Business on Internet of the PYMES in Mexico as free form

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The small and medium companies represent the greater percentage in Mexico, but at investment level the competition that faces the international corporations is unfavorable, to very affected by the economic contraction.

PYMES, LatinAsia, Internet, Electronic Business.

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Pymes in Mexico, opportunities of publication on Internet

The domain of the little and middle companies (PyMES) as protagonists of the international commerce is the result of the new economic structure derived of the international financial contraction, Simon Levy, general director of the commercial consultant, consider.

The way to compete in a more profitable form with big companies of international scope is through internet, the tendency to reduce the costs oriented to this tendency, the technologic innovation in base of the digital services.

Digital gap in Mexico

Some authors prefer in Spanish, the term digital fracture o estratificación digital, because is more expressive about the real meaning of it.

Some of the first authors who took the problem of The Digital Gap from a systemic and social point of view were Herbert Schiller and William Wresh. In general form, these authors raised the necessity to include all the population sectors in the access of the information through the new information and communication technologies, as well the possible derived advantages that are given to have the access.

Principal aspects: the global gap (which is presented between different countries), the social gap (that happened inside a nation) and the democratic gap (referred to the one that exist between those who participate and those who do not participate in the public issues online). The digital gap base in previous differences to the technologies access. In the measure that in Mexico the public services, of health, education and even commercial generalize through the network, be disconnected or not know how to use them will be a disadvantage. In a commercial level, this disadvantage will be noticeable, because those who can promote their products or services through the network will have access to even global markets that the not connected competitors could not achieve. But in the other hand, the introduction to the technology without an integral vision could equally have disastrous effects. The differential access will amply the social distances historically inherited, marginalizing even more to the margined groups.

Reflections facing the future

Internet is, by definition and vocation, a decentralize system of information. This is, will not result if, pretended that the contents or the administration of the system made in central form. The only form to count with contents locally relevant is, for a site capacitates the local users to create its own contents, sharing its history, tradition, promoting its products and services.
One of the newest aspects that have been analyzed, it is not only about the internet Access, but also with the quality of such Access and the availability of broadband connections that allows accessing to multimedia contents in time and costs suitable to the users’ context.

Statistics of Internet use in Mexico

To the close of 2008 Mexico had 27.6 millions of internet users, which reflect an increase of 16.4% with respect to 2007, according with the most recently study of the Mexican Association of Internet (AMIPCI).

Dispositive with the possibility to access to internet in Mexico. See chart 1.

Dispositive with the possibility to Access to internet in Mexico, 2008. (Cyphers in millions)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC’s</td>
<td>14.8</td>
<td>18.2</td>
</tr>
<tr>
<td>PC’s with Internet</td>
<td>8.7</td>
<td>11.3</td>
</tr>
<tr>
<td>Cellphones</td>
<td>63.2</td>
<td>73.6</td>
</tr>
</tbody>
</table>

Chart 1

Source: Own elaboration in facts of: Mexican Association of Internet.

Personal computers acquired in 2008, 52 percent Homes, 48 percent Companies. The 93 percent of the total of the installed accounts of internet access are of Broadband. This has tight a relation with the consumption of equip in homes, where is preferred and have bigger promotion connection of broadband in front the other types. See chart 2.

Account of internet Access in México

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Accounts</td>
<td>727 thousand</td>
<td>462 thousand</td>
</tr>
<tr>
<td>Dial Up</td>
<td>14 thousand</td>
<td>16 thousand</td>
</tr>
<tr>
<td>Dedicated link</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband</td>
<td>4 millions</td>
<td>6.4 millions</td>
</tr>
<tr>
<td>ADSL</td>
<td>2.9 millions</td>
<td>5 thousand</td>
</tr>
<tr>
<td>Cable</td>
<td>928 thousand</td>
<td>1.1 thousand</td>
</tr>
<tr>
<td>Wireless</td>
<td>180 thousand</td>
<td>284 thousand</td>
</tr>
<tr>
<td>ISDN</td>
<td>29 thousand</td>
<td>26 thousand</td>
</tr>
<tr>
<td>Total accounts</td>
<td>4.8 millions</td>
<td>6.9 millions</td>
</tr>
</tbody>
</table>

Chart 2

Source: Own elaboration with facts of the Mexican Association of Internet.

Profile of the Mexican internet user, the universe per gender is integrated in 44 percent female and 66 percent masculine.

The internet is now an accessible media for all the Socioeconomic Levels (NSE) 44 per cent of the internet users are Socioeconomic Level D+ and DE. The internet is now an accessible media for all the Socioeconomic Levels (NSE 44 percent of the internet users are socioeconomic level D+ and DE in the year 2008. See Graphic.


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Comparative Composition of the Internet Users Universe per Socioeconomic Level 2007 vs. 2008

**Graphic 1**
The biggest growth of penetration of the users was gage in the socioeconomic level D+, in the year 2008. See Graphic.

Comparative 2007 vs. 2008, Penetration of the internet users’ universe per Socioeconomic Level.

**Graphic 2**
Source: Own elaboration with facts of the Mexican Association of Internet.

Demographic profile of the Mexican internet user in the cities, the internet users between 12 and 19 years represent 63 percent of the total; follow them the 20 to 24 years, with 55 percent; from 25 to 34 years is of 35 percent; from 35 to 44 is the 24 percent; from 45 to 54 years 19 percent and from 45 to 64 years are only ten percent of total internet users.\(^\text{46}\) Average time of connection of major Access, from Monday to Friday from 4:00 to 6:00 PM.

The digital life style still growing, 9 percent use telephony through internet.

Internet increases the media scope in total population (12-64) until 26 points. 6 for each 10 young (12-19) connect to internet. 7 of each 10 internet users use e-mail, 6 of each 10 instant couriers and 4 of each 10 chat. 50 percent of them download music, 32 percent watch humor pages and 30 percent play online. Accelerates the growth of the digital mobility of the cellphone telephony users, the 6% use internet by their cellphones. The home continuous being the principal place of access with 48 percent, the café internet with a 34 percent, work 19 percent, study place 11 percent, other 5 percent.

**Internet contacts**

I will mention the complete article of the Universal portal through Notimex, of Thursday 13th August 2009. Internet rates in Mexico, of the most expensive, Mexico not only reports the most expensive services of telecommunications between the countries members of the Organization for Economic Co-operation and Development but also to compare with similar economies of the continent.

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Especially in Internet costs, that’s why the federal government should reevaluate the situation of the sector. For the president of the Internet Competitive Intelligence Unit (CIU), Ernesto Piedras, in countries as Argentina, Brazil, Chile and Colombia are delivered services with capacities of two or four Megabits per second (Mbps) for an average of 21 dollars.

“While for the same price, in Mexico are offered services of only one Mbps in average for the access of broadband”, lament in the interview with Notimex.

Highlights that for that the Secretary of Communication and Transport (SCT) like the Federal Commission of Telecommunications (Cofetel) should intensify their policies of new technologies and the reduction of the costs structure, in order to improve the position of Mexico in the ranking of the Economic Co-operation and Development.

In this study Communication Outlook 2009, released this week, the organization for the Economic Co-operation and Development exposed that in Mexico the most expensive broadband is offer per Mbps of its 30 countries members, having tariffs which go from the 18 dollars per month and get high until the 115 dollars. In contrast, according with the study, in September of 2008 the lowest price per Megabit was placed in Japan with 0.07 dollars, followed by France with 0.22 dollars, Korea with 0.31 dollars, and Sweden with 0.32 dollars and Finland with 0.38 dollars. About the telephony, the calls in the business segment less expensive are available in Germany with a price of 0.10 dollars and the most expensive in Mexico with a cost of 2.43 dollars in PPP terms (Purchasing Power Parity) or 1.77 dollars which use the nominal exchange rate”. The less expensive calls in residential level are in Germany with 0.16 dollars PPP, while the most expensive in Mexico with 3.52 dollars PPP.

“The international call cost 22 times more in Mexico in nominal terms, the price in Mexico is 12 times higher than in the named European country.

Ernesto Piedras pointed that “in any other country saw bills for the telephony service of more than 100n dollars and if there is they are for telephony, more internet, cable and mobile telephony; in Mexico is normal to have in middle class bills of 200 thousand pesos in the month for telephony.

Clarify that for product type, Mexico is closer to the levels of the competitive that exist in the markets of mobile and fixed telephony in the four cited Latin American countries, but where the prices still being high is in Internet of broadband in terms of the capacity per Mbps offer. For Telephones of Mexico (Telmex), the study of the Organization for the Economic Co-operation and Development is not directly applicable in some cases in Mexico, to argue that the service baskets do not reflect the domestic consumption patron and do not take on account the packages, especially in broadband. The consulted specialist clarify that if well the posture of Telmex is relevant because its position in the Mexican market, “is the posture of a very important company in the market if, but is not the authority, will be more valuable to listen the evaluation that of all this will make the SCT and the Cofetel”. To the respect, the member of the Federal Commission of Telecommunication (Cofetel), Rafael del Villar, said that is possible that the Mexican telephony fells alluded with the results of the newest study in the subject of the Organization for Economic Co-operation and Development, however, consider, because the countries that do it that way have demonstrated advance faster in the outstanding issues.
The recommendation and insistence of the Economic Co-operation and Development and the Economic Development, is that Mexico should open the market of the telecommunication of the health competence, pointed.

Said that the low velocities in the internet services in Mexico are the reflection of the lack of investment in the sector.

“We have ten years of a very low level in investment and the way to get out of this situations is to balance the opportunities in order that thirds have opportunities to intervene and for that is necessary certainty in topics as the interconnection”, pointed the functionary of Cofetel.

Government plans

What does or government do to the respect to reduce the digital gap) Let see this new of March 19th of 2009, informative note, of the presidency page. 48 Mexico take a medullary step in the telecommunications sector: President Calderon. The Federal Government accomplish with the compromise to develop the telecommunication sector insuring convergence, competence and coverture. Mexico City. With the objective to make more efficient the telecommunications in Mexico, and because these are a public well that should be used in benefit of all the Mexican, the President Felipe Calderon Hinojosa announced the tender of dark fibers in the available routes of the National Electric System of the Federal Commission of Electricity (CFE), for the voice transmission, facts and images.

“We are literally creating, as is known in the field, a new backbone which allows the coverture, accelerate the competence and facilitate the convergence with the huge redundancy of economic and social benefit for the Mexicans” affirmed.

In the principal courtyard of the Technologic Museum of the CFE, the Mexican Mandatory insure that with this actions his government show the impulse to develop of the telecommunication in the country and give a big step in this subject to provide this new trunk network to the specialists companies and users in Mexico. “We are building with real decisions, with real acts, the possibilities of a telecommunications market more efficient and we are, also, transporting to Mexico to a better future, to the telecommunications future”, pointed. Accompanied of the Energy Secretaries, Georgina Kessel Martinez and the Communication and Transport, Juan Francisco Molinar Horcasitas; as well the Director of the CFE, Alfredo Elias Ayub, the Head of the Executive consider that a Nation that is capable of dominate the technology, could domain its destiny; for that, the country will count in the next months with 3 trunks networks of national coverture.

With which will increase the competence, the coverture, the quality and convergence in this sector. Informed that will be the Federal Government who will determine the conditions and forms of the tender of the dark fiber, in coordination with the Secretary of Energy and the CPE according with its integral policies of communication.

Also, in a term no longer 90 days, the Commission will establish the technic conditions to install, work, and give the maintenance to the illumination equipment and the repetition of this network, to guaranty the Security of the National Electric system and to preserve the rights of the workers of the institution. The President Calderon pointed that with this new network, that will count with 21 thousand kilometers, Mexico insure competitive conditions to transmit voice, facts and images, during the coming decades.

Highlight that in the measurement in which the prices will allow that more communities and more homes get connected to internet, will be achieve to carry knowledge and more services to the population.

“I’m convince, friends, that the telecommunication, the frequencies that are property of the Nation, the public wells and the infrastructure property of the companies of the State, like is the Federal Commission of Internet, are also public wells and all them, the frequencies, this public infrastructure, the telecommunications, on their selves, are public wells; and is the duty and right of the State maximize their efficiency, their coverture, their convergence and the competence on it in order to generate common well and public wells”, added. In front of companies represents and of telecommunications the Head of the Executive enumerated the benefits that will be obtained of this trunk network; between them, the interconnection of the health services, improve the education and more approach to the service that bring the Government to the Mexicans.

Also, said, the companies will also benefit because the telecommunication services will be cheaper, because there will be more competence; the entrepreneurs could offer their products faster and will increase the influence of their companies. The October 20th of 2009, The General Director of the Mexican Association of Internet was made “under the base of the ignorance” and have the hope that the deputies no to approve it, because it will be “recoil for Mexico”. He said that the negative impact of the tax in telecommunications will affect directly to the micro, little and medium companies; “a study of the Association shows that during 2008 the electronic commerce increased 85% with respect to the former year, winning space to the traditional commerce because the savings and the efficiency this have”.48

International visión

Internet is one of the phenomena that more growth has had. According to the last study made by the ComScore consulter in December of 2008, on internet we are more than thousand millions of users all around the world. 49

According to the facts of this study, the regions of Asia and Pacific are the ones who have more connected people in the network representing the percent of the world total.

While in Europe is in the second position with a 28 percent. In the end of the list is North America with a 18 percent, Latin America with a 7 percent and Africa with 5 percent.

The study also realizes the number of users that connect for each country. China is the first place of the list, with around 180 million of internet users. The second of the list is Unites States which have 163 million of people browsing. It is important mention that in our country is in the place number fourteen of this ranking; having a 12 million 486 thousand connected people, which represent the 1.2 percent of the global total.

In the other hand, CommScore inform that the more visited sites in the world are: Google (77 percent), Microsoft (64.2 percent), Yahoo! (55.8 percent); Being these which have the three first places of the list. In order to make this study, ComSocre consider only those users older than 15 years that were connected the last month from their homes or offices. The traffic from cyber cafes or mobile dispositive was not taken in account.

Free Sites

Geocities, on its beginnings the company "<Beverly Hills>" (BHI) in the middle of 1995 decided to offer to users of its website, known as “Homesteaders”, the possibility to develop own web pages in the neighborhoods of the company, assigning a street and an address. Nowadays, that scheme is abandoned in favor of a scheme with the name of the users as subordinate. So then, chats, news and other elements of the virtual community are added quickly, helping the fast growth of the website.

With the time many companies, including Yahoo!, begun to participate in Geocities and invest on it. The site still growing with introduction of advanced payment. In May 1997, the company included publicity on its pages. Even do the negative reaction of the users, the company still growing.

Getting to June of 1997, GeoCities is the fourth most visited website on internet. In October of the same year the company achieved a million Homesteaders. In 2001, after speculations of the analyzers of about that GeoCities was no longer profitable (has declared $8 millions of loses in the final four months of 1998), Yahoo! introduced for-free premium hosting service in GeoCities. In April of 2009 it was announced that GeoCities will disappear forever, for which left to accept new registrations, finally in October 26th of 2009. Social networks like Facebook or MySpace are the new space of exposition for the marketing of business, the formation of a structure of salespeople and the capitation of clients.

Conclusions

Opportunities of publication of the Pymes in Mexico, as the protagonists of international level business, sharing with the big companies a virtual market in where the consumer will see through a screen the exposition of the products or services of the different companies, giving in this way a big advantage to any company allowing the sale of any day the 24 hours through the technologic innovation.

There is a lot of way to overcome in Mexico in relation to the new informatics illiterate, those people who do not manage a computer, the first reason it’s always economic, the prices of the computers are high for the people of limited resources adding to it we add the ignorance and the fear to use it.

Herbert Schiller and William Wresch mention that this gap should be cut in all the population sectors providing the access to the new technologies exalting the derived advantages of learning to use it. In Mexico the public services, health, education, products and services are made through the network if the people do not participate in learn to manage them will be out of all the advantages, the government should give of follow in order to get the technology to different groups or the effects will be more digital gap. It could not be left everything centralized about education, should be in a form that get to approach to the most remote locations, teaching people to face the challenge that represent the technology, always towards quality. Statistically the growth of internet users reflect a growth of 16.4% respect of 2007, fact of the study of the Mexican Association of Internet (AMIPCI), nowadays the access through cellphones is increasing.

The purchases of computing equipment in home are bigger of those made by companies, this allow us see the tendency in the market of the possible consumers of products and services on Internet. Of the form to access of internet for its different media from the easier as the telephonic cable, (Dial UP) to the most sophisticated, in Mexico the bigger demand in 2008 is the Broadband where the telephonic line transform in telephonic service and internet connection (Telmex), there is the option of television, music, internet like is the Cablevision and others more. Broadband service with 6.4 million of users.

The internet is now an accessible media for the D+ and DE socioeconomic levels, only in 2008 represent the 44%. Who are the internet users that have more access?

Between 12 and 19 years represent the 63% are followed by those from 20 to 24; with 55%; from 25 to 34 years is of 35% the biggest percentage are young that do not have a job yet, they have the support of their family to get wells, are followed by those from 20 to 34 years these potential consumers have the capacity of acquisition for being in the rate of their productive rate, the young acquire tendencies that are reflected in products, the companies continuous with the tendency of exhibit themselves through internet, represent a variable of very attractive competence with the tendency to reduce costs.

Internet costs, analyzing the big challenge that has cheap services represent the reports of the Organization for Economic Co-operation and Development to compare us with similar economies in the continent, we are located as the most expensive tariffs in the internet services, according to the study, to September of 2008 the lowest price per Megabit was placed in Japan with 0.07 dollars per month, follow by France with 0.22 dollars, Korea with 0.31 dollars, Sweden with 0.32 dollars and Finland with 0.38 dollars. The recommendation and insistence of the Organization for Economic Co-operation and Development, is that Mexico should open the telecommunication market to the health competence.

The government plans. In May 19th of 2009, in the courtyard of the Technologic Museum of the CFE, with the objective to make more efficient the telecommunication in Mexico, and because these are a public well that should be used in benefit of all the Mexicans, the President Felipe Calderon Hinojosa announces the tender of dark fiber in the available routes of the National Electronic System (CFE), for the voice transmission, facts and images.
Commented to the respect, “We are literally creating, as is known in the media, a new backbone that allows us to transform the telecommunications, amply the coverture, accelerate the competence and facilitate the convergence with a huge redundancy of the economic and social benefit for the Mexicans”. Also, in a term no longer than 90 days, the commission will establish the technic conditions to install, work and give maintenance to the illuminating equipment and repetition of this network, to guaranty the security of the National Electronic System and preserve the workers’ rights of the institution.

The users of internet in Mexico, who already pay the higher tariffs between the countries member of the Organization for Economic Co-operation and Development (OCDE), now have to sum the 3% of gravamen to the telecommunications approved for the majority of the Deputy Camera, which is part of the physical package for 2010; Affecting in the sales in the electronic commerce.

Definitely the use of free sites, social networks, allow to the marketing a big field of action to begin the capitation of clients, without the necessity of huge infrastructures, an overwhelming example the blogs of google above to offer the free e-mail service, allows relation to this e-mail account a blog where there is a tool of easy use for the publication of articles, reception of comments, statistics, survey elaboration, of easy and cheap management, as well as this service there are promoting places little companies an example is Citypunto through the registration allows the publication of images, logos, localization maps of the company.

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