



FORCES AND WEAKNESSES OF THE MOBILE APP INDUSTRY IN MEXICO

Área de investigación: Entorno de las organizaciones

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Abstract



Mexico is the second largest economy in Latin America and through the years has moved up as a driving economy for international mobile app supply. This paper focuses on the drivers and barriers of mobile app developers in Mexico.

On the theoretical side, our research aims to explore the applicability of two current frameworks of industry analysis: Grundy's and Porter's. The purpose is to test if, by combining them, it is possible to overcome their individual limitations. On the practical side, this research aims to make specific recommendations to policy makers and industry leaders, in Mexico, on how to improve industry's competitiveness.

In this paper, our industry analysis uses Grundy's Strategy Onion (including SWOT), in combination with, Porter's Five Forces framework. Analysis includes economic, technological, political, and social factors, as well as, barriers of entrance and relevant information about customers, suppliers, competition and substitutes. A Systemic Competitiveness revision is present to reinforce argumentation.

Conclusions include the following: When doing an analysis for the Mobile App industry in Mexico, Porter's Five Forces is a useful tool. However, in combination with, Grundy's Strategy Onion, the analysis improves, providing a more detailed picture. In this industry, the barriers of entrance are determined by current governmental aid, and by economic investment. Both are concentrated mainly in the most important cities of Mexico. Developers can clearly benefit if government support increases and expands to other regions, with vocation and talent. Substitutes include other similar mobile apps, of foreign distributors, and available laptop and PC software. Suppliers are the two most popular distributors of mobile apps in Mexico: Apple and Google. Both require a registration fee from developments to enter their respective online stores. This causes a limited bargaining power from developers, when negotiating with their distributors. There is also a relevant loss of power from clients, when trying to communicate with developers. Due to limited communication between the user and developer. In sum, Mexico is a driving economy for mobile app developers, showing a tendency of growing usage. However, if Mexican developers want to compete internationally, they need more support and a better strategy.

Keywords: Industry analysis, Mexico, mobile app.

