Ecuadorian Tourism Industry Competitiveness Analysis

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Abstract – The tourism industry in developing countries can present differentiated results in their levels of competitiveness. Analyzing the specific cases in this type of economy could open up the possibility of developing more efficient growth processes in the industry. The study proposes to analyze the challenges that restrict the full development of tourism in Ecuador. A literature review related to the competitiveness of destinations is carried out, identifying the potentialities and conditions for the correct development of the sector. It is identified that improvements must be made in current industry regulations, planning and decentralization processes and coordinating related actors.

Keywords – Destination competitiveness, developing economies, tourism, Ecuador.

1. Introduction

Tourism is currently an industry with high growth worldwide. Due to its influence on the level of investment, production, and unemployment, it is an attractive resource for authorities in charge of developing economic policy strategies [1].

However, the empirical works on the development of this industry shows that there may be differentiated results depending on the characteristics of the country or region of interest. It is even more critical for developing countries, which share specific patterns such as high dependence on income from their natural resources, low diversification, latent poverty, and distribution problems. The tourism industry in this type of economy should become a branch of the study of interest because they face much more complex challenges to improve levels of competitiveness [2]. It can be evidenced in the links between economic growth, growth of the tourism industry, and economic development that show unusual behavior in this type of economy. Therefore, the study of each case and its multiple variables are part of the aspects that must be analyzed to understand the tourism phenomenon fully.

This work takes Ecuador as a case study because it is an economy with particular features. Among the most relevant are: adoption of the United States dollar as the national circulation currency since the year 2000; its main export products are of a primary type (agriculture and aquaculture); furthermore, in the 1970s it experienced profound economic growth as a result of the start of oil exploitation activities. However, even today, the economy's ability to redistribute oil revenues and carry out productive chains that allow the advancement of other industries is questioned.

Therefore, the need to identify industries that allow alleviating the economic and social problems that the country has is an urgent task. In this context, the Ecuadorian tourism industry sends positive signals as concluded by Croes et al. [3]. These authors study the relationship between tourism competitiveness and human development, identifying four types of generic destinations: virtuous, vicious, unbalanced tourism competitiveness, and unbalanced human development. They establish that Ecuador is a virtuous destination because human development promotes tourism competitiveness, which improves human development. Of the ten selected countries, only Ecuador has remained for sixteen years (1998-2014) in the quadrant corresponding to the virtuous destination category.
For Ecuador, the development of tourism generates an increase in the income of people living in poverty, even those included in the extreme poverty category [4]. That is, it benefits, to a greater extent, the poorest. In this manner, tourism shows favorable effects regarding income and distribution of said income, critical aspects for a country like Ecuador. Additionally, the study indicates that tourism has a significant influence on all sectors that show interdependence with it. However, the main challenge that this country shows is to increase the competitiveness of the tourism industry, which is one of the lowest among the countries of South America, a condition that it shares with Paraguay and Venezuela [4].

This paper aims to analyze the challenges that restrict the full development of tourism in Ecuador. The work carries out an analysis of the competitiveness of the tourism industry in Ecuador using the Crouch & Ritchie model. With the achievement of these objectives, it is intended to provide study elements that allow residents and visitors to benefit. In the same way, it is intended to contribute to the investigation of studies on destinations with no historical precedents in tourism and that present broad challenges in the framework of current challenges to achieve high levels of competitiveness.

A review of the literature related to the competitiveness of tourist destinations will be carried out as a first step. Subsequently, the case of the Ecuadorian tourism industry will be addressed, identifying the potentialities and conditions for the correct development of the sector.

2. Literature review

Competitiveness is a determining factor for any industry. However, the main problem with the tourism sector is associated with its definition since it presents complexities. The differences are not limited to the definition of competitiveness. Identifying factors and models related to the industry represent a challenge derived from the heterogeneity of the definition [5].

In the same way, various authors establish numerous measures, indicators, and variables related to competitiveness without reaching a consensus [5]. Porter studied the concept of competitiveness at the company level in 1990 by adapting the diamond model, also called the theory of national competitive advantage of industries. This model has a strategic vision and recognizes four characteristics to be considered by the industry: factor conditions; demand conditions; support and related sectors; and finally, strategy, structure, and rivalry [5].

However, the most accepted definition of tourism destination competitiveness is the ability of a destination to provide unique experiences and generate benefits by increasing both spending and the number of tourists booking for future generations the natural elements. From this perspective, Crouch develops a model based on identifying the determining attributes of the competitiveness of sustainable tourist destinations. For which a group of specialists identified these attributes, valuing them under the analytical hierarchy process. In the end, five axes were identified: primary and attractive tourist resources; politics, planning, and development; supporting factors and resources; destination management; and, finally, qualifying determiners and amplifiers. Among the most critical sub-factors, they found that physiography and climate, the mix of activities, culture and history, tourist superstructure, security and protection, cost/value, accessibility, special events, awareness/image, and location, were considered the most importantly relevant [6].

The primary and attractive tourist resources are essential for a destination to be categorized as such. The physiography, culture and history, the tourism superstructure (composed of accommodation, food services, and transport facilities), and special events are the sub-factors that stand out in this component [7].

Within the axis of policy, planning, and development of destinations, which is not included in the 1999 model, the necessary understanding between interested parties within the industry stands out. That is the establishment of objectives, monitoring, and determination of results [2].

Support factors and resources are identified as elements that motivate inbound tourism. Among them is infrastructure, such as water supply and sanitation. In addition, developing economies must think about mechanisms to promote infrastructure and the accessibility. If there are access problems to tourist attractions, these translate into long travel hours, high costs, inoperative connections, and annoying travel schedules. Then, to remedy this point, the economy must be able to attract foreign direct investment [6].

Destination management encompasses activities that can enhance the attractiveness of core resources. This point includes activities such as: *destination marketing, information/investigation, human resource development, resource management, among others [2]. It is established that there is an entity called the destination management organization (OGD) whose primary responsibility is developing and disseminating information to guarantee the progress of the proposed plans based on the interested parties.
Therefore, it works as an organization that leads the industry’s actions.

For their part, the role of the qualifying and amplifying determinants of competitiveness is to define its scale, limit, or potential. These factors include geographic location, destination information, interdependence with other destinations, safety and security, awareness and image, cost/value, and carrying capacity [2], [6].

Another developed model based on this trend is the one proposed by Dwyer and Kim [8], which includes demand conditions and competitiveness indicators, thus expanding the model proposed by its predecessor. However, one of the main criticisms of the two models is made by Mazanec et al. [9] when sustaining the economic and practical utility of these models will be conditioned if the countries interested in the development of the tourism industry cannot establish unequivocal cause-effect relationships. In this way, it proposes a model that improves the proposal made by the World Travel and Tourism Council (WTTC), which has been carried out since 2006, working with complex and standardized data. Composite global competitiveness indices were created that incorporate cultural heritage, market share, and economic growth. These aspects are weighted according to the bilateral distances of the countries [9].

For their part, Cronjé & Du Plessis [10], in their most recent work, review the literature developed around the competitiveness of tourist destinations. They conclude that the main coincidences among the authors who have studied the factors that influence the competitiveness of the tourism industry are: infrastructure, events, service quality, development, environmental image, security, purchases, information, and the climate. Although most authors have carried out their studies under the supply approach, the results mentioned above respond to the analysis of the studies carried out under a combined approach (supply and demand) that is considered the ideal, although it is the scarcest. In addition, another limitation arises, since most of the research is carried out in Europe, the results could show patterns that are not necessarily true in developing countries.

In this sense, Shariffuddin et al. [5] point out that the evolution of models related to competitiveness must be contrasted with their practical evaluation to determine their effectiveness, which implies verifying their variables. It could happen because the different models require a significant amount of data, given the industry’s scarcity of data. It represents the main challenge for the proposed models. In the case of non-traditional destinations, adopting mathematical or explanatory models represents a more significant challenge due to the difficulty in accessing reliable quantitative data [2].

For all of the above, developing a model that makes it possible to measure the competitiveness of destinations is undoubtedly an ambitious task because it reveals other elements that make it challenging to summarize the success of a destination with only quantitative data. Elements such as the life cycle stage in which the tourist destination is located, the type of tourism that the destination develops, or how consumers make travel decisions have different kinds of effects on competitiveness [11].

Given the multiple challenges that influence the competitive potential of tourism, holistically studying the phenomenon is a strategy that allows sufficient analysis elements to understand the case corresponding to the Ecuadorean tourism industry, even with various tourist attractions with exclusive characteristics. It continues to be a little exploited destination. This analysis will clarify the different edges influencing the industry's competitiveness levels.

3. The evolution of the tourism industry in Ecuador

The slow growth of developing economies may be because they have recently been integrated as attractions for international tourism. After all, they did not have an evident tradition or a developed industry [12]. Thus, according to Gómez-Vega & Herrero-Prieto [13], the economies of Latin America and the Caribbean must not only increase the number of tourists but also manage the industry in such a way that visitors can extend their stays and increase the impact they have on them.

The design of the policies and actions must be precisely oriented towards the sector since the economies could show significant improvements in their general productive performance. However, the tourism sector could reflect little growth. It is corroborated by the study carried out by Brida et al. [14], who identify within their results that Ecuador belongs to the group called Low Tourism (regime 2) which is characterized by a low level of growth (average) in the tourism sector but high economic growth.

The first step to achieving the objectives mentioned above consists of identifying the internal aspects that could hinder the correct development of the industry. For this, the statistics, and reports of the official organisms related to tourism, which have been related to the different aspects related to the competitiveness of a destination, have been reviewed. In the case of Ecuador, the intention is to take advantage of the short distances in the country, which makes it possible for tourists with limited time to enjoy a varied and unique experience in each of the country's continental regions.
Due to the complexities and multiple edges, it represents for Ecuador, the qualifying and amplifying determining factors will be part of future studies.

3.1. Primary and attractive tourist resources

Due to its geographical location, Ecuador has potentialities that make it a country with natural attractions distributed in four regions: Galapagos, Coast, Andes, and Amazonia. Ecuador is one of the 17 countries that host between 60 and 70% of biodiversity per surface unit on a global scale. It has the Tropical Andes that concentrate 18% of birds on the entire planet and where 107 of the 455 most relevant areas for bird conservation are located worldwide [15]. Another of the significant positions exerted by determining attributes [6]. The most attractive inventory and covers one of the decisive influence on the tourist destination is worldwide [15]. Another of the significant positions relevant areas for bird conservation are located on the Tropical Andes that concentrate 18% of birds on the entire planet and where 107 of the 455 most species, third in amphibians, and fifth in butterflies worldwide. In addition, it has a National System of Protected Areas covering more than 4.7 million hectares [16].

On the other hand, the country has a list of patrimonies that could be central to the tourist's decision to visit. Galapagos stands out as the main attraction. The challenge is to ensure that this destination promotes others within continental Ecuador, which has a cultural, natural, and documentary heritage that UNESCO has recognized. Among them: Quito, the Sangay National Park, Cuenca, the Zápara people, the Toquilla straw fabrics, the Qhapaq Ñan Andean Road System, the Marimba Music, Documentary of the Salesian Apostolic Vicariate in the Ecuadorian Amazon, 1890-1930 [17].

The country identifies among the leading tourist products the following: Agrotourism; sports and adventure tourism; cruise tourism; meetings, incentives, conferences, exhibitions – MICE; community tourism; cultural tourism; health tourism; ecotourism and nature tourism; sports and adventure tourism [16].

The data above show that the country has a reasonably attractive inventory and covers one of the essential aspects in choosing a destination. The most decisive influence on the tourist destination is exerted by determining attributes [6].

3.1.1. Touristic offer

The evidence of the country's tourist attributes reveals the strength that exists in this area. So the first point to be analyzed is the tourist offer. When analyzing the evolution of the number of tourist establishments per year in Ecuador, it can be noted that the average growth in the period from 2000 to 2006 was 1.1%, which response to the fact that the economy was adjusting to the new monetary system and recovering from the deep crisis of 1999 that generated a negative impact on the financial sector and, therefore, on the productive structures of the country. However, this situation reversed from 2007, reaching an average of 3.6%. Adopting the US dollar gave investors a less volatile scenario for long-term projects.

Regarding the types of establishments, it is recorded that third-category establishments represent 47% of the accommodation offered in the country. The offer of luxury accommodation only represents 2% of the national total. By adding the luxury and first category offer, 21% is achieved [18]. However, 49.7% of foreign tourists stay in 4 or 5-star hotels, while 31.6% do so in a 3-star hotel and hostel, and the last 18.6% in hotels or 1 or 2 star hotels. The most visited provinces are the following: Pichincha with 65.7%; Guayas with 51.0%; Santa Elena with 24.1%; Azuay with 21.5%; Tungurahua with 20.6%, Imbabura with 15.2%; Galapagos with 14%; Napo with 8%; Gold with 7.6%; between the provinces of Cotopaxi, Chimborazo, Esmeraldas, Carchi, Pastaza and Loja they add up to 29.6% [19].

3.2. Policy, planning, and development of the tourism industry in Ecuador

One of the fundamental objectives of the Ecuadorian economy is to break away from the strong dependence it has on oil. This dependence prevents the monetary authorities from establishing a clear roadmap because the international market determines its price [20]. Having a dollarized economy, Ecuador requires foreign currency to sustain its structure. However, the oil sector, which is the one that contributes the most considerable amount of income to the state budget, generates little growth stimulus in other productive sectors. Nor can it absorb a significant amount of the economically active population. Productive diversification points towards tourism, which emerges as one of the sectors that could contribute to improving economic growth, developing productive chains, increasing the reproduction of capital, and increasing the level of economic and social benefits related to it.

In return, the tourism industry requires coordinated actions for its proper growth. The government must be able to establish objectives, develop adequate planning and control the execution of said plans. Destinations often cannot formulate objectives against which they can assess their performance [6]. Logically, this becomes a weakness when trying to develop high levels of competitiveness.
3.2.1. State planning

In the 20th century, Ecuador showed a series of initiatives that were the first attempts to provide a minimum organizational framework for the industry. In 1930, a regulation was created that facilitated the entry of travelers into the country. In addition, diplomatic delegations in embassies and consulates promoted tourist promotion and information. In 1937 the Tourism Law was issued, which consisted of the delivery of an ID to the tourist as a document to enter the country. Tax exemptions were also provided to those interested in implementing hotels and inns. In 1992, after suppressing the National Secretariat of Communication (SENAC), the Ministry of Information and Tourism of Ecuador was created by the government of Sixto Durán Ballén. In 1997, the Special Law for Tourism Development and the Special Law for State Decentralization and Social Participation was promulgated, with which the Ministry of Tourism began the development and implementation of a decentralization strategy, jointly with the sectional governments to dynamize the tourist activity [21].

Since 1998, government planning has been a priority for the country's objectives related to the reactivation and diversification of production and fiscal sustainability. Tourism appears as a sector that could be promoted for such purposes. However, the political environment from 1999 to 2007 generated a weak institutional framework evident in the overthrow of two presidents in fewer than ten years. At the economic level, the situation was not significantly different. The economy faced the challenge of keeping afloat the dollarization process that began in the year 2000 and overcoming the collapse of the national financial system in 1999. Added to this was the atmosphere of social upheaval associated with those mentioned above political and economic crises. Under this environment, the possibility of promoting an industry with the complexities that the tourism sector presents becomes challenging.

It can be noted that within the actions determined through the "Plan de Gobierno 2000 - 2003: Por un nuevo país", the productive reactivation was sought with support from the agricultural, tourist, and commercial areas. In this context, tourism in Ecuador takes on institutional relevance through the reform that restores the category of Ministry to the sector. Also, the norm for the use and occupation of land for tourism purposes is developed in coordination with local governments. Lastly, to reduce the levels of unemployment and underemployment, the development of programs for both urban and rural tourism microenterprises is projected, and the communities seek to promote sustainable tourism projects [22].

In 2001, the decentralization of tourism powers towards the sectional governments was promoted. The functions transferred were: issuance of ordinances and resolutions, tourism promotion, approval and renewal of the Single Annual Operating License, granting licenses for tour operators, regulating the operating hours of tourist establishments, and monitoring the quality of tourism activities of tourist establishments, provide sanctions in coordination with the Ministry of Tourism, use and update tourist cadastres and inventories, protection and supervision of the cultural, environmental and tourist heritage of the canton and create taxes for tourist activity [23]. The problems that were generated in this process have to do with the economic resources related to the Single Annual Operating License since they were not earmarked for the execution of tourist-type projects, administrative changes complicated the specialization of officials, problems were generated with budgets and political will that did not allow the transfer of functions or resources [24].

As of 2007, the government established economic policy objectives to correct sectoral imbalances in productivity, seeking the improvement of the labor force and product diversification. The Transformation of the Productive Matrix focused on the diversification of goods, generation of industrialized products, promotion of exports, and import substitution is considered part of public policy. Also, it seeks to improve the situation of the Ecuadorian economy, which, being dollarized, requires a strengthened level of production to supply the national market, generate surpluses for export, and attract foreign currency to the economy. Under this scheme, the tourism sector is considered a "strategic sector" for changing the productive matrix. Developing sustainable tourism is promoted, especially in protected areas and community tourism. It is worth mentioning that this objective had already been raised in 2000 [25].

At the level of regulations on December 27, 2002, the update of the Organic Tourism Law was issued, the same one that was born from the Special Tourism Development Law of 1997. The Tourism Law [26] sought to generate a framework for the tourism sector's promotion, development, and regulation, especially regarding the activities, attributions, and obligations of the State, service providers, and users. It promotes the participation of sectional governments in tourist activities. It identifies the State as the leading actor in the promotion of the country, technical-professional training is encouraged, and internal tourism is supported. The sector's activities are regulated through registration in the single registry and later through an annual license.
It is identified and recognized that protected areas are under the authority of the Ministry of Tourism and the Environment and that tourist activities carried out in Galapagos are regulated by the Law of the Special Regime for the Conservation and Sustainable Development of the Province of Galapagos and the Administrative Statute of the Park Galápagos National.

Although the sector had a Law, its operation would only be fulfilled in 2004 due to the absence of regulation for its execution. During this time, the Tourism Promotion Fund, contemplated within the Tourism Law as one of the sources of income for developing tourism policies and promotion, did not receive resources. The Ecuadorian state sought to provide a systematic regulation that, on the one hand, ensures state income for the industry and, on the other hand, ensures that the different activities are regulated in terms of processes.

As of 2016, a new decentralization process has been attempted, which does not provide the expected results. Elements such as the lack of legal instruments and technical and economic resources limit the correct development of sectional governments in tourism [24]. It is reflected in the allocation of resources in 2019. Ecuador received USD60 million, of which only USD1.8 million were allocated. They came from the Eco Delta tax, designed exclusively to provide resources for tourism and promotion projects. Another difficulty experienced by the sector is determined by a law that, in its structure, was developed in 1997. Since then, there have been many changes that include new players, the integration of technology, and sustainability. Since 2021, one of the main objectives of the Ministry of Tourism has been to provide a new Law to the industry to make the regulations more flexible and include the innovations presented by the sector [27].

3.2.2. Sectoral planning

In 2007, through the launch of the Tourism Development Plan Plandetur 2020, designed under the United Nations Millennium Development Principles and with the participation of the sector's interest groups, a proposal was developed whose main objective was to convert Ecuador into a leading country of sustainable tourism considering two key axes: nature and culture.

The plan was designed to be executed long-term and sought to achieve the objectives set through policies that integrated the public and private sectors. This document became the main roadmap in the industry. It had six axes: governance; destinations and tourism facilitation; tourism marketing and promotion; training and qualification; investment promotion and financial management; and, finally, transversal management measures. These axes were supported by 22 programs, 78 individual projects, and 385 activities. Of these, only 114 activities were executed. The organic structuring of the Ministry of Tourism of Ecuador (MINTUR) was directed, the creation of the National Tourism Training Plan (2009-2013) was made viable, and the design and construction of the Spondylus Route were generated with a vision of territorial development. Within its limitations are the scarce identification of responsibilities to the actors involved; the complex implementation due to how the resources were planned and how they were executed, especially those of current expenditure; the lack of a coordinating entity to carry out follow-up activities; establish air, land, and sea connectivity mechanisms within the country; consolidate an appropriate decentralization process; among the most important [28]. Currently, the National Tourism Plan 2030 is in force. It identifies five axes: destinations and quality; connectivity; tourist security; marketing and promotion; and investment promotion. This plan repeats the previous plan's limitations in not identifying the responsibilities of the actors involved.

3.2.3. Influence of Tourism on Gross Domestic Product

One of the main instruments for measuring the importance of a sector for the country's economy is its weight over the gross domestic product. In this analysis, the sector's contribution to GDP, without being very high, is stable. This point is favorable for the industry, considering the country's volatile economic growth behavior. From 2000 to 2005, this volatility was generated by the dollarization process, making Ecuador a more expensive destination for foreign visitors. It, added to the political upheaval during those years, made this an unattractive country to visit. As seen in Table 1, in 2008, the tourism sector stabilized by achieving sustained growth of 1.3% per year as a percentage of GDP.

<table>
<thead>
<tr>
<th>Year</th>
<th>Inbound tourism consumption (millions of dollars)</th>
<th>Gross Domestic Product (millions of dollars)</th>
<th>Weight of inbound tourism consumption in GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$745.16</td>
<td>$61,762.64</td>
<td>1.2%</td>
</tr>
<tr>
<td>2009</td>
<td>$674.22</td>
<td>$62,519.69</td>
<td>1.1%</td>
</tr>
<tr>
<td>2010</td>
<td>$786.57</td>
<td>$69,555.37</td>
<td>1.1%</td>
</tr>
<tr>
<td>2011</td>
<td>$849.68</td>
<td>$79,276.66</td>
<td>1.1%</td>
</tr>
<tr>
<td>2012</td>
<td>$1,038.76</td>
<td>$87,924.54</td>
<td>1.2%</td>
</tr>
<tr>
<td>2013</td>
<td>$1,251.24</td>
<td>$95,129.66</td>
<td>1.3%</td>
</tr>
<tr>
<td>2014</td>
<td>$1,487.22</td>
<td>$101,726.33</td>
<td>1.5%</td>
</tr>
<tr>
<td>2015</td>
<td>$1,557.37</td>
<td>$99,290.38</td>
<td>1.6%</td>
</tr>
<tr>
<td>2016</td>
<td>$1,449.26</td>
<td>$99,937.70</td>
<td>1.5%</td>
</tr>
<tr>
<td>2017</td>
<td>$1,554.24</td>
<td>$104,295.86</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Notes: Own elaboration through data taken from the Central Bank of Ecuador (BCE)

In order to understand if this participation has a significant influence, the income of foreign currency generated by the activity in the country must be analyzed. From 2000 to 2006, the average inbound tourist spending is USD450 million. During the 2007-2017 period, said spending more than doubled compared to the previous period, reaching an average of USD 1.2 billion. It is essential to mention that although spending doubled, the weight on GDP remained almost unchanged.

Suppose the analysis is concentrated on the years 2007 to 2017. In that case, high volatility is observed in the growth of inbound tourism spending, which for the year 2009 presents a decrease that could be associated with a late effect of the global financial crisis of 2008. In 2011, a slowdown in the growth of approximately eight percentage points was observed, followed by a rebound of close to twelve percentage points for 2012, which falls from 2015. This decrease is understood by the action of factors such as the best condition of the local currencies of nearby countries, diseases such as Zika and chikungunya, activation of the Cotopaxi volcano, and the earthquake of April 16, 2016 [29].

Although the data mentioned shows the evident growth potential of the sector within the country's economy, it is no less accurate that the figures for Ecuador are behind those of the region and the world. Suppose the analysis is carried out only for the year 2015, according to the figures shown by the World Travel and Tourism Council. In that case, it can be observed that the direct contribution made by the Ecuadorian tourism industry to GDP is 1.9%, one point per below region and very far from the global figures, which for the same year situate it at 3.1%.

Regarding the direct contribution to employment, it is again shown that the figures are far behind the region since for Ecuador it reaches 1.7%, in the region 3.7%, and for the world 3.6%. It is demonstrated that the industry has many more possibilities to solve one of the most latent problems within the Ecuadorian economy, such as unemployment.

<table>
<thead>
<tr>
<th></th>
<th>Ecuador</th>
<th>America</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Contribution to GDP (%)</td>
<td>1.9</td>
<td>2.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Total Contribution to GDP (%)</td>
<td>5.5</td>
<td>8.4</td>
<td>9.8</td>
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<tr>
<td>Direct Contribution to Employment (%)</td>
<td>1.7</td>
<td>3.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Total Contribution to Employment (%)</td>
<td>5.0</td>
<td>9.6</td>
<td>9.4</td>
</tr>
<tr>
<td>Contrib. to Total Capital Investment (%)</td>
<td>3.6</td>
<td>4.5</td>
<td>4.3</td>
</tr>
<tr>
<td>Contrib. to Total Exports (%)</td>
<td>5.1</td>
<td>7.0</td>
<td>5.7</td>
</tr>
</tbody>
</table>


### 3.3. Supporting factors and resources

The ability of the country to attract foreign investment can be identified through the facilities for doing business. The World Bank's Doing Business project quantifies the effectiveness of regulations and institutions [30]. Of 190 economies analyzed, Ecuador is in 177th place, while countries representing direct competition, such as Colombia and Peru are in 95th place and 1133, respectively. Among the aspects indicated as critical for the country are difficulties opening a business since at least 11 procedures are required. In the case of construction permits, up to 17 procedures are registered, and even such essential elements as obtaining electricity require up to 7 processes. The report shows that it takes approximately 51 days and 41 processes to start a company. It also points out that another influencing factors are taxes. In the case of Ecuador, in the tourism sector, it is committed to eliminating the 5% Tax on the Exit of Foreign Currency (ISD) with an emphasis on airlines. In some cases, certain nations, such as the United States, under the principle of reciprocity, charged the country that percentage. In the same way, this tax became an element that limited the possibility of signing an open skies agreement, which would contribute to reducing the costs of air flights and increasing the routes that operate in the country.
Another element that seeks to achieve is that the 12% exemption for Value Added Tax for accommodation is made when the tourist registers the entry and not when the tourist must do it through the Internal Revenue Service office. It is a task of management and coordination so that the regulations already in force have effective results on the target market.

In terms of infrastructure, according to the Latin American ranking of the World Economic Forum (WEF) 2018-2019, made up of twelve quality assessment pillars (road connectivity index, road quality, rail density, efficiency in rail services, air transport and ports, airport connectivity, electricity transmission, exposure to unsafe drinking water and reliability of water supply), places Ecuador in third place (59 worldwide) of Latin American countries in terms of infrastructure quality, only after Chile (position 41) and Mexico (position 49). With a rating of 5 out of 7 points, Ecuador ranks second in road quality in Latin America, surpassed only by Chile. In connectivity, Ecuador reaches 92nd with 49.5 out of 100 points [31]. However, it is necessary to review if this reality reaches the sectors with tourist attractions, especially within continental Ecuador, considering that providing quality essential services positively influences the satisfaction of both national and international tourists.

Concerning air connectivity, Ecuador has four international airports in Quito, Guayaquil, Manta, and Latacunga, adding a network of 18 airports. It has eighteen national aerodromes and sixteen heliports. As for the ports, Manta, located 25 miles from the international shipping line and only 24 hours away from the Panama Canal, is one of the most visited. In 2017 - 2018, this city received 20 cruise ships. Guayaquil is the second most visited port. In the same period, it received ten cruise ships. One of the most important attractions of the country is the railway network, which has 974.53 kilometers [32]. The railway has different routes where people can travel the geography of the Coast and the Andes of the country. Visitants can enjoy each site's people, landscapes, and gastronomy on the journeys. However, since the Ministry of Transport and Public Works does not have the budget for maintenance and asset protection, the future of the railway system is under analysis. Two options are being evaluated: a concession process or developing a public-private alliance. The idea is to turn the railway into a means of transporting passengers and cargo. The process will take place during the year 2023 and has an approximate cost of 6.6 million dollars. The Public Railway Company previously managed the assets, which had to be liquidated because it passed USD 78.8 million in 2011 to a negative balance of USD 5.9 million in 2021 [33].

3.4. Destination management

In Ecuador, the Ministry is the highest organization for managing the tourism sector. The organizations that provide support to the management of the Ministry are the following: Ministry of Production, Foreign Trade, Investments, and Fisheries; Ministry of Transport and Public Works; Ministry of the Environment, Water and Ecological Transition; National Secretary of Policy Management; National Secretariat of Higher Education, Science, Technology, and Innovation; National Federation of Provincial Chambers of Tourism (FENACAPTUR); Plurinational Federation of Community Tourism of Ecuador (FEPTCE); Association of Ecuadorian Municipalities; Universities and Institutes.

These agencies can influence the overall tourist experience. Therefore, their coordination and joint action must be sought to positively influence the destination's marketing, manage crises, develop essential information, and promote the administration of resources and the improvement of personnel. It is still a challenge for the country since the plans still do not present coordinated and prioritized actions under the objectives of the tourism sector.

3.4.1. Destination marketing

The country brand for developing economies is fundamental since it works as an element that promotes participation in international trade. It tries to position elements that can be perceived favorably by tourists and exporters, investors, and corporations, among others. In the case of the tourist, it is sought through the brand. They can know the destination in terms of its cultural richness, diversity, values, production, people, and identity [34].

The first brand developed in the country dates back to 2001. It did not achieve the expected impact and was eliminated. In 2003, the brand called "La vida en estado puro" did not achieve the expected results either, since only 38% of the international tourists surveyed in 2010 were familiar with it. That same year, the tourism brand "Ecuador ama la vida" was implemented and promoted under the elements related to good living [28]. In 2014, the second part of the strategy was developed in which the song "All you Need is Love" by The Beatles group was included, and the right to use the song amounted to USD1.3 million. From 2015 to 2019, USD40 million were invested in promotion, and the increase in arrivals corresponding to international tourists was approximately 100,000 people, while Colombia, Peru, and Costa Rica received between 800,000 and 1’000,000 passengers each [35].
Currently, Ecuador is working on a new country brand, which tries to promote the country as a destination that generates authentic experiences, attends to both environmental and social sustainability, promoting gastronomy, culture, and rurality. In 2022, USD275,000 was allocated to developing the new country brand. It is a bet that it can represent Ecuador in areas besides tourism, which is apolitical and long-term [36].

In this sense, the primary means of information used by international tourists to plan their visit to the country is the Internet at 44%, followed by advice from family, friends, and acquaintances at 32.7%; travel agencies at 15.6%; brochures, magazines, tourism books 4%; promotional events, advertising, television 1.8% and other media 1.9% [19]. Data must be considered in planning the sale of Ecuador as a tourist destination.

Currently, USD47 million are allocated for promotion and tourism until 2025. During 2022, the country participated in 20 tourism fairs, two commercial visits to the United States and the Southern Cone, a cultural exhibition of the country in the soccer world cup in Qatar, and the development of the internal tourism campaign "No seas extranjero en tu propia tierra" [37].

3.4.2. Information/Investigation

In 1998, the Ministry of Tourism developed a statistical tool called Tourism Satellite Accounts. It was sought to be consistent with the national accounts system to obtain economic indicators of tourism and that they are comparable with the other industries of the productive apparatus. The Central Bank of Ecuador, the National Federation of Provincial Chambers of Tourism, and the National Directorate of Migration participated in the project. The project cost USD600,000 and was completed on September 30, 2003 [38].

The aforementioned explains the need for more quantity and quality data existing up to that moment. The information was dispersed in different institutions, duplicated in some instances and others, with differences in the measurement methodology for the same variable, limiting the analysis of the series. In other cases, there were relevant variables not considered in the measurements. Therefore, from the year 2003, there are more evident measurements. Over time, a more significant consolidation in the figures of the tourism sector has been achieved.

The clarity in the measurements is undoubtedly a first step to achieving the boost that the industry requires since generating effective policies with a baseline is only possible.

The effect of this weakness in the measurement of information could have had a strong influence on the development of the policies applied in the sector up to that moment since transparent measurements make it possible to make planning processes viable, evaluate the industry technically, channel the possibility for investors to situate themselves in an environment of greater certainty and thus make programmed decisions.

3.4.3. Human resource development and resource management

One of the recurring limitations is the scant scientific literature on competitiveness in Ecuador. Although this situation has improved in the last ten years, studies of this type remain insufficient to cover the problems presented by the productive sectors, including tourism. This weakness must be corrected among the actors involved, mainly from the academy.

In Ecuador, 54 Higher Education Institutions offer some type of tourist training, of which 45 are university-type. The central problem scientific research faces in the tourism sector is that it has few exclusive academic spaces for dissemination, and the offer of specialized postgraduate courses in the area is also limited. Since it is not recognized as an independent study area, it has financing problems in research projects, which demotivates academic institutions and teacher-researchers [39].

Currently, the Ministry of Tourism has training programs for business owners duly registered and the general public. The Ministry promotes internal tourism with the idea that residents can also sell the country adequately to foreigners.

As for tourist guides, with a cutoff to January 2023, they amounted to 4,785 professionals. Distributed as follows: guide specialized in adventure 140 records, guide specialized in adventure in Galapagos 85 records, guide specialized in heritage tourism 597 records, local guide records 1,913 records, national tourism guide 1,780 records, national guide specialized in adventure 76 records and national guide specialized in heritage 194 records [40].

3.5. Others elements: Tourist demand

Another no less important point of view of analysis is the one that puts the tourist who visits Ecuador at the center, specifically their motivations, length of stay, and level of spending.
The Ministry of Tourism of Ecuador developed the official information on tourist demand through the document "International Tourism Profiles 2017" of the Market Intelligence Directorate [19], from which the data included below comes. For its preparation, the International Recommendations for Tourism Statistics of the World Tourism Organization (2008), International Arrivals and Departures (2017), and the Inbound Tourism Survey (2015) were used. The international tourist with an average age of 36 years, male, single, and with higher education is described.

Regarding seasonality, the months of January, July, and December are the ones that show the highest number of tourists entering the country. The reasons for travel correspond to vacations 56.9%; visiting family or friends 18%; business 17.1%; education or training 3%; other personal reasons 2.8% and events, religion, pilgrimage, volunteering 2.2%. Among the activities carried out by visitors is the highest number of tourists entering the country. The average stay is eight nights. The average expense per tourist amounts to USD1,283.7 of which the group is three people on average.

The average stay is eight nights. The average expense per tourist amounts to USD1,283.7 of which 31.1% goes to accommodation; 17.9% to food; 14.9% to internal transport; 10.7% to personal purchases; 6.1% to tourist activities, and 18.3% to other expenses. The average cost per day during the stay amounts to USD160.46; 15.5% of each tourist spends an average of more than USD2,000; 24.9% spend from USD1,000 to USD1,999, and 59.6% spend less than USD1,000. The tourists who spend the most are people aged 55 or over, with an average of USD 1516.2 per stay.

When the place of origin of the tourists is analyzed, it is observed that since the year 2000: Colombia, the United States, and Peru are shown in the first three positions. For both Colombia and Peru, the Ministry of Tourism of Ecuador makes a differentiation and calls it a border tourist who, in both cases, spends less than USD1,000 for an average stay that is between 4 to 9 nights. The United States appears in second place, spending between USD1,000 to USD1,999 in 37.5% of cases, establishing an average stay of 10 nights. 60.6% came for vacations, 22.4% for business, 9.3% for other personal reasons, and 7.7% to visit family or friends. Spain is in fourth place.

In this case, the main reason for Spanish tourists to come to Ecuador is vacation, with 49.2%; visiting family or friends, with 24.9%; and businesses, with 19.3%. On average, he stays 14 nights.

Moreover, 60.3% of the cases are male, with an average age of 32 years. Their average spending amounts to USD1,455.8 per person [19]. For all these reasons, it can be affirmed that these two types of tourists are the ones that generate the highest income in Ecuador during their stay. The current administration is aiming for other destinations between them.

4. Conclusions

Competitiveness is subject to a vast number of variables. Therefore, the coordination of the agents and the activities they must carry out is a task that could positively influence the development of the industry, considering that the Ecuadorian tourism industry weights 2% of the real GDP in 2019. The low weight of an industry with so much potential in the country can be understood by the adverse political and social conditions for such a sensitive industry and the late development of the country's management bodies.

The challenges identified from the planning process include establishing responsible actors, quantifiable goals with a technical design, and control systems operated by third parties with periodic type evaluations. Systematic evaluations allow corrective measures to be taken while executing the plans, not only with the idea of reaching the goals set but also to consolidate the sector. Consider the allocation of funds following the regulations so that there is coordination between the design of the plans and the execution of the delivery of resources carried out by the department of the branch since, finally, the correct application of plans is possible if the delivery of the resources is done on time.

Within the execution of the planning, the design of an efficient system that allows statistics that contribute to decision-making should be considered. It must be updated periodically. Information related to internal tourism corresponds to overnight stays for the years 2017-2018. However, there needs to be official information on the expenditure made by this type of tourist. The information available on the essential services to which the tourist attractions have access corresponds to the year 2007, and it is only complemented with information from 2017 corresponding to the hierarchy of tourist attractions in which attractions that are already in suitable conditions are to be promoted.
Even though there has been significant progress in the presentation and management of information in the tourism sector since 2000, additional variables can be measured and presented in such a way that their use is more efficient for analysis.

Regarding the tourist offer, it is necessary to increase the development of high-level establishments to improve average tourist spending. One of the ways to achieve an increase in stays is by increasing tourist satisfaction [41]. Again, measurements are required. So far, the information found is about experiences in specific places. The development of scientific research, training in the area, and aspects of customer service for both direct and indirect actors. At this point, the active participation of citizens is essential, and it is only possible if there is trust in their closest representatives. It could be the subject of a new study.

Generating coordinated actions to improve connectivity is a challenge that must be covered in the short term. Using tools such as tax modification and systematized actions with other related organizations can significantly change the number of tourists. If tourists cannot reach the tourist attraction, the country's comparative advantage in short distances between tourist attractions is diluted. Another critical point is the diffusion and promotion of the country. The constant changes of the country brand are reflected in the low growth in the number of tourists about our competitors. It is also essential to consider how today's tourist makes his travel decisions and the means he uses to legitimize efforts in the same direction.

It should be noted that there are aspects that have been managed correctly. As Rivera [42] points out, the Ecuadorian government must continue to support social spending, female education, a more equitable income distribution, and investment. Also, he believes that government policies should be aimed at educational programs related to tourism and the encouragement of the development of tourism companies. He ends by suggesting a public-private alliance or initiative promote new attractions and destinations in the country. This point is evidenced in the level of people currently employed in the sector. As has already been shown in previous studies, this could solve problems related to unemployment and poverty.

There seems to be a disconnection between service providers and officials related to tourism, which is one of the most profound problems. Policies will only work if people are connected to them. In the case of tourism in Ecuador, coordination between these actors still needs to be fine-tuned. This aspect may be the product of another study.

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