	39	93	160
Total	589	744	977	1,324

■ Hotel arrivals of international tourists (unit: 1,000 visitors)

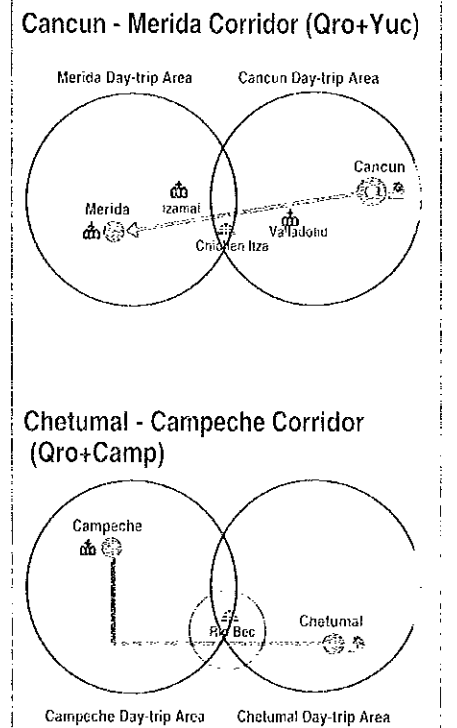
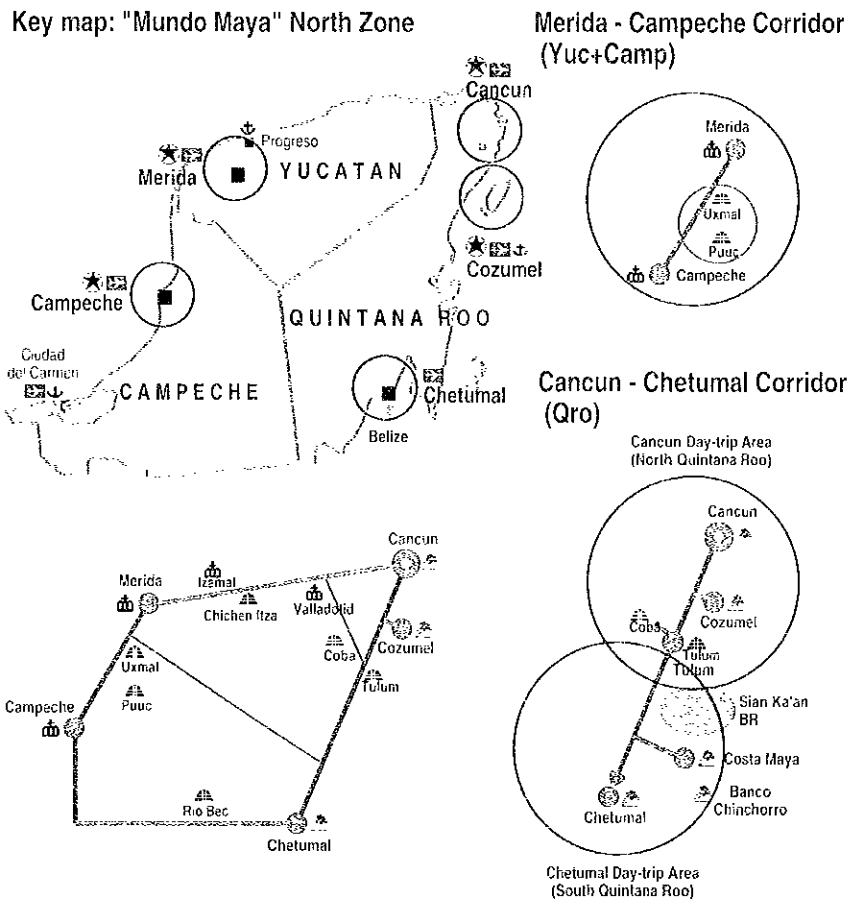
	(1995)	(2000)	(2005)	(2010)
Cancun	1,666	1,768	1,929	2,148
Cozumel	243	297	370	460
Tulum Corridor	108	358	719	1,259
Costa Maya	--	49	80	147
Others	--	78	163	281
Total	2,113	2,570	3,262	4,285

■ Framework of Hotel rooms (unit: rooms)

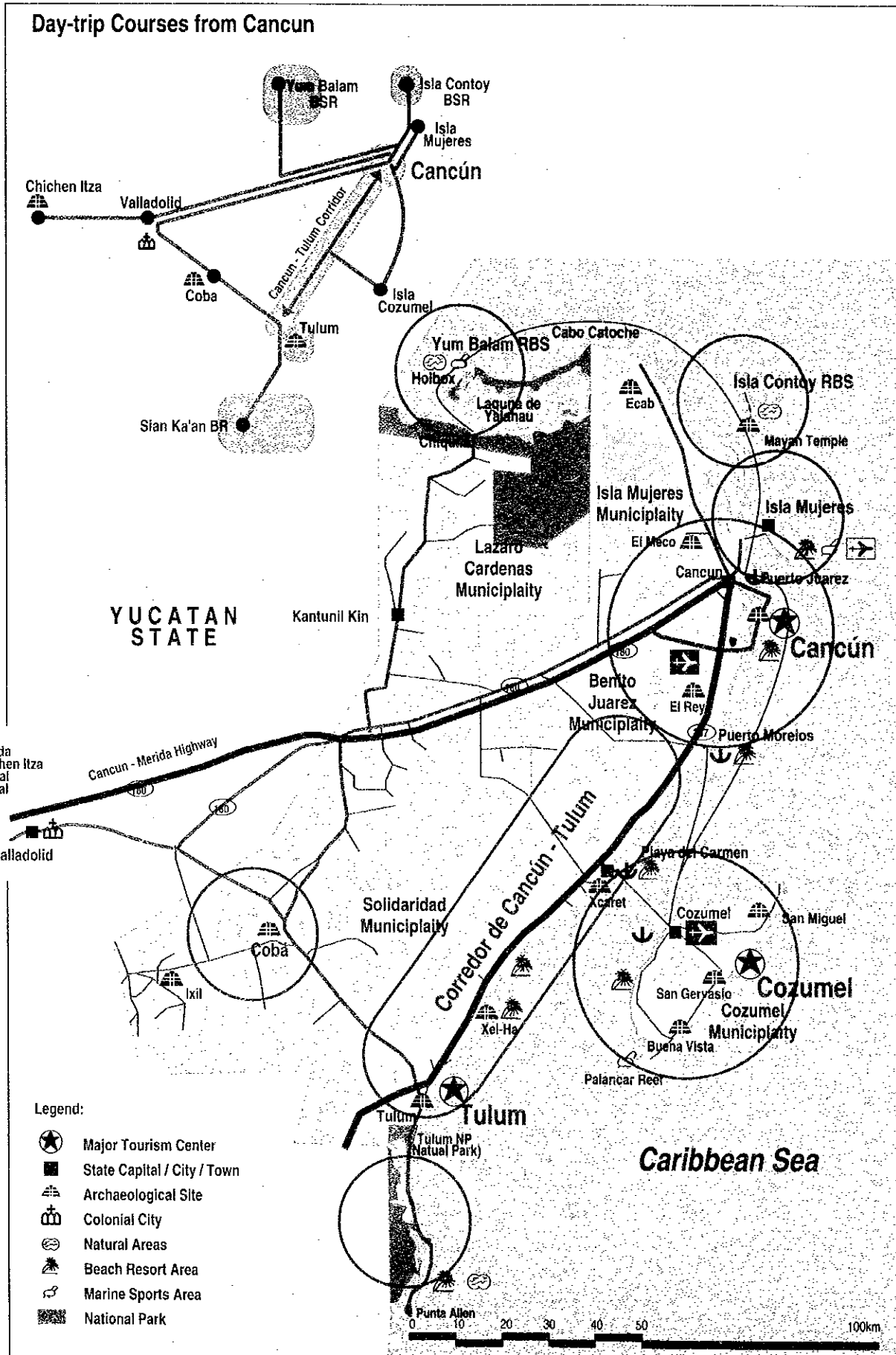
	(1995)	(2000)	(2005)	(2010)
Cancun	18,891	20,150	21,870	24,507
Cozumel	3,332	3,882	4,693	5,906
Tulum Corridor	1,515	4,083	7,968	13,878
Costa Maya	10	543	920	1,764
Others	1,350	1,782	2,942	4,252
Total	25,098	30,440	38,392	50,357

● "Mundo Maya" Yucatan Peninsula Circuit

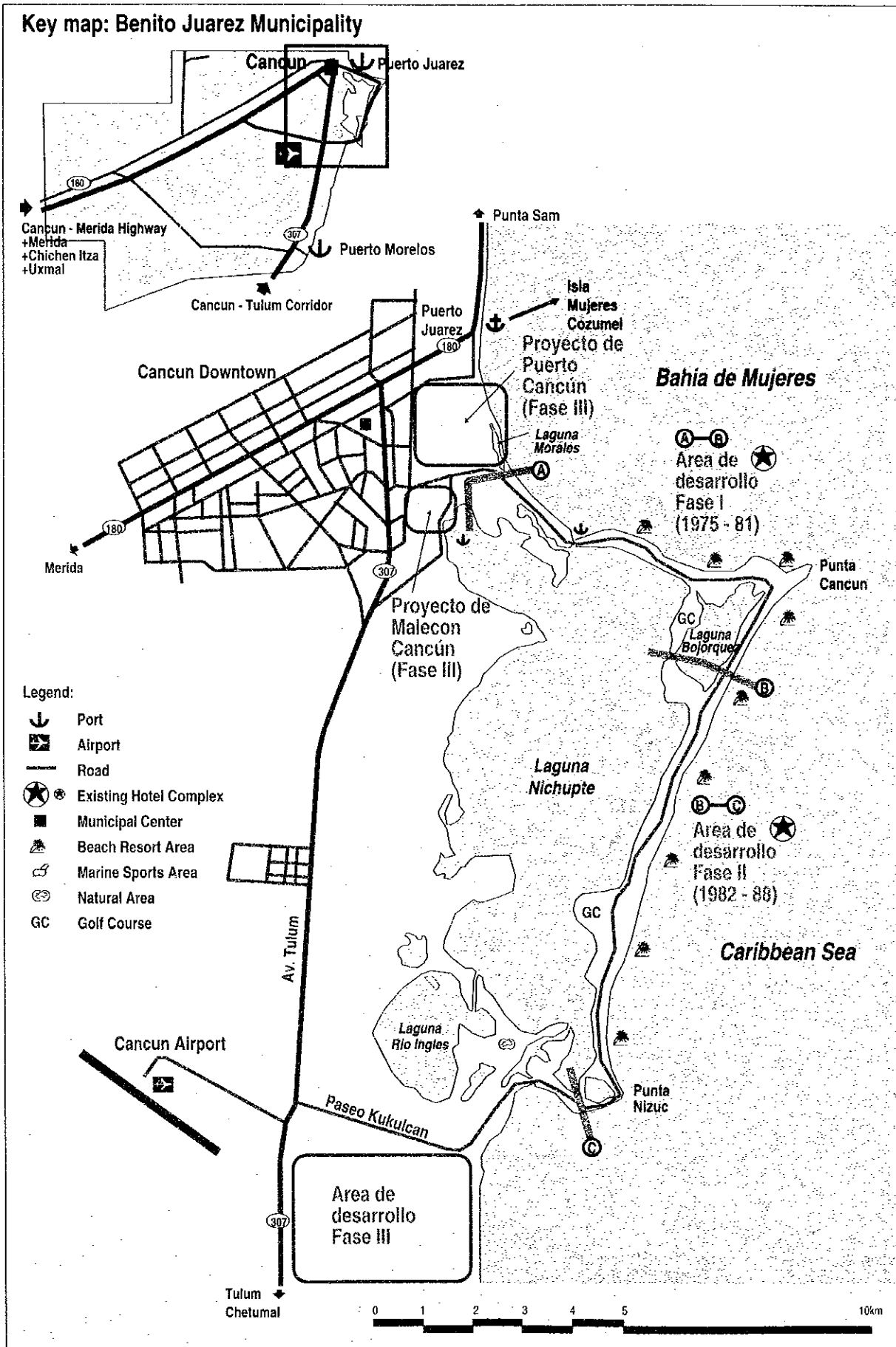
Key map: "Mundo Maya" North Zone



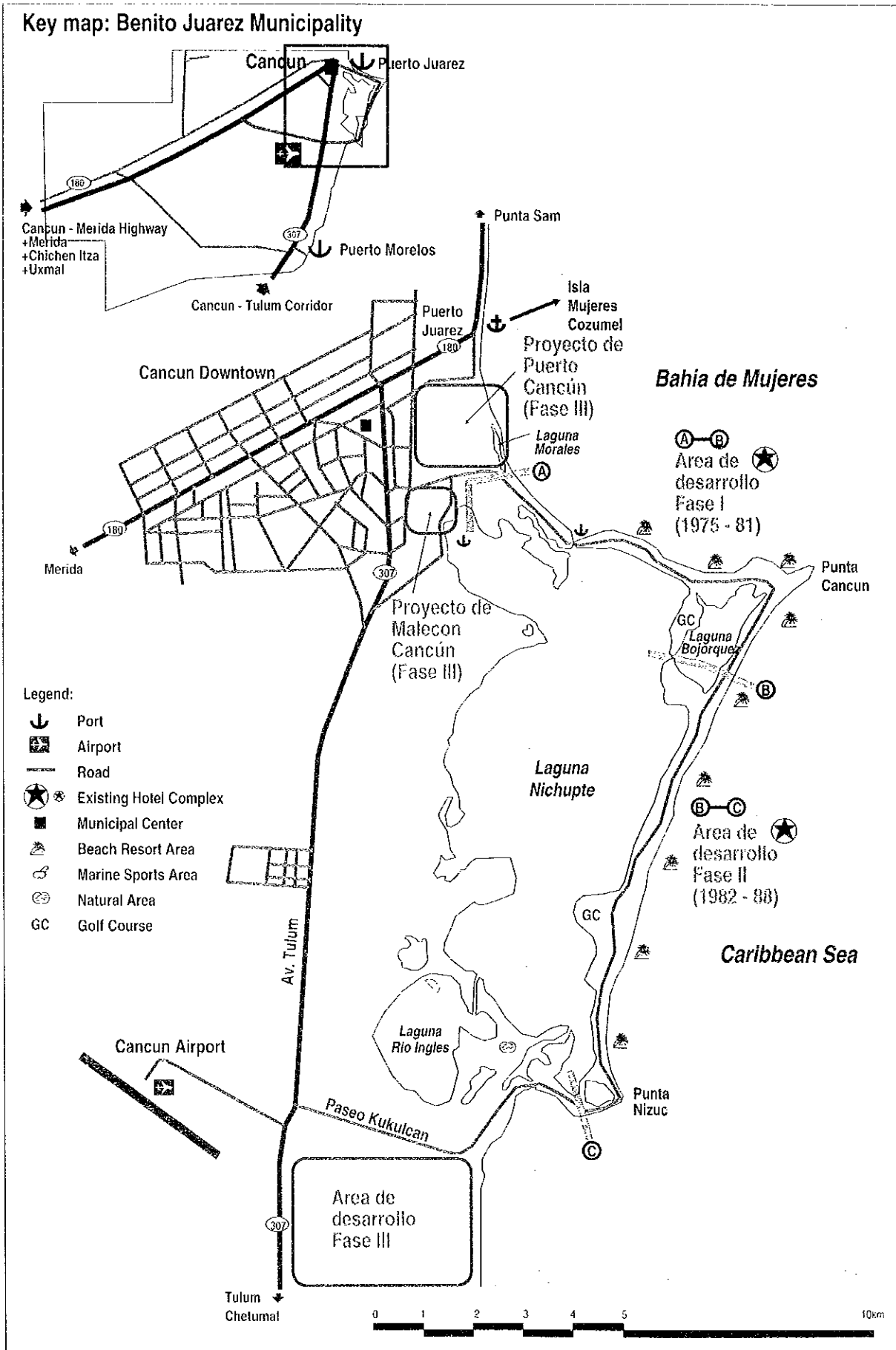
Proposed tourism structure of Cancun tourism region (Level 2)



Proposed tourism structure of Cancun tourism region (Level 1)



Proposed tourism structure of Cancun tourism region (Level 1)



Volume-3 Regional Strategies for Selected Destinations
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Organization of this report

The final report is composed of 4 separate volumes. Contents of the 4 volumes are as follows:

Volume-1: Summary
(Summary of Volume-2 and Volume-3)

Volume-2: National Level Strategy
(National level tourism plans and proposals that support tourism development and promotion plans at three destinations.)

Volume 3: Regional Strategies of Selected Destinations
(Tourism development and promotion plans for chosen three destinations including financial analysis, action and initial environmental evaluation.)

Volume 4: Technical Documents
(Supplemental studies and data)

Abbreviation

AAIR	Annual Average Increase Rate (Crecimiento Promedio Anual)
API	Administration of Integral Port (Administración de Puerto Integral)
ASA	Department of Airport and Auxiliary Service (Aeropuertos y Servicios Auxiliares)
BANOBRAS	National Bank of Public works and services (Banco Nacional de Obras y Servicios Publicos)
B/C	Benefit and Cost (Beneficio y Coste)
BR	Biosphere Reserve (Reserva de la Biosfera)
CESTUR	Tourism Reserch Institute (Centro de Estudios Superiores en Turismo)
CFE	State Commission of Electric (Comisión Feferal de Electricidad)
CLFC	Central Electric and Power Company (Compañía de Luz y Fuerza del Centro)
CMPT	Mexican Tourism Promotion Council (Consejo Mexicano de promoción turística)
CNA	National Water Commission (Comicion Nacional del Agua)
EIA	Environmental Impact Assessment (Establecimiento del Impacto Ambiental)
EIRR (TIRE)	Economic Internal Rate of Return (Tasa Interna de Retorno Económico))
EPR (EPC)	Employee Per Room (Empleados Por Cuarto)
FIRR (TIRF)	Financial Internal Rate of Return (Tasa Interna de Retorno Financiero)
FIT (VTI)	Foreign Independent/Individual Travel (Viajero Totalmente Independendiente)
FNM	National Railways of Mexico (Ferrocarriles Nacional de México)
FONATUR	National Fund for Tourism Promotion (Fondo Nacional de Fomento al Turismo)
FTL (LFT)	Federal Tourism Law (Ley Federal de Turismo)
GDP (PIB)	Gross Domestic Products (Producto Interno Bruto)
GRDP (PRIB)	Gross Regional Domestic Products (Producto Regional Interno Bruto)

IDB (BID)	Interamerican Development Bank (Banco Interamericano de Desarrollo)
IEE (EIM)	Initial Environmental Examination (Evaluación Inicial del Medioambiente)
INAH	National Institute of Anthoropology and History) (Instituto Nacional de Antropología e Historia)
INE	National Institute of Ecology (Instituto Nacional de Ecología)
INEGI	National Institute of Statistics, Geography and Informatics (Instituto Nacional de Estadística Geografía e Informática)
INI	National Institute of Indigenous (Instituto Nacional Indigenista)
IPC (CIP)	Integrated Planned Center (Centros Integralmente Planeados)
ITC (CTI)	Integrated Tourism Center (Centros Turísticos Integrales)
JICA	Japan International Cooperation Agency (Agencia de Cooperación Internacional del Japón)
JNTO	Japan National Tourist Organization (Organización Nacional Turística del Japón)
JTA	Japan Tourist Associaton (Asociación Turística del Japón)
JTB	Japan Travel Bureau
LGEEPA	General Law of Environment (Ley General de Equilibrio Ecológico y Protección Ambiental)
NGO (ONG)	Non Governmental Organization (Organización No Gubernamental)
NP	National Park (Parque Nacional)
PROFEPA	Federal Agency for Environmental Protection (Procuraduría Federal de Protección Ambiental)
RCI	Resort Condominium International
SBR	Special Biosphere Reserve (Reserva especial de la Biosfera)
SCT	Secretariat(=Ministry) of Communication and Transportation (Secretaría de Comunicaciones y Transportes)
SECOFI	Secretariat of Commerce and Industrial Promotion (Secretaría de Comercio y Fomento Industrial)
SECTUR	Secretariat of Tourism (Secretaría de Turismo)
SEDESOL	Secretariat of Social Development (Secretaría de Desarrollo Social)
SEMARNAP	Secretariat of Environment, Natural resouces and Fishing (Secretaría de Medio Ambiente, Recursos Narurales y Pesca)
SES	Secretariat of Health (Secretría de Salud)

SHCP	Secretariat of Finance and Public Credit (Secretaría de Hacienda y Crédito Público)
SINAP	National System of Nature Protected Areas (Sistema Nacional de Areas Naturales Protegidas)
SIT	Special Interest Tours (Viaje de Interés Especial)
SMEs (PMEs)	Small- and Midium- sized Enterprises (Pequeñas y Medianas Empresas)
SNIT	National System of Tourism Information (Sistema Nacional de Información Turística)
UNEP (PNUMA)	United Nations Environment Programme (Programa de las Naciones Unidas para el Medio Ambiente)
VFR	Visit Friend and Relatives (Visito a Familia y Amigos)
WTO	World Tourism Organization (Organización Mundial del Turismo)

Glossary of special terms

\$	Mexican Peso (Peso mexicano)
US\$	US dollar, [US\$1 = 7.5 Mexican Pesos] (Dólar de Estados Unidos, [US\$1 = 7.5 Pesos mexicanos])
N.A. (N.D.)	Not available (No disponible)
P	Preliminary (Preliminar)
--	Non applicable (No aplicable)

1. Introduction

1. Introduction

1.1. General

In response to the request of the Government of the United Mexican States (hereinafter referred to as "GOM"), the Government of Japan (hereinafter referred to as "GOJ") determined to conduct the Study on Formulation of Tourism Development and Promotion Strategies for the Selected Tourism Destinations in Mexico (hereinafter referred to as "the Study").

The Japan International Cooperation Agency (hereinafter referred to as "JICA"), the official agency responsible for the implementation of the technical cooperation programs of GOJ, will undertake the Study in accordance with the Scope of Work agreed upon between representing GOM and the JICA Preparatory Study Team on April 27th, 1995 and the relevant laws and regulations in force in Japan. On the part of GOM, the Secretariat of Tourism (hereinafter referred to as "SECTUR") acted as the counterpart agency to a Japanese study team and also coordinate relations with other governmental and non-governmental organizations during the Study.

1.2. Study objectives, target years, and study areas

The followings are the items for the study agreed between the JICA Preparatory Study Team and SECTUR.

1.2.1. Study objectives

Objectives of the study are:

- To undertake evaluation and analysis of the past tourism development at selected tourism destinations in Mexico,
- To formulate tourism development strategies for the study areas based on the evaluation and analysis of the above,
- To formulate tourism promotion strategies for the study areas, and
- To propose strategies for other tourism destinations of Mexico.

1.2.2. Target years

The target years of the study are:

- Year 2010 for the strategy formulation, and
- Year 2002 for the action plan

The target year for strategy formulation is divided into three (3) phases as:

- Short-term (1996-2000),
- Medium-term (2001-2005), and
- Long-term (2006-2010).

1.2.3. Study areas

While the JICA preparatory study team visited Mexico to define the scope of work for the study, SECTUR proposed six (6) beach destinations as the study areas for the JICA study. They were Los Cabos, Mazatlan, Puerto Vallarta, Acapulco, Huatulco and Cancun. However, It was discussed and agreed between SECTUR and the JICA preparatory study team that three(3) study areas should be chosen out of the six destinations due to the constraints in schedule and budget for the study. It was also agreed that two destinations of Los Cabos and Cancun were to be included in the study, which means that another study area out of remaining four destinations should be selected in the study.

The JICA study team conducted site surveys of the six destinations to choose a destination. After the surveys the study team proposed Puerto Vallarta as the third destination for further study through the selection procedure as discussed in this section. The methodology and the result of selection was agreed upon with SECTUR in the Steering Committee held on 1st of December, 1995, thus the three study areas of Los Cabos, Cancun and Puerto Vallarta were confirmed.

(1) Criteria for the selection

It was understood that the study on selected study areas should be the case study so that the study methodology for selected study areas could be applicable to other destinations in Mexico as models. The choice of a destination was made based on a typological analysis of characteristics of candidate study areas. The criteria for the selection were 1) how different the characteristics of the selected destination would be from Los Cabos and Cancun , and 2) how far the study of the destination could be applicable to destinations that are not chosen.

The criteria to identify the characteristics of the candidate study areas are as follows:

- Development types
- Geographic characteristics
- Resort life cycle of tourism destinations
- Development sizes, and
- Market characteristics.

a. Development types

All six destinations are the beach resort destinations that are generally classified into two categories as follows:

- Integrally planned centers, and
- Traditional beach center.

b. Geographic characteristics

Three sea regions and three land regions was set to determine geographical characteristics of the proposed destinations.

Sea regions

Mexico faces four seas, namely, Cortes Sea, Pacific Ocean, Caribbean Sea, and Gulf of Mexico. As there is no proposed destination facing Gulf of Mexico, the six destinations are classified into the following three sea regions:

- Sea of Cortes,
- Pacific Ocean, and
- Caribbean Sea

Land regions

The six destinations are classified into three land regions as follows:

- Northern regions,
- Central regions, and
- Southern regions.

c. Resort life cycle of tourism destinations

The six destinations are classified into three stages of resort life cycle as follows:

- Initial stage,
- Growth stage, and
- Maturity stage.

d. Development sizes

The six destinations are classified into three categories of the numbers of hotel rooms, and the three categories of the numbers of hotel arrivals (total hotel arrivals of domestic and international) as follows:

Number of hotel rooms

- Large (L > 10,000 rooms),
- Medium (10,000 rooms > M > 5,000 rooms), or
- Small (5,000 rooms > S)

Numbers of total hotel arrivals

- Large (L > 1,000,000 tourists),
- Medium (1,000,000 tourists > M > 500,000 tourists), or
- Small (500,000 tourists > S)

e. Market characteristics

The six destinations are classified into two categories of market types, and three categories of market diversification levels as follows:

- Domestic market oriented (domestic hotel arrival > 50%)
- International market oriented (foreign hotel arrival > 50%)

(2) Conclusion

Table 1. 1 and Figure 1. 1 show the characteristics of the six proposed destinations classified by the above criteria. They show the destination that has the most different characteristics from Cancun and Los Cabos. In this sense, Puerto Vallarta is the most appropriate destination for the study area among the four destinations.

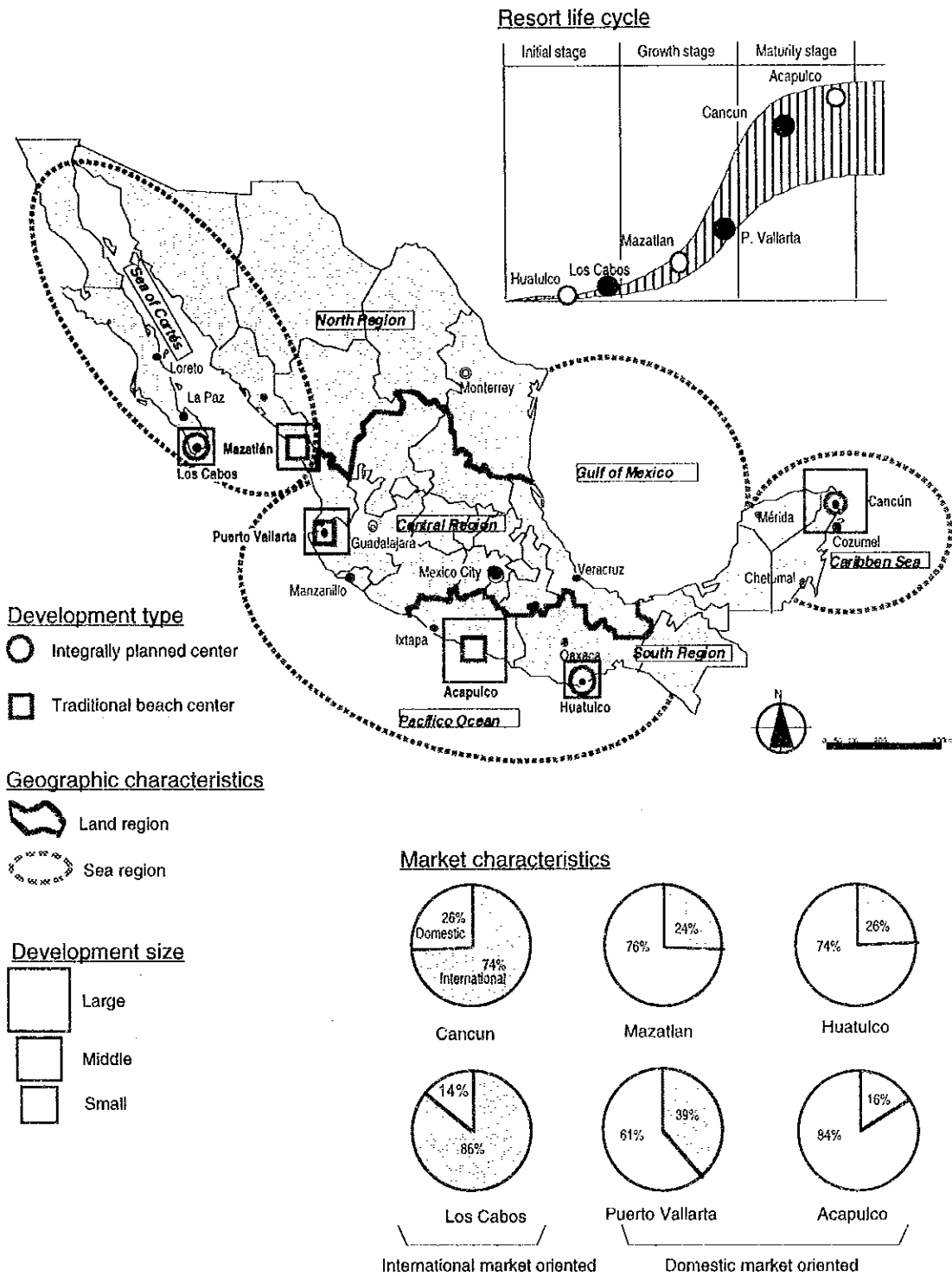
Table 1.1 Comparison of six tourism destinations

Typology		Classification	Los Cabos	Mazatlan	Puerto Vallarta	Acapulco	Huatulco	Cancun
Development type		Integrally planned	●				○	●
		Traditional beach		○	○	○		
Geographic characteristics	Sea region	Sea of Cortes	●					
		Pacific Ocean		○	○	○	○	
		Caribbean Sea						●
	Land region	North region	●	○				
		Central region			○			
		South region				○	○	●
Resort life cycle		Initial stage	●				○	
		Growth stage		○	○			
		Maturity stage				○		●
Development size	Hotel capacity (Star hotels in 1994)	Large				○ 15,368		● 18,772
		Middle		○ 6,343	○ 9,886			
		Small	● 3980				○ 1,778	
	Hotel arrivals in 1994 (1,000)	Large				○ 1,930.1		● 1,958.1
		Middle		○ 886.3	○ 897.5			
		Small	● 361.9				○ 169.9	
Market characteristics		International market oriented	● 86%	○ 76%	○ 39%	○ 16%	○ 26%	● 74%
		Domestic market oriented	○ 14%	○ 24%	○ 61%	○ 84%	○ 74%	○ 26%
Adequacy for the study area				5	7 (full mark)	3	2	

Notes: Data used for the above analysis was the best available data when the decision of the selection was made. Therefore they may not be consistent with the most recent data presented in later chapters.

Source: JICA Study Team

Figure 1.1 Characteristics of the six destinations



Source: JICA study team

2. Theoretical framework

2. Theoretical framework

This chapter discusses methodologies, theoretical background, and prerequisites to determine a development strategy for respective tourism destinations.

2.1. Considerations to determine development and promotion strategies

2.1.1. Resort life cycle

A theory of resort life cycle is considered to determine the strategies of the selected tourism destinations. The theory originated in the product life cycle theory of marketing but it is widely used to interpret tourism phenomenon as well. Stages in the resort life cycle should be considered to determine the strategy of a tourism destination. Table 2. 1 summarizes characteristics and general strategy of tourism destinations at respective stages of the resort life cycle.

Table 2. 1 Characteristics of respective stages of resort life cycle

	Initial stage	Growth stage	Maturity stage
Growth rate	Low- high growth rate	High growth rate	Lowering growth rate
Investment	Large investment with small or minus profit	Large investment with high return	High profit
Tourism center	Development of basic infrastructure	Improvement of tourism amenity Creation of tourism products	Rejuvenation of existing tourism center Enhancement of general urban functions Development of new satellite resort areas
Tourism network	One-day trip area	Tourism corridor	Tourism circuit
Tourism promotion	Creation of market awareness	Establishment of a high image	Maintenance of the high image Mass market orientation
Markets	Dependence on a single market	Market diversification	Dependence on various markets
Appeals to markets	Nature Exotic culture Superiority	Being an "in" place	Good infrastructure Comfort Being well-known

Source: JICA study team

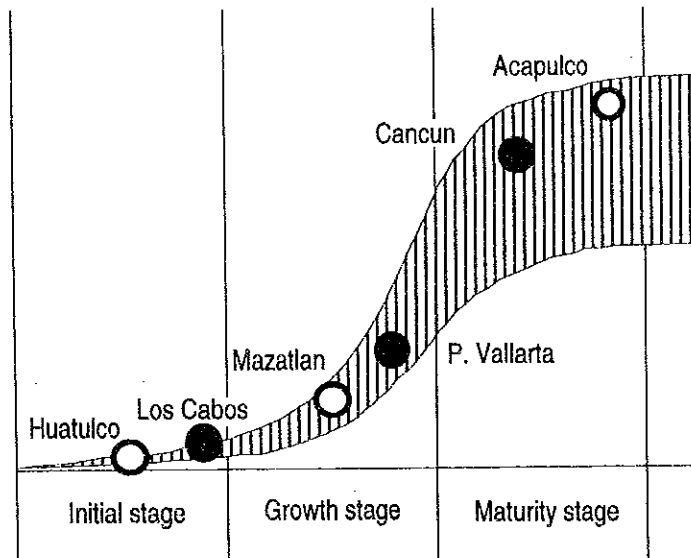
The table shows that a tourism destination at the initial stage should give priority to develop infrastructure in the core tourism area targeting at elite tourists. As stage proceeds, the tourism destination should consider to develop a tourism network that covers a wider area, while diversifying client types by improving tourism amenity. At the maturity stage, rejuvenation of existing tourism center become an important issue while its outward expansion would be equally crucial.

Though it may not be a universal scenario, a tourism destination that reached the maturity stage may need to consider to sophisticate its urban function for a further stage. There are examples of cities which were founded as resort towns but later transformed into commercial and high-tech industrial centers capitalizing on their advantages such as transportation network, favorable tourism image, and good urban amenity to attract new residents and enterprises. A typical example would be Miami in the USA.

It is noted that the above typology is based on the typical case of a very competitive tourism destination, and minor tourism destinations may not follow the same path. In the case of a less competitive destination, market diversification and the formation of tourism circuits may not occur as it would cater only for domestic and short-haul international visitors. To determine the strategy of a destination, tourism potential of the destination should also be considered.

Figure 2. 1 shows the resort life cycle stages of major tourism destinations in Mexico.

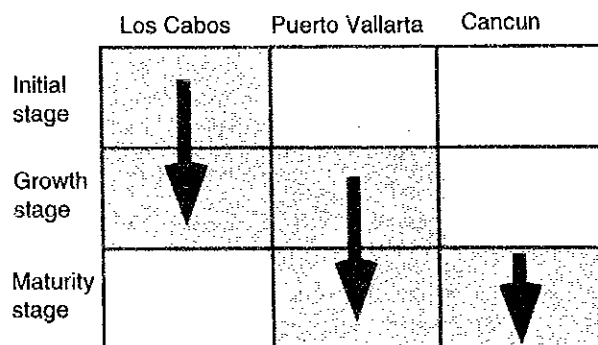
Figure 2. 1 Resort life cycle and major destinations in Mexico



Source: JICA study team

As discussed in the previous chapter, three destinations of Los Cabos, Puerto Vallarta, and Cancun were chosen to represent the respective stages. By the target year 2010, chosen destinations would shift their stages as shown in Figure 2. 2.

Figure 2. 2 Resort life cycle stages of the selected destinations



Source: JICA study team

The figure shows that Los Cabos should consider the general strategies for the initial and growth stages, Puerto Vallarta should consider those for growth and maturity stages, and Cancun should consider those for the maturity stage.

2.1.2. Tourism hierarchical system and tourism strategy

Tourism hierarchical system is set based on visitor's travel behaviors as discussed above. There are four levels of tourism hierarchy as follows:

Beach center

Beach center corresponds to the area of a resort town.

One-day trip area

One day trip area is the area where average people can make an easy one-day trip from a beach center. In general, radius of three hour distance from the beach center is its one-day trip area. It corresponds to the travel pattern of visitors who only stay in a beach center. This type of itinerary is common to visitors from the short-haul market.

Tourism corridor

If there is an attractive tourism site within six hour distance, over-night trip to the tourism site is acceptable for most people. Tourism corridor assumes the travel pattern of visitors who combine a non-beach tourism site and a beach center. This type of itineraries would be preferred by visitors from short- and middle-haul markets.

Tourism circuit

Tourism circuit is a circuit that generally takes a week to cover. Visitors from the long-haul market generally combine the circuit and a stay at a beach center.

2.1.3. Travel itinerary and geographic tourism market

There is a close relationship between travel itinerary and geographic tourism market. For example, Cancun is a long-weekend destination for those from Florida while it is common for Canadians to spend two weeks in Yucatan Peninsula, and for Europeans to participate in a tour package that comprised of a touring of Mundo Maya and a stay at Playa del Carmen.

As visitors travel longer distance, their travel itinerary become longer. Also visitors from distant areas are generally more curious about the destination they visit than those from a neighboring country. Table 2. 2 summarizes the relationship between geographical market and travel itinerary

Table 2. 2 Combination of regional market and itinerary types

	Short-haul	Middle-haul	Long-haul
Short itinerary (Beach only)	XX	X	
Medium Itinerary / tourism corridor (A few day sight-seeing + beach)	X	XX	X
Long itinerary / tourism circuit (One-week touring + beach)		X	XX

Note: XX - major demand from respective markets, X - some demand from respective markets
Source: JICA study team

The table implies that the more potential a tourism destination has to attract visitors from the long-haul market, the wider area the destination has to include into its development strategy. The potential to attract the long-haul market is directly linked to the attractiveness and uniqueness of tourism resources that could be combined with the destination.

2.1.4. Setting of alternative scenarios

Three alternative scenarios were set for respective tourism destinations. They are generalized as follows.

Alternative 1

This is a scenario to concentrate development efforts on the beach center (Level-1) or the one-day trip area (Level-2). The scenario targets primarily at the short-haul beach resort tourism. This scenario is appropriate when:

- a destination is at the very initial stage of tourism development and needs investment in the existing tourism center, or
- tourism potential of the destination or possibility to formulate a tourism circuit is limited.

Alternative 2

This is a scenario to concentrate development efforts on the one-day trip area (Level-2) or the tourism corridor area (Level-3) while introducing some linkage to the tourism circuit (Level-4). It targets at both the short-haul and long-haul markets. It is generally appropriate when:

- a destination is at the growth stage and need development outside of its existing beach centers,
- tourism potential of the destination or possibility to formulate a tourism circuit is mediocre, or
- tourism potential of the destination is quite promising while the destination is at the initial stage of resort life cycle.

Alternative 3

This is a scenario to develop the whole tourism region (Level-4). It gives priority to develop the long-haul market that prefers a touring combined with a stay at a beach center. It is generally appropriate when:

- a destination is at the maturity stage, has relatively developed tourism infrastructure, and the short-haul market is reaching a saturation level, or
- tourism potential of the destination is quite competitive to attract visitors from the long-haul market.

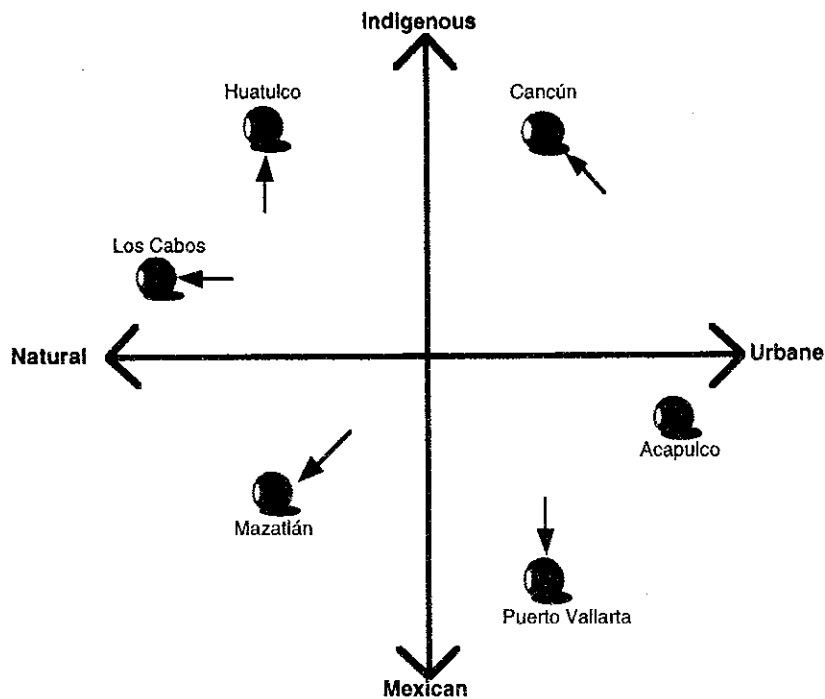
Each tourism destination has its own regional context such as regional development programs, socioeconomic conditions, and necessity for social and environmental considerations. These aspects should also be taken into account when choosing an appropriate scenario.

2.1.5. Positioning of tourism destinations

It is important to consider an appropriate positioning of tourism destinations to avoid useless competition and to diversify Mexican tourism as a whole.

Figure 2. 3 shows the appropriate positioning of major tourism destinations based on the study results of six candidates destinations. Attached arrows show development directions for respective destinations to indicate current and future positions. Positioning of the destinations does not indicate the tourism image of a single beach center but the combination of a beach center and tourism products attributed to the center. Each position is carefully chosen so that the destinations should not concentrate in a area but disperse widely in the figure.

Figure 2.3 Positioning of major tourism destinations in Mexico



Source: JICA Study Team

Vertical axis shows alternatives of the indigenous concept vs. the Mestizo Mexican concept. Cancun and Huatulco should shift their tourism concepts toward more "indigenous" making better use of archaeological sites and remaining indigenous cultures by establishing tourism corridors and circuits. Puerto Vallarta and Mazatlan should go for more "Mexican" utilizing local Mexican cultures and enforcing links with inland Mexican cities.

Horizontal axis shows alternatives for urban concept vs. nature-oriented concept. Cancun, Mazatlan, and Los Cabos are the destinations that should control excessive urbanization of resort areas, or emphasize its nature-oriented tourism products. Since Acapulco is a long established destination with its own characteristics, its position should remain unchanged in the future.

The figure shows appropriate development concepts for the three selected destinations of Los Cabos, Puerto Vallarta, Cancun in the national development context; the nature for Los Cabos, Mestizo Mexican culture for Puerto Vallarta, and indigenous cultures for Cancun.

2.2. Classification of tourism projects

2.2.1. Types of projects

(1) Tourism attraction development/improvement (ATR)

a. ATR-1: Conservation and improvement of the existing tourism assets

- Development of visitor reception facilities such as an information center, outdoor furniture, signs and symbols, parking lots, toilets, and
- Beautification of historical centers.

b. ATR-2: Development of tourism attractions

- Development of new tourism resources for the region such as a museum, a gallery, etc..

(2) Environmental conservation and social development (ENS)

a. ENS-1: Conservation of natural and social resources

- Environmental conservation of various nature sites such as beaches, lagoon, and mangrove forest, plants and animals, and
- Protection of local communities from negative impact of tourism.

b. ENS-2: Utilization of natural and social resources for tourism

- Environmental conservation linked with tourism,
- Promotion of local participation in tourism, and
- Promotion of local industries linked with tourism.

(3) Tourism facility development (FCL)

This includes the tourism facilities except hotels such as:

- Golf course,
- Marina,
- Convention center, and
- Commercial complex.

(4) Hotel accommodation development (HTL)

Hotel accommodation development is based on the development framework.

(5) Land development (LDV)

Land development projects mainly by FONATUR including grading and storm water drainage, lot sub-division, road network, utility services for sale to private second developers.

(6) Transport development (TRP)

There are two categories of transport development projects as follows:

a. TRP-1: Transport projects for the tourism purpose

This is the transport projects necessary for tourism development such as:

- Access roads
- Landing strips
- Tourist piers

b. TRP-2: Transport projects scheduled to implement by governmental agencies

Most transport infrastructure projects with high development costs are to be implemented by respective agencies.

- Federal highway improvement by SCT
- Airport improvement by ASA
- Port facilities development by API
- State roads by respective state

(7) Utility service system development (UTL)

This includes projects of water supply, sewerage, solid waste disposal, and electrical supply. Except electrical supply, they are to be developed by respective municipalities. They are divided into following categories:

a. UTL-1: Utility services development for tourism area/resources

This is a category directly related to tourism development. It includes projects that provide utility services for tourism development sites and for conservation of tourism resources and environment.

b. UTL-2: Utility services development for residents in tourism centers

This is a project to provide utility services for residents in tourism centers. It contributes to environmental conservation.

2.2.2. Project category

The projects are classified into two categories as follows:

(1) Category-A

This category is applied to the projects which are developed mainly for the tourism development including project types of ATR, ENS, FCL, HTL, LDV, TRP-1 and UTL-1 as mentioned above.

(2) Category-B

This category is applied to the projects that are developed in accordance with federal and state development policies. This includes the project types of TRP-2 and UTL-2.

2.3. Implementation plan

2.3.1. Phasing

(1) Project implementation phases

Following three phases are applied to the projects and programs. Each phase has a period of 5 years:

- Short-term (1996 - 2000)
- Medium-term (2001 - 2005)
- Long-term (2006 - 2010)

(2) Criteria for phasing

a. Tourism development projects

Priority-1; Projects that prevent further damages to existing tourism resources.

Priority-2; Projects that create new tourism products.

Priority-3; Projects that improve existing tourism attractions.

Priority-4; Projects that replace existing transport infrastructure except those already scheduled by the Federal and local governments.

Priority-5; Projects whose scope has not yet been well defined.

Following considerations were made to determine the phasing of projects:

- Phasing of projects planned by federal and state government agencies are set in accordance with their original implementation plan,
- Development of hotel accommodation was set in accordance with the development framework, and
- Infrastructure project that supports a tourism project was put into the same phase as the tourism project.

b. Tourism promotion projects

Tourism promotion requires continuous efforts for a certain period. Hence, all projects should be implemented throughout the phases.

c. Institutional and organization programs

All tourism programs should start immediately and require continuous efforts.

2.3.2. Development and operation bodies, and financial sources

a. Tourism development projects

Following considerations were made determine development and operation bodies of respective projects. In principle, each project is financed by its development body.

Tourism resources conservation projects should be implemented, through coordination of SECTUR, by federal agencies such as INAH for archeological and historical resources, INE for environmental resources, and INI for social resources. These projects should involvement of local people and require their consensus. In case of historical buildings, conservation projects must be implemented by municipal or state governments.

Facilities development projects for tourism objectives should be implemented by municipal or state government. SECTUR should be involved in project when special know-how or supervision of design and material are necessary. SCT should be involved when construction of access road is necessary.

Beautification of historical center should be implemented by municipality with participation of local residents.

Tourism facility development projects should be implemented by the private sector in case the facility is expected to be profitable. Convention center would be developed and operated by a joint-venture of the private sector and the state government.

Transport facilities projects should be implemented, in principle, by federal government agencies such as SCT , ASA, and API. State government should implement projects of state roads with cooperation from SCT and air strips with the National Security Agency.

The wayside facilities like a service station with restaurant, shop and toilet, parking area, observation deck should be developed by the development body of respective road development project but operation should be done by a private enterprise.

Utility services projects such as water supply, sewerage, and solid waste disposal should be implemented by respective municipalities. Private companies could be granted concession to operate the services.

CFE should develop and operate electrical supply facilities.

b. Tourism promotion projects

Tourism promotion activities should be financed and conducted by respective Fondo Mixto in general with cooperation from state and municipal governments. Proposed inter-state tourism organization for the coordination of tourism promotion should take initiative in promoting toward the long-haul market being financed by Fondos Mixtos, state and municipal governments in the same tourism region.

Airline companies, hoteliers, tour operators, and other tourism related enterprises should cooperate with Fondo Mixto or the inter-state organization for the coordination of tourism promotion by providing free or discounted services.