

RURAL KITCHEN AND TRAVEL SOCIAL ENTERPRISE: PROPOSAL FOR TOURISM IN MEXICO

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RESEARCH ARTICLE

Abstract

Mexico, located in North America is the 6th country most visited by international tourists with 42.15 visitors per year. Until 2022, tourism contributed to the Mexican GDP with 2.4 billion MXN pesos (96 million euros). Unfortunately, the benefits of tourism are concentrated in a few corporations leaving little profit to rural areas, triggering acculturation and inequity. In addition, mass tourism is popular in Mexico, however, this type of tourism threatens traditional knowledge and biocultural diversity.

Given that, our goal is to establish a social enterprise committed to rural development in Mexico by promoting food experiences with local hosts and guides in different destinations and seasons. A business plan was elaborated using tools such as PEST analysis, SWOT analysis, and Porter's five forces analysis. The results demonstrate that our project has a high potential for success due to its unexplored market niche, the fact that tourists spend a third of their travel budget on food, and an ongoing change in tourism trends towards social and environmental responsibility.

The constitution of this social enterprise will occur mainly via the creation of alliances with stakeholders and crowdfunding, thus, resulting in a low initial investment but high social impact since the first year it will generate a profit of 9%.

Keywords: sustainability, traditional food, local actors, economic development.

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INTRODUCTION

Over the last century, tourism has become a worldwide instrument and a factor of economic growth. In some regions, such as Latin America, the economic spillover has only contributed to sectoral growth, leaving aside equitable distribution among rural populations. Consequently, they have less access to a better quality of life (Orozco & Núñez, 2013).

Within the tourism experience, food has emerged as one of the main motivations for travel (Contreras & Medina, 2021). In this sense, developing gastronomic routes in rural areas where local actors drive the business can strengthen cultural identity, improve quality of life, and boost economic development while

tourists have authentic and personalized experiences.

Mexico, among the most visited countries in the world, has the potential to develop rural and sustainable gastronomic tourism. For instance, the country has an important gastronomic offer that contributes to the country's economy: 515 thousand restaurants, three of them among the best 50 in the world (SIAP, 2022).

Furthermore in 2010, Mexico's traditional cuisine was recognized by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as Intangible Heritage of Humanity. This culinary heritage includes agricultural activities, ritual practices, ancient practical knowledge, culinary techniques and customs (UNESCO, 2010).

Hence, our aim is to analyze the feasibility of developing a social enterprise that offers traditional food experiences throughout all the seasons, connecting in this way tourists with local hosts in rural areas.

MATERIAL AND METHOD

Study area

Mexico located in Northamerica, is the 6th country with most international tourism with 38.33 million per year (Sectur, 2022), and the first destination in Latin America (ONU, 2023). There are 129.1 million inhabitants within a territory comprising 1,973 million km² of land (World Population Review, 2024).

According to the World Economic Forum (2024), it is ranked 38th in the Travel and Tourism Development Index worldwide, which measures the set of factors and policies that enable sustainable and resilient development.

Methodology

Firstly, a PEST analysis was carried out to describe the political, economic, social, and technological components of the study area. Thus, it allowed us to critically evaluate the business environment to enhance our business strategy. Then, a SWOT analysis was designed to visualize the main strengths, weaknesses, threats and opportunities of our business idea.

On the other hand, Porter's five forces model was used to analyze the competitive environment of the company. This included the identification of: 1) Compleitive Rivalry, 2) Supplier Power, 3) Buyer Power, 4) Threat of Substitution and 5) Threat of New Entry.

RESULTS AND DISCUSSIONS

Mexico is a developing country with multiple contrasts, as it is shown by the PEST analysis, which is described in the following paragraphs.

Political: According to World Population Review (2024), the Mexico democracy index overall score (0-10) is 5.14, earning the title of hybrid regime. Mexico is part of the ten most dangerous countries in the region. The corruption perception is 31/100, positioning Mexico on the ranking 126 of 180 countries (Global Coalition against Corruption, 2023).

Of the 129.1 million inhabitants, 18.4% live in rural areas.

Economic: This scenario provides favorable results since the time required to start a business is 8 days. The GPD annual growth is 3.9%, and from this percentage tourism contributes 8.5% (2.3 billion pesos MXN). Foreign direct investment, net inflows, represent the 2.7% of GDP.

Social: In 2022, the national Social Progress Index score was estimated at 65.6 out of 100 possible points, being the year with the highest score and providing a future scenario of improvement.

Technological: Mexico had a total export of 494,595,503 in thousands of US\$, and total imports of 506,565,459 in thousands of US\$, leading to a negative trade balance of - 11,969,956.03 US\$ (2021, WITS). It is the 3rd country in the innovation economy in Latin America and the Caribbean. Among the global middle-income economies, a couple of Mexican universities are in the Top 10 universities list. Ranking 56 in global innovation (WIPO, 2019), Mexico represents one of the most favourable countries Latin America.

The results from the SWOT analysis indicate that, on the internal aspects, the principal strength is that our company will provide a unique service, with a variety of destinations all year round at affordable prices. On the other hand, the principal weakness is around the financial aspect, this weakness is going to be minimized by crowdfunding. Opportunely, the crowdfunding market is expected to continue its growth trajectory that will be driven by factors such as the increasing availability of crowdfunding apps, the growth of the gig economy and freelance work, and the rise of impact investing, which seeks to support socially responsible projects (Statista, 2024).

One of the main results from the opportunities of the SWOT, is the importance of creating partnerships and synergies to reach the local actors with NGOs and the Academy. To maximize the opportunities, a marketing agency will oversee the outreach of the public and potential customers through promotions such as advertising and social media.

The major threat is represented by the insecurity in the country. Security and political

instabilities would affect partially the operation of the company, possibly hindering our work.

Porter's five forces

1) **Competitive Rivalry:** in Mexico exists one direct competitor. It is a Travel agency that offers sustainable tourism services and that holds a B Corp Certification. The services offered are personalized travel routes including accommodation, remote assistance, and various forms of payment.

2) **Supplier Power:** It is easy to increase the prices because the local actors are going to establish the prices. Potential suppliers: 15 types of experiences during the year including fairs, gastronomic routes and gastronomic festivities (like Independence Day). It is not expensive to change because our service is based on diversification.

3) **Buyer Power:** Since the deal is going to be directly with the local actors the prices would be competitive.

The international tourism buyers are 38.33 million per year (2022). Since it is an experience of direct contact with the customers, they are going to be encouraged to give feedback, in order to help the enterprise to improve.

Our target customers will be international tourists mainly from France, United States of America, Canada, Germany, Colombia, Brazil and Spain. Tourists from the Gen Z and Millennial generations, especially those interested in sustainable and gastronomic trends are the main aim.

4) **Threat of Substitution:** our enterprise vision relies on a social economy and a horizontal relationship with the local actors and hosts, that differentiates the company from the competitors. If a tourist wants this type of experience, it would be likely to find a specific place where local people are available to provide this unique service.

5) **Threat of New Entry:** It is not easy for competitors to enter the market since our vision is to respect the community. Hence, creating networks requires more actions than just starting a conventional agency.

After an analysis of the regional context and seasons, the tour experiences to provide are: Rosca de reyes, tamales, feria del maíz, capirotada, tlayudas, feria del nopal, pozole,

chiles en nogada, feria del maíz, fiesta mexicana, pan de muerto, mole poblano, Xantolo, ponche, posada. This is organized as it is explained below:

Route Jan-February

- Rosca de Reyes (traditional bread after new year): Season of 20 days, expected 15 persons per experience, who pay 35 euros.
- Tamales and atole (February's typical meal, handmade with corn as main ingredient): Season of 20 days, expected 15 persons per experience, that pay 30 euros.

Routes March-May

- Feria del Maíz: 5 days Fair of corn, expected 30 persons per day, entrance fee: 40 euros.
- Capirotada: 30 days of this experience, expecting 15 people per day, entrance fee: 30 euros.
- Tlayudas: 50 days of this experience, expecting 20 people per day, entrance fee: 45 euros.
- Routes June- September
- Feria del Nopal: 5 days of the fair, expecting to have 20 people, entrance fee: 40 euros.
- Pozole (traditional dish): 30 days expecting 15 people, entrance fee: 30 euros.
- Chiles en nogada: 60 days 15 people per day, entrance fee: 55 euros.
- Fiesta Mexicana: 1 day 30 persons, entrance fee: 30 euros.
- Feria del Maíz: 4 days Expected 30 persons per day, entrance fee: 40 euros.

Routes Oct-November

- Pan de muerto + chocolate: 20 days expecting 15 people per day, entrance fee: 25 euros.
- Mole poblano: 30 days expecting 15 people per day, entrance fee: 30 euros.
- Xantolo experience: 4 days expecting 30 people per day, entrance fee: 45 euros.

Routes December

- Ponche + bread: 20 days expecting 15 people per day that pay 25 euros.
- Posada (parties before Christmas): 14 days expecting 15 people that pay 35 euros.

The cost analysis for the first year, considering both variable and fixed costs, is illustrated in Figure 1. The fixed costs include rent, salaries for three employees and two managers, accountant fees, marketing agency

fees, and internet expenses. The variable costs encompass transportation for routes, participation in events, and utility services (electricity, water, etc.). As shown in the graphic, the highest cost is attributed to salaries, reflecting our commitment to prioritizing the quality of life for our employees.

Additionally, unique costs include technology (laptops) and the establishment of the enterprise. The variable cost of food preparation is calculated separately, as it fluctuates with the seasons. When combining the food costs with the direct costs of the enterprise, the total expected expense for the first year amounts to €349,298.00, with an anticipated profit of €18,092.00 (9%). These calculations are

based on an expectation of serving 5,180 tourists throughout the year.

As a social enterprise, our primary goal is to not profit maximization. Instead, we focus on enhancing the quality of life for the local community involved. To evaluate our goals, we will use measurable indicators such as free cash flow, the number of beneficiaries, customer service ratings, and revenue growth. As Contreras and Medina (2021) argue, the interest in food heritage from a tourism perspective is one of the most interesting signs of change in the tourism market. Therefore, the literature findings support the feasibility of our business project.

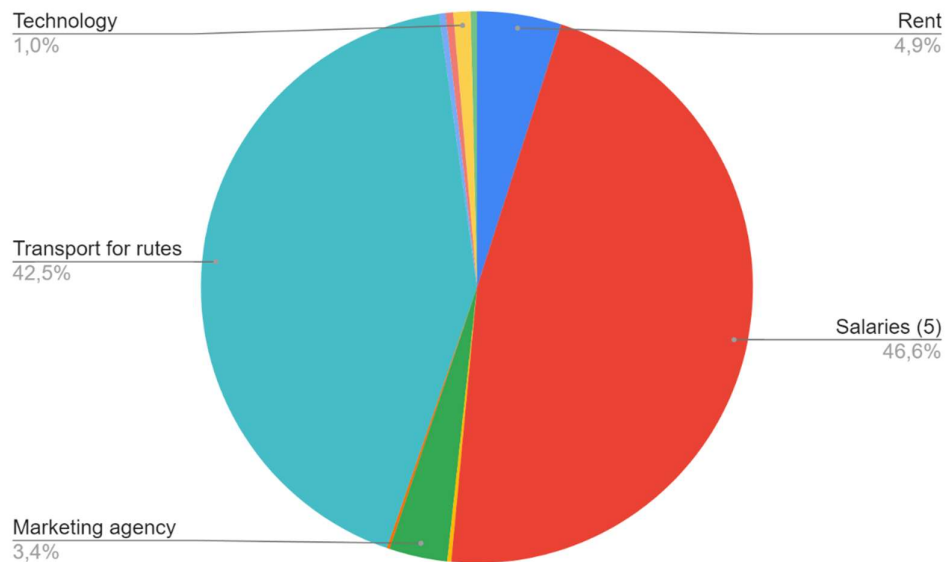


Figure 1. Principal Costs Analysis for the first year.

CONCLUSIONS

To reach an equitable distribution from economic tourism spillover among rural populations, it is important to consider the alliances that already exist in rural areas to connect with local actors. Up to this point, we have made the first contact with the NGO "Somos vía" located in the northern highlands of Puebla and with the traditional food researcher Irad Santacruz in Tlaxcala; these two places are in the center of Mexico and are key for the development of the proposed routes. One of the

most important points is participatory planning with the localities involved.

With the tools of PEST, SWOT, and Porter's Five Forces, a business plan was elaborated, that allows to have a first vision of the future and viability of the company. Although Mexico's tourism context is a great advantage, political volatility in terms of security is a major risk and some alternatives must be taken into consideration to reduce the impact of this risk.

Following the cost analysis, the need for an investment in the development of independent transport for the coming year was identified.

According to the cost, revenue, and profit analysis, our venture is economically viable.

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