Three Generations of International Tourist Resorts in Mexico

As the world’s leading service sector, international tourism offers developing countries opportunities for lucrative business investment, a major source for foreign currency, and the creation of jobs. Mexico’s leading position among Latin American and Caribbean international tourist destinations rests largely on its concerted efforts to capitalize on the aesthetic appeal of its coastal locations. Over the last 50 years Mexico has witnessed three generations of seaside resorts catering to international visitors. The lessons learned by the Mexican government should be considered by other countries developing large-scale coastal tourism.

As recent as the 1960s, Mexico did not rank among the world’s leading international tourist destinations. Other than cultural heritage sites around Mexico City and the beaches in Acapulco and Veracruz, little else captured foreign tourists’ imagination. Five decades later international tourism has become one of Mexico’s leading sources of foreign currency along with petroleum exports, assembly manufacturing, and remittances. Since the mid-1990s over 20 million international tourists have visited Mexico each year (ca. 90% from U.S. and Canada). In 2006 international tourism generated US$ 12.1 billion in revenue and employed roughly one out of every ten workers in the country (Clancy 2001, WTO 2007).

The transformation of Mexico’s tourism industry did not occur by happenstance (Clancy 2001). Since 1974 most of the country’s tourism promotion and development has rested in the hands of the federal government who ensures that their newest coastal resorts are of the highest quality. This has consistently ranked Mexico among the top ten international tourist destinations in the world over the past fifteen years (WTO 2007). The ongoing success Mexico enjoys, however, masks the challenges and difficulties the country’s tourism industry has endured. A look back at the evolution of tourism in Mexico over the past 50 years reveals three distinct generations of coastal tourist resorts targeted to foreign visitors.

Evolution of international seaside tourism in Mexico

In 1927 the Mexican government took its first step in tourism development when it built the “Highway of the Sun” linking Mexico City with the new seaside resort of Acapulco (Nolan and Nolan 1988, Zaragosa and Rojas 2000). Their intention was to diffuse tourism away from the capital city and redirect it toward the Pacific coast. Beyond this project, tourism in Mexico prior to the 1940s can best be described as an unplanned and largely ignored part of the national economy (Gladstone 2005). In the 1930s, for example, most international tourists who visited Mexico originated in the U.S. and spent the bulk of their time in one of the border towns. In these early years, the biggest factor impacting Mexican tourism was its proximity to the U.S. (Stronge and Redman 1982, Clancy 2001). Until 1970, over 60% of Mexico’s foreign tourists arrived via ground transportation (Gladstone 2005).

Following World War II, international tourism in Mexico began a slow but protracted growth. With Europe heavily damaged, Mexico sought to become an alternative destination for the increasingly affluent U.S. and Canadian citizens (Nolan and Nolan 1988, Clancy 2001). Realizing that the greatest impediment to increased international tourism was the underdeveloped transportation infrastructure, Mexican...
President Miguel Aleman Velasco (1946–1952) allocated federal funds to build a network of roads and airports (Zaragoza and Rojas 2000, Clancy 2001). When Hollywood’s jet setting crowd began arriving in the 1950s, Acapulco became known as the first international resort dependent upon airborne tourists (Turner and Ash 1975). Furthermore, as diplomatic relations between the U.S. and Cuba deteriorated in the early 1960s, Mexico’s popularity among U.S. citizens increased.

**Mexico’s First Generation resorts**

Blessed with spectacular scenery, a warm climate, and attractive beaches, most of Mexico’s first generation international tourist destinations were former fishing villages (*Figure 1*). As local business interests realized tourism’s income potential, the economic foundation of places like Acapulco, Puerto Vallarta, Mazatlán, and Cozumel changed to better accommodate foreign visitors. For example, with an infusion of money from domestic business investors, the calm, clear waters teeming with fish around Cozumel quickly led to Mexico’s largest island being reputed as one of the world’s top five scuba diving destinations. For the most part, there was no coordinated effort by local or federal governments to anticipate or address issues accompanying international tourism development.

As a result, by the 1970s many of these first generation destinations (especially Acapulco) were suffering under the pressures of largely unplanned and uncontrolled growth. Concerns include intense overcrowding, inadequate housing, poor infrastructure, severe air and water pollution, and extensive environmental degradation. In 2007, for example, Greenpeace reported that Puerto Vallarta emitted 49,248 cbm (cubic meters) of wastewater into surrounding Banderas Bay daily and fecal bacteria levels are sixteen times higher than World Health Organization (WHO) standards (FNS 2007b).

Because of so many negative consequences associated with spontaneous large-scale tourism, the reputation of nearly all first generation resorts has been tarnished. Many of these international destinations are reinventing themselves to stay competitive. The island of Cozumel, for example, has become a leading port-of-call for the cruise ship industry hosting 35 vessels each week during the high season (November to January). Acapulco has responded with dramatic renovation projects. In both 2006 and 2007 it outpaced all other Mexican coastal locations in tourism development with most of the projects.
featuring gated, all-inclusive hotels that enable foreign visitors to avoid the problems that plague most of the city. Although each of these destinations continues to appeal to vacationers, their popularity has waned. Foreign tourists, in particular, have turned to Mexico’s second generation of tourist resorts.

**Mexico’s Second Generation resorts**

In 1961 the Mexican government established PRONAF (Programa Nacional Fronterizo – National Border Program) to improve the seedy image of the country’s border towns (Arreola and Curtis 1993). Federal funds and special financial incentives prompted public beautification projects throughout the border region, but the bulk of the monies were invested in the tourist gateway cities of Tijuana, Ciudad Juárez, and Nogales (Figure 1). For the first time federal tourism planning proved to be a lucrative source of income for Mexico.

Galvanized by PRONAF’s success, in the mid-1960s Banco de Mexico (Bank of Mexico) created INFRAUTR (Fondo de Promoción de Infraestructura Turística – National Fund for Promoting Tourism Infrastructure) and by 1968 the agency released the results of its three year study which called for a series of new resorts and aggressive international marketing (Clancy 2001, Brenner and Aguilar 2002). Coincidently, the simultaneous discovery of oil provided the collateral needed to secure international loans that would finance the construction projects. On 29 December 1973, INFRAUTR was absorbed into a new government agency. Being allocated substantial federal financial support and unbridled authority, the two-fold purpose of FONATUR (Fondo Nacional de Fomento al Turismo – National Fund for the Development of Tourism) has been to develop and manage the country’s coastal resorts and prevent the reoccurrence of the mistakes made in places like Acapulco (Call 2001). Thus, beginning in the early 1970s international tourism in Mexico entered a new era.

Under FONATUR’s careful scrutiny and using the latest in computer tourism research, Cancún emerged as the first of Mexico’s second generation resorts (Duphy 1972; Figure 1). With an initial loan of US$ 21.5 million from the Inter-American Development Bank (Clancy 2001), Cancún’s location possessed many of the desired qualities for a luxury resort. Moreover, the Mexican government felt its placement on the Yucatán Peninsula would allow it to compete with tourism in the Caribbean. In the mid 1970s international tourists began arriving and by 1986 Cancún was drawing more foreign visitors annually than Acapulco (Nolan and Nolan 1988, Clancy 2001).

As the Mexican government’s first state-planned mega-resort, every detail in Cancún was painstakingly considered. Erdmann Gormsen (1982) reports that in the beginning Cancún was a planned city for both tourists and residents alike. FONATUR wanted workers to feel they were an important part of Cancún’s success so they would provide a pleasing atmosphere for foreign tourists (Duphy 1972). Over the next three decades, Cancún and neighboring Puerto Juárez grew from roughly 300 inhabitants in 1974 to approximately 300,000 (Zaragoza and Rojas 2000).

Today, local residents and international tourists no longer share the same space. Instead, Puerto Juárez has become the segregated bedroom community that houses workers who fill Cancún’s service needs (Torres and Monsen 2005).

Cancún has unquestionably become FONATUR’s signature mega-resort. The world-class tourist destination boasts 26,560 hotel rooms and receives approximately 6 million visitors each year (The Economist 2005). By itself, it accounts for nearly 20% of all international tourists who visit Mexico and more than 30% of the country’s total foreign currency earned via tourism (Gladstone 2005).

Unfortunately in the late 1990s Cancún began experiencing some of the same unattractive qualities that have plagued Acapulco and many other first generation resorts. Cancún’s unbridled expansion became overwhelming and its infrastructure was sorely overtaxed. FONATUR responded by investing considerable capital into cleaning up the resort’s tarnished image with renovation and new construction projects.

In October 2005 however, Hurricane “Wilma” stalled over Cancún for nearly 48 hours causing over US$ 2 billion in damages to the resort’s infrastructure. FONATUR officials saw this as a blessing in disguise; the natural disaster provided a rare opportunity to completely rebuild Cancún and enhance its long term international appeal. The Mexican government, for example, spent US$ 20 million to double the width of the beaches as it brought back the sand that had washed away. Remarkably, by the summer of 2006, the rebuilt resort was once again welcoming visitors.

Cancún is only one of FONATUR’s five master-planned resorts intended to serve as international tourist “growth poles” throughout the country. The other four mega-resorts are Ixtapa, Los Cabos, Huatulco Bay, and Loreto (Figure 1). Although three of the remaining four resorts were conceived at roughly the same time as Cancún, according to David Gladstone (2005), the Mexican government never intended to develop them simultaneously. Having benefited from lessons learned in both Acapulco and Cancún, FONATUR has continually revised its plans for the remaining resorts with the intention of maintaining their long-term appeal and economic vitality. The second resort to receive FONATUR’s undivided attention was Ixtapa.

Located 160 kilometers (100 miles) north of Acapulco, the Mexican government’s initial in-
tent in site selection for Ixtapa was to expand the Mexican Riviera tourist zone and diffuse the pressures of tourism throughout the state of Guerrero (Brenner 1999). Construction of Ixtapa's first high-rise hotel began in 1976, yet it was not until the mid-1980s that FONATUR began investing considerable money—some US$22 million in loans from the World Bank—into the local services and infrastructure (Nolan and Nolan 1988). Tourism officials take pride knowing that today Ixtapa has all of the requisite services and amenities expected of a world-class tourist destination (Photo 1).

Despite not having the same international name recognition as Cancún or Los Cabos, Ixtapa averages nearly 300,000 visitors each year making it FONATUR's third most successful resort (FONATUR 2003, Brooke 2008). Plus, starting in the winter of 2006 Ixtapa—Zihuatanejo began hosting approximately 1,000 cruise ships each year.

Markedly different from Cancún's initial development, tourism officials employed the strictest regulations on development. With a minuscule population of 5,000 residents, Ixtapa has been closely managed to ensure a high quality experience for international visitors. The sister city of Zihuatanejo (population of 57,000 in 2000) was always envisioned as the principal labor and commercial center for the area (Reyrose y Valle and de Regt 1979, INEGI 2000). Much like it has done in other second generation resorts, FONATUR has used the natural environment and man-made barriers to ensure that tourists and local residents remain segregated (see Textbox).

Prior to its initial development in 1976, Los Cabos attracted mostly deep sea fishermen from the U.S. (Figure 1). Today, with foreign visitors outnumbering domestic travelers eight to one, Los Cabos is the most internationalized of FONATUR's five state-planned resorts (Gladstone 2005). Furthermore, Los Cabos and its sister city Cabo San Lucas have become Mexico's most expensive international tourist destinations. Many of the properties fall within the super-luxury category with some rooms renting for as much as US$800 per night (Brooke 2008).

Despite the expense, Los Cabos ranks second after Cancún as FONATUR's most successful international tourist resort.

Founded in 1697 by Father Salvatierra as the first Catholic mission community along the Pacific coast, Loreto served for 132 years as the capital of Baja California del Sur (Baird and Bristow 2004; Figure 1). Due to severe aridity, extreme geographic isolation, and a catastrophic hurricane in 1829, the seat
Textbox: A segregated space for tourists in Ixtapa

By the time FONATUR gave its undivided attention to the development of Ixtapa, it had already learned that integrating tourists and local residents within a world-class resort was not optimal. Thus, one of the most attractive qualities of the greater Ixtapa – Zihuatanejo area is its advantageous physical setting (Figure 2). As FONATUR’s marketing brochure indicates: “Where many saw only an immense mountain range next to the sea, we saw a perfect scenario” (FONATUR 2003). Separating the luxury tourist resort of Ixtapa from the bedroom community of Zihuatanejo is a substantial mountain ridge (Photo 4). Although only 5 kilometers separate the two communities, the physical challenge of surmounting the steep slope is more than enough to discourage casual, non-vehicular traffic. The mountain serves as an effective barrier between the two communities.

In addition to capitalizing on the local topography, FONATUR has taken other more deliberate measures to ensure that Ixtapa remains an exclusive space for tourists. In the late 1980s local business investors pressured the local government to provide more affordable worker housing. In 1994, Colonia La Puerta was established at a straight-line distance of about 1.5 kilometers (0.9 miles) from Ixtapa’s main beach. According to local officials, after approval for the new residential space was awarded by the state government, FONATUR stepped in and exercised its unbridled authority to ensure that local residents of Colonia La Puerta would be served by their own commercial center (Cruz 2003). More importantly, FONATUR constructed a double wide cinder block wall to separate Ixtapa from Colonia La Puerta (Photo 5). Much like the mountain ridge that separates the laboring residents in Zihuatanejo from their jobs in Ixtapa, the wall is a formidable barrier between the working-class population in Colonia La Puerta and Ixtapa’s tourist space. FONATUR has employed the strictest regulations on development with the intent of ensuring a high quality tourist experience well into the future.

Photo 2: Map of Ixtapa, Mexico and vicinity

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Photo 4: Mountain ridge separating Ixtapa and Zihuatanejo, Mexico

Photo 5: View of Ixtapa and Colonia La Puerta from mountain ridge
of government was moved south to La Paz. FONATUR should have portended the challenges it faced, but in 1976 the agency began developing the mega-resort. From the outset, attracting business interests to invest in Loreto’s future was problematic, and despite creating a 2,065 km² (= square kilometre; app. 797 square miles) marine park in 1996, Loreto has become little more than a mega-disappointment. Today, the resort has five small hotels and features only 138 rooms (Gladstone 2005). Ever since it’s opening, Loreto has sat idle waiting to be discovered by the next foreigner on a mission.

After a ten year hiatus, and perhaps giving itself time to lick its wounds, in 1984 FONATUR began building its newest state-planned resort. Huatulco Bay was designed to spread out over nine bays and numerous nearby islands, a project expected to take 34 years to complete (Figure 1). The Huatulco Bay that hugs the Oaxacan coastline today is a scaled back version of FONATUR’s original vision. There are 17 low-density, low-rise hotels that line two of the nine bays (Gladstone 2005). The remaining seven bays and islands have been set aside as a 29,500 hectare (73,000 acre) nature preserve intended to rival ecotourism in Costa Rica (Zaragoza and Rojas 2000, Clancy 2001, Brenner and Aguilar 2002).

With the exception of Loreto, FONATUR’s “growth pole” resorts have become Mexico’s premier destinations for international tourists. Collectively, they receive 40% of all foreigners who visit Mexico and generate 54% of the revenue entering the country due to tourism (Brooke 2008).

**Mexico’s Third Generation resorts**

Mexico’s newest generation of international tourist resorts exhibit considerable diversity but share two things in common. First, they are largely a reaction to the “Acapulcoization” and unattractive qualities that have scarred many of the first two generations of resorts. Second, the newest resorts tend to cater to a more affluent or specifically targeted clientele. As middle-class tourists and spring breakers have spoiled some of the mega-resorts, an increasing number of vacationers are seeking out more “genuine” or “alternative” experiences. The current tourism literature identifies this type of tourism as “niche” tourism (Meyer-Arendt 2002).

In the late 1980s, the governments in Mexico, Guatemala, El Salvador, Belize, and Honduras envisioned creating a scenic byway for international tourists known as La Ruta Maya (The Mayan Route) that would feature archaeology sites and nature preserves centered around the ancient Mayan culture. The shared vision was to become a perfect example of alternative tourism. Although little has come in the way of realizing La Ruta Maya, Mexico is creating its own scenic byway along the Caribbean coast of the Yucatan Peninsula.

Local developers and business investors in conjunction with the Mexican government are building a four-lane highway between Cancún and Chetumal. If all unfolds as planned, lining the highway will be upscale, all-inclusive hotels and exclusive clubs that will cater to the world’s most affluent vacationers. Thus far, two areas along the Yucatan coast have received developers’ attention.

In the north lies the Mayan Riviera (an area extending 130 kilometers, 81 miles, from south of Cancun to Tulum including Playa del Carmen; Figure 1). In the mid-1980s Playa del Carmen was little more than a nascent hotel zone with a small boat dock. Its raison d’etre was point of departure for ferries that shuttle tourists between the mainland and the island of Cozumel. Today, Playa del Carmen has grown into a dense complex of hotels, condominiums, restaurants, strip malls, and upscale boutiques (Photo 2). In 2006 a previously undiscovered Mayan temple was unearthed and quickly became a new tourist attraction in the area. Like the rest of the Yucatan Peninsula south of Cancún, all of the buildings are less than five stories tall enabling them to blend in with the local vegetation. This northern third of the Yucatan coast has seen the greatest infusion of investment capital and construction activity with the hopes that it will eventually rival Cancún as an international tourist destination.

The southern third of the Yucatan coast is referred to as Costa Maya (Mayan Coast) — an area extending from Punta Herrero to the Belize border (Figure 1). Because the highway has yet to reach this section of the peninsula, little tourist infrastructure has been developed. In July of 2007 the area around Majahual showed considerable evidence of impending development but it featured only one modern hotel, a dedicated tourist shopping area dominated by kitschy souvenirs stands, and some small boutiques that lined the village’s sand covered main street (Photo 3). In the mid-2000s two cruise lines (Carnival and Royal Caribbean) helped fund the construction of a deep sea dock that would accommodate four cruise ships simultaneously. Unfortuately, nearly everything, including their “private beach,” was destroyed when Hurricane “Dean” (a category 5 storm) passed over Majahual in August of 2007. Until the dock is rebuilt, cruise ships will no longer stop in the area. The hope was that by 2012 Costa Maya would alleviate some of Cancun’s population pressure and provide an alternative to the Mayan Riviera. Clearly, Costa Maya has a long way to go before it will become a serious destination for international tourists. In 2007 federal legislation was introduced to allow foreigners to own land within 50 kilometers of Mexico’s coast (FNS 2007a). Such legislation would greatly facilitate investment in places like Costa Maya.

Nestled between the Mayan Riviera and Costa Maya is the Sian Ka’An Biosphere and Natural Reserve (Figure 1). The area is designated by the Mexican govern-
ment for environmental protection, but local tour operators are not only permitted, but encouraged, to make ecotourism forays into the park.

Not to be left out, FONATUR has identified two new resorts that will cater to ultra wealthy and elite international tourists seeking solitude and sanctuary from the masses. Spearheaded by outgoing President Vicente Fox, the federal government gave a green light to Mexico’s newest state-planned resort. Located 61 kilometers (38 miles) north of Puerto Vallarta, Litibu will be one of the world’s most exclusive beach resorts (Figure 1). With an initial investment from the Mexican government of US$ 50 million, the construction of a new highway, marina, eight five-star hotels, and a theme park have already begun. By 2025, Litibu is expected to have six commercial areas, multiple shopping centers, and three golf courses – one designed by Greg Norman. The low-density, low-impact development has much potential, but the costs of constructing the resort are considerable given its remote location and distance from Puerto Vallarta’s international airport (VIVA 2008).

The other FONATUR sponsored tourist destination is Escalera Nautica (Nautical Staircase; Figure 1). Modeled on the same principle as the string of missions built by early Spanish settlers along the Camino Real, Escalera Nautica will be a series of luxury hotels and small seaside resorts ringing the Sea of Cortez in the states of Baja California Norte, Sonora, and Sinaloa. Instead of finding a resort one day walk or cart ride away, the distance between marinas will be one day’s travel by boat (ca. 120 nautical miles). The ultimate plan calls for 22 marinas, golf courses, and the typical upscale tourist amenities. Once completed (as soon as in 2010) the government expects no less than 52,000 U.S. boat owners to drive inland from Mexicali to the marina at San Felipe (Brooke 2008) and enjoy the sublime resorts that line the Gulf of California coastline like a pearl necklace.

Conclusion
As state-planned tourism increasingly becomes a leading model for economic development, the Mexican government’s experience with three generations of resorts over the past 50 years provides many lessons to share with the rest of the world. First, large-scale unplanned tourism that neglects the environmental consequences of development can significantly limit the life span of a resort. Second, state-planned mega-resorts dominated by high-rise hotels and massive commercial development have become less appealing to international tourists than resorts that blend in with the local environment. Next, as ecotourism is supplanted by “alternative tourism”, resorts need to identify what niche they can best fill and market themselves accordingly. Finally, thorough background research is needed to critically assess the potential return and international popularity of a tourist destination. Not all coastal locations are a “field of dreams”. Just because you build a resort with all the amenities does not mean international tourists will come.

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