



OECD GLOBAL CONFERENCE on
“Enhancing the role of SMEs in Global Value Chains”

31 May-1 June 2007, Tokyo, Japan

The Role of Andalusian tourism SMEs in Global Value Chains

Joaquín Guzmán

Pilar Moreno

Pilar Tejada

Department Applied Economy I, University of Seville

jjguzman@us.es, pilarmoreno@us.es, ptejada@us.es

■ Objective:

Analyse position of Andalusian SMEs in
Tourism Global Value Chains



- A SWOT analysis will be carried out in order to know their strengths, weaknesses, opportunities and threats
- A number of policy recommendations will be derived to support and strengthen the position of tourism SMEs in GVC

- **Introduction**
- **Methodology**
 - Selection of the case studies in Andalusia
 - Design of the questionnaire
- **Study results**
 - SWOT analysis for hotel SMEs
 - SWOT analysis for travel agency SMEs
- **Policy action recommendations**

Introduction

- Important international of Andalusia as tourism destination:
 - 23.6 million tourists
 - 40% of them were foreigners
 - 11% of regional GDP
 - 206,491 employees

- Structure of the Andalusian tourist firms

	1 - 9 employees		10-199 employees		199-499 employees		>499 employees	
	Travel Agencies and similar (includes tour operators)*	Hotels**	Travel Agencies and similar (includes tour operators)	Hotels	Travel Agencies and similar (includes tour operators)	Hotels	Travel Agencies and similar (includes tour operators)	Hotels
Andalucía (2005)	89.4	81.0	10.5	18.3	0.1	0.7	0.1	0.1

Source: Elaborated with data from DIRCE (Central Directory of Firms), INE (National Statistics Institute)

Selection of the case studies in Andalusia

Activity of the firms		Touristic typology		Location of the firms	
4	Hotels	1	Cultural tourism	1	Seville city
		1	Rural tourism	1	Cazalla de la Sierra (Seville)
		1	Business and congress tourism	1	Seville city
		1	Sun and sand tourism	1	Benalmadena (Malaga)
3	Travel agencies	1	Business and congress tourism	1	Seville city
		1	Cultural tourism	1	Sevilla city
		1	Sun and sand tourism	1	Malaga capital

SWOT for the Andalusian hotel SMEs

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Greater flexibility and reaction capacity • More direct and personalised service • More concern for quality • Modernisation of the hotel building • Diversification of the services offered • "Safe" destination 	<ul style="list-style-type: none"> • High dependency on tour operators • Low client fidelity • Limitations due to the hotel establishments' reduced size
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Internet • Natural environment • Greater offer diversification • Lowering of air costs • Globalisation • Client fidelity 	<ul style="list-style-type: none"> • Newly-emerging destinations • Setting up of new hotels • Real estate intrusion • Disloyal competition from "unregulated" accommodation • Lack of Public Administration support • Higher uncertainty

SWOT for the Andalusian travel agency SMEs

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Greater client quality and guarantee levels • Growing membership to Purchasing Groups • Greater flexibility and reaction capacity • High degree of product diversification 	<ul style="list-style-type: none"> • Absence of “productive” associations • High number of retail agencies • Conflicting interests among agents • Scarce awareness of the GVC concept • Excessive dependence from outbound and domestic tourism
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Creating client fidelity • Greater development of inbound tourism (congresses and business) • Increase in tourist typologies • New co-operation strategies • Globalisation and Internet 	<ul style="list-style-type: none"> • Disintermediation: Internet • Intrusion • Low cost airline companies • Weak support from Public Administrations • Greater power of large vertical groups • Change in commissions paid by airlines

Policy action recommendations

A. Public Sector

- The creation of a **consultative body** representing the tourism sector (including SMEs), which may participate in decision-making.
- Public Administrations must develop more effectively their functions, in particular, **controlling the observance of existing rules:**
 - intrusion in travel agency sector
 - unregulated accommodation
- Public Administrations must provide **grants with greater flexibility and celerity.**

- **Greater coordination between the different Public Administrations** with authority over tourism issues in Andalusia.
- As the most important changes both in tourism value-chain structure and in relationships between the different actors come mainly from the adoption of new technologies, Public Administrations should **promote the adoption of new technologies** on the part of Andalusian tourism SMEs.
- **To stimulate the public-private collaboration** in tourist research and spread the results to the SMEs.

B. SMEs

- Promoting a **better knowledge and understanding of the concept of global value chain** on the part of Andalusian tourism SMEs, to make the most of their participation in GVCs.
- **New forms of cooperation** must be fomented between tourist SMEs (increasing negotiation power).
- **To encourage functional upgrading**, which requires to **identify and develop core competences within the GVC** (design, branding and marketing of tourist packages).
- **Identifying the determinant factors of tourists' fidelity**, in order to increase it, since this is one of Andalusian tourism's weaknesses.