



**Universidad del Azuay**

**Faculty of Law**

**School of International Studies**

**“Analysis of the impact of digital communication media which promotes  
Cuenca as a residential destination for American retirees, over the period  
2010-2015”**

Graduate thesis prior to obtaining a Bilingual Bachelor in International Studies  
minor in Foreign Trade

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## **Dedication**

This work is dedicated to all those people who have been a fundamental pillar to help me reach my goals; mainly my family, teachers, and friends.

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## **Abstract**

Immigration rates in the capital of Azuay province have risen considerably in recent years. Certain neighborhoods in and around the city offer rental spaces whose exclusive target are ‘gringos’, thus turning them into a notorious presence among the foreign and local populations. This paper analyzes the impact digital media has had on the promotion of Cuenca as a retirement destination for the so called U.S. expatriates.

It begins with a general description of the expats’ migration scenario regarding other countries and regions, and then focuses on the specific case of Cuenca - Ecuador. For this purpose, the most commonly used digital media used by American retirees are analyzed through field research conducted from February 01 to February 17 of 2016. This chapter identifies the most influencing media underlying the campaign which promoted Cuenca as a residential destination for American retirees. Likewise, the strategies used, and the cost/benefit ratio of that promotion are evaluated.

Subsequently, the impact of the strategic identifiers related to the advertisement campaign are evaluated i.e., innovation and quality, service effectiveness, differentiation and positioning achieved, as well as its long term goals. Finally, an exhaustive analysis is carried out regarding the actual expats’ experience of living in Cuenca as compared to the vision provided by the media campaign.

## INTRODUCTION

Over the past fifteen years Ecuador faced difficult political and financial scenarios, such as the 1999 crisis, the most difficult one in its republican history. This crisis provoked massive migration of the Ecuadorian population towards other countries, generating as a consequence a rise of inflation rates, unemployment and a salary downfall among a newly dollarized economy and other financial factors which devastated the country's economy.<sup>1</sup> However, in the following years there was a favorable recovery thanks to external factors such as the rise of oil price and general exports, together with the growth of the tourism industry; all these led to create a more attractive and stable situation which attracted foreign investment.

According to 2010 INEC's statistics, Ecuador has a population of 16'373.785 inhabitants. Azuay's population adds up to 712.127, from which 505.585 live in Cuenca. In almost a decade Cuenca's population grew in 2.12% from 417.632 inhabitants in 2001, according to INEC (2010). Causes of population growth might have been an increase in birth rates, as well as internal and foreign migration; all of them common to the whole of Ecuador but particularly to Cuenca in terms of immigrant population growth.

According to Cuenca's Chamber of Commerce, until 2013 there were 5000 foreign residents living in Cuenca; 95% of them were U.S. citizens, 3% were Canadians, 1% came from Germany, and the same percentage from Australia.<sup>2</sup> From this observation it is possible to infer that being the great majority of immigrants from the U.S., most probably the digital and mass media have as their target the American market. It should be noticed that 95% of the Americans living in Cuenca are retired citizens.

Several digital and communication media have promoted Cuenca due to a series of unique characteristics it possesses. These factors relate to its cultural charm, the architectural beauty of the city, low costs of living, health benefits, climate, entertainment, among other

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<sup>1</sup> Herrera, Moncayo y García. "Perfil Migratorio del Ecuador 2011". IOM, International Organization for Migration. 2012. Available in:

[http://www.inec.gob.ec/publicaciones\\_libros/perfil\\_migratorio\\_julio\\_30\\_2012.pdf](http://www.inec.gob.ec/publicaciones_libros/perfil_migratorio_julio_30_2012.pdf)

<sup>2</sup> "Ya son 5000 extranjeros que viven en Cuenca, 95% de ellos de EE.UU". Diario el Universo, Ecuador. Published: April 12, 2013.

qualities that have pointed out Cuenca as an outstanding destiny named as “the residential paradise for retired expats”.

According to Diario La Tarde, the immigration phenomenon has reached a total of 9.727 foreign residents in Cuenca, where 5.100 are men and 4.627 are women coming from America, Europe, Asia and Oceania (2015). This research has as its main objective to analyze and identify the advertising campaigns undertaken by international digital media and their influence in the retirees’ decision making process over the period between 2010 and 2015.

For this purpose, the first chapter of this research will be focused on the American retirees and their migratory perspectives in relation with other countries and regions of the world, and particularly in relation to the city of Cuenca, in Ecuador. In this way, an overall description of the migratory phenomenon of American expatriates around the world will be made.

In addition to this, an analysis of those countries preferred by the American citizens will be made, together with an enquiry on the causes or motivations for migration. The case study will be focused on Cuenca, city whose migrant population will be studied in terms of their adapting behavior towards concerns such as cost of living, climate, health benefits, among other aspects that have been publicized in the campaign that depicts Cuenca as a paradise for retirees.

In the second chapter an analysis will be made of three of the main digital mass media which promote Cuenca as a residential destiny for American retirees. Field research provides with relevant information about foreigners living in Cuenca, obtained from questionnaires answered on either a personal basis or through the internet. A sample population has been previously defined and the outcome of this whole process will make it possible to determine the most influential digital media with regard to immigrants’ decision making process. A SWOT analysis will be made of the media determined by the answers to the survey.

For the third chapter an analysis will be made of the strategic identifiers in relation with the advertisement campaigns of the main media involved. Innovation, quality and effectiveness

of the services they offer will be charted and compared. Brand positioning and differentiation factors will be determined, as well as an insight into the different objectives that led each of the media in their campaigns.

In addition to this, an exhaustive analysis will be made of what the community of expatriates has found in Cuenca, as compared to what they were attracted to in the advertising of the promotional campaigns. This will help in clarifying the perspectives related to the actual living conditions offered by the city infrastructure, services and more. It will be equally important to determine whether the arrival of the foreign population has had a positive or negative impact on the general local population, its economy and culture.

Finally, conclusions and recommendations regarding this research will complete the overall work presented so far.

## **CHAPTER I**

### **ANALYSIS OF THE MIGRATORY SCENARIO FOR U.S. RETIREES IN FOREIGN COUNTRIES. SPECIFIC CASE STUDY: CUENCA-ECUADOR**

#### **1.1 UNITED STATES RETIREES' MIGRATORY PROFILE BACKGROUNDS**

##### **1.1.1 Migration and Globalization effects. Specific Case Study: Ecuador**

It is necessary to provide an introductory definition for some of the terms used in this research paper. Nationalism, globalism and globalization are key words in relation to the migratory phenomenon worldwide. Nowadays, as well as in past times, people have always had a community feeling with regards to their homeland; in this way the world is visualized in terms of origins, language, culture, religion, and more. “The message of traditional nationalism is one of political loyalty and of a feeling of concern for our nation and State; a political, central concept associated with a vision of a divided world” (Rourke 2008).

As opposed to the former concept, globalism is an alternative that allows us to envision the world as a whole, where different nationalities share common characteristics as well as connections that go beyond political borders, national identities and cultural differences. In a continuity sense, globalization represents the expansion of globalism and shows an increasing integration in the financial, communicational and cultural trends which spread across political boundaries.

Migration is an old-times phenomenon and no country or region has been exempted from it, both in historical and current times. Generally speaking, migration is the geographical movement of individuals or groups mostly caused by economic or social factors.<sup>3</sup> Similarly, the International Organization of Migrations (2006) considers the existence of different types of migration, such as: forced and facilitated ones, the irregular type, the labor type, the massive and the organized ones. The U.S. expatriates migration to Ecuador falls into the organized category, due to the fact that it is respectful of laws which regulate

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<sup>3</sup> Concept of Migration. RAE. (Accessed December 08, 2015). Available in: <http://dle.rae.es/?id=PE38JXc>

travelling entrance and departure, both in the departure country and in the one of destination.

Since the end of the sixties, Ecuador faced two flows of international migration. The provinces with the highest rates of emigration were Azuay and Cañar, where many Ecuadorians made the decision of leaving the country, even though in most cases they would not acquire a legal status in the country of destination; however, what was sought in first place was the possibility of achieving a better life style in their new, foreign home.

Something similar took place during the 90's, when financial and political turbulence caused a migratory flow of Ecuadorians towards several different countries; mainly towards The United States and Europe. Those migrants pursued the "American Dream", which consisted on achieving equal opportunities and freedom for every citizen; implying a decent life based upon a clear determination of goals and fair achievements as the result of personal efforts.<sup>4</sup>

The 1999 crisis devastated Ecuadorian economy indeed. The social and political insecurity that afflicted the country at that time was the cause of massive migration towards foreign countries, while a great proportion of the population remained in extreme poverty.

Nevertheless, as years passed, Ecuador experimented positive changes in its economy due to external factors such as the rise in oil prices, direct foreign investment and a larger demand of touristic services. As years passed, Ecuador became more attractive to foreign investors, as well as a destiny for foreign retirees.

### **1.1.2 Main causes of international migration for U.S. retirees around the world**

Known as a "Land of Opportunities", the United States has characterized itself as a country of migrants that has led the world's economy for over a century. Due to the great opportunities for well-paid jobs that existed in this country, thousands of migrants from various countries of Latin America, Central America, Europe, Asia and Oceania, fled north in search of a new destiny in America.

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<sup>4</sup> Cullen Jim. "The American Dream, a short history of an idea that shaped a Nation". Oxford New York 2003. Pag. 6.

However, during the 2008 financial recession, the U.S. economy was devastated after the housing bubble expanded its effects throughout the whole world. It was the second largest crisis in U.S. history after the Great Depression in 1929. Several banks and financial institutions broke due to the so called Subprime Mortgage Crisis. The case of Lehman Brothers exemplifies how wrong financial decisions such as a wrong policy on loans reverted in the incapability of its clients to pay for their credits due to a lack of cash flow.<sup>5</sup>

The 2008 financial crisis in the U.S. took an unexpected turn that led to the fall of real estate prices and sales. Buyers had to pay high interest rates while banks would no longer provide with loans to its clients. It was difficult to sell properties and those who had already engaged in mortgages could not pay for them. Many Americans lost their homes due to their inability to pay off for their credits.

The Subprime crisis influenced U.S. citizens in their quest for new life opportunities. During the crisis many retirees found out that they could no longer afford a living if they wanted to keep to their former standards. They had to opt for living in countries abroad where the costs of living were much lower as compared to the one in the U.S. For this reason many American retirees searched for new residential destinies where their income would still allow them to lead a normal life.

United States population is 322.305.032. 72, 39% of the population is between the ages of 0 and 54, whereas 27, 61% are 55 or older.<sup>6</sup> A considerable percentage of retirees and elderly people have taken the decision of moving to new destinations in search of lower costs of living, health benefits, climate and other factors that promote their leaving their home land.

Many Americans decide to migrate due to their low pensions, limited to budgets that, in most cases, do not allow them to keep a comfortable lifestyle. Factors like low paid health care services and medicines are one of the reasons that induce retirees to look for new destinies abroad.

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<sup>5</sup> Bianco, J.D Katalina. (2008). "The Subprime Lending Crisis: Causes and Effects of the Mortgage Meltdown". Pag. 2. Available in: <http://business.cch.com/images/banner/subprime.pdf>

<sup>6</sup> "United States Population by Age and Sex". United States Census Bureau. (2015) Accessed December 08, 2015. Available in: [http://www.census.gov/popclock/?intcmp=home\\_pop](http://www.census.gov/popclock/?intcmp=home_pop)

According to the web page Retired brains, everyday 10.000 baby boomers retire; this is a tendency which is expected to continue for the next 15 years, meaning that about 3,6 million citizens are retiring every year.<sup>7</sup> A considerable percentage of these retirees take the decision of moving out of the U.S. with the hope of beginning a new life, improved in terms of quality and at the lowest possible cost.

Other migration causes relate to the decreased saving capacity due to the current costs of living. Utilities and home maintenance require spending large amounts of money that many people can no longer afford. By moving to countries where these expenses are lower, U.S. retirees recover their saving capacity and can even afford to pay for certain services and commodities that wouldn't have been able to access at their home land.

### **1.1.3 United States retirees' most preferred countries**

Digital media all over the world try to promote the positive aspects of different countries and regions with the aim of attracting public interest towards these potential destinations. However, some of these media overlook the negative aspects which should also be evaluated in an appropriate manner.

“International Living” is a digital magazine known worldwide as the most informative media with regard to the main residential destinations for expats. This magazine has not only featured a whole range of descriptions about climate, health, costs of living and more, but at the same time it has presented those negative aspects such as delinquency or inflation.

The chart below shows the main residential destinations for retirees from 2010 until 2015, according to U.S News and The Global Retirement Index.

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<sup>7</sup> “Reasons to Retire Abroad” Retired Brains. Accessed December 09, 2015. Available in: <http://www.retiredbrains.com/senior-living-resources/retirement-locations/retiring-abroad>

**Chart No 1**

Global Retirement Index GRI					
YEAR	World main destinations for retirees				
	1	2	3	4	5
2011	Nicaragua	Ecuador	Colombia	Thailand	Panama
2012	Ecuador	Panama	Mexico	Malaysia	Colombia
2013	Ecuador	Panama	Malaysia	Mexico	Costa Rica
2014	Panama	Ecuador	Malaysia	Costa Rica	Spain
2015	Ecuador	Panama	Mexico	Malaysia	Costa Rica

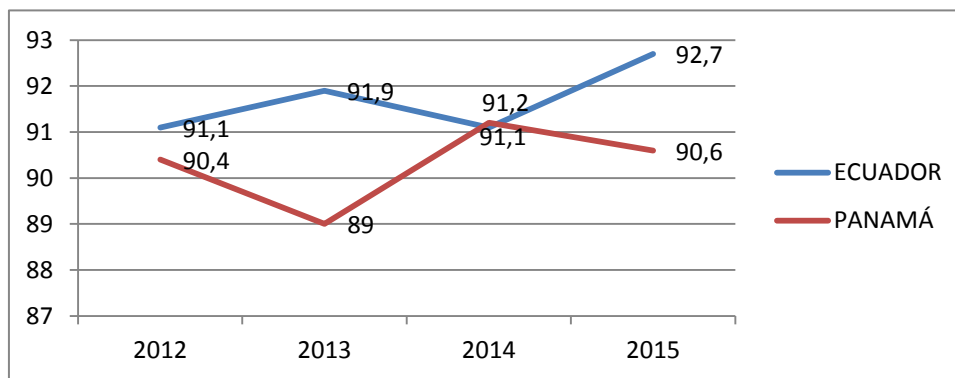
**Source:** Global Retirement Index 2012-2015 y U.S News 2011.

**Made by:** Vintimilla Paúl Santiago

As it can be seen on Chart N. 1, Ecuador has been among the first choices for foreign retirees. With the exception of 2014, Ecuador has been on the first place since 2012. In 2014 Panama scored 91, 2 and Ecuador got in second place with 91, 1; a minor difference indeed.

**Graph No 1**

**Global Retirement Index scores for Panama and Ecuador as the main residential destinations for foreign retirees, 2012-2015**



**Source:** Global Retirement Index

<http://internationalliving.com/2011/12/the-scores-and-how-our-2012-retirement-index-works/>

**Made by:** Vintimilla Paúl Santiago

Even though both Panama and Ecuador have similar scores according to the Global Retirement Index, the expats' decision-making process is very much influenced by the highest ranking on the GRI list.

IL promotes nearly 80 different countries as residential destinations for retirees. Ranking the top 10 of 2015 are Ecuador, on the first place, followed by Panama, Mexico, Malaysia, Costa Rica, Spain, Malta, Colombia, Portugal, Thailand, and Italy.<sup>8</sup>

The chart below will be used as a reference to analyze the different factors and reasons underlying the retirees' decisions at the moment of making a final choice of their new home abroad.

Chart No 2									
SCORES 2015, GLOBAL RETIREMENT INDEX									
COUNTRY	R ESTATE	S BENEFITS	COST OF LIVING	INT	E&S	HEALTH	INFR	CLIMATE	FINAL SCORE
Ecuador	100	96	92	95	98	82	78	100	92,7
Panama	80	100	91	97	100	89	84	85	90.6
Mexico	80	80	90	95	97	84	85	89	87.6
Malaysia	81	66	90	97	96	94	95	76	86.8
Costa Rica	84	76	90	97	97	89	82	78	86.6
Spain	84	70	89	84	93	87	100	83	86.1
Malta	78	84	87	100	78	86	93	82	86.1
Colombia	84	68	90	82	91	88	85	95	85.4
Portugal	79	74	90	86	88	81	98	82	84.8
Thailand	76	68	92	94	100	89	79	79	84.6
Italy	73	69	82	84	100	83	95	79	82.9
Uruguay	68	70	62	92	97	89	90	86	82.0
Belize	83	84	92	100	74	80	66	78	81.9
Nicaragua	92	70	100	90	75	79	68	80	81.7
New Zealand	64	72	57	100	100	83	91	83	81.0

Inte =integration  
E&S= Entertainment and services  
Infra= infrastructure

**Source:** International Living  
<http://internationalliving.com/2015/01/the-best-places-to-retire-2015/>  
**Made by:** Vintimilla Paúl Santiago

<sup>8</sup> “The score and how our 2013 Retirement Index Works”. (Accessed December 14, 2015). Available in: <http://internationalliving.com/2012/12/the-scores-and-how-our-2013-retirement-index-works/>

According to Chart N.1, it is necessary to acknowledge that even the countries with the lowest ratings are still worth considering as retirement options. For example, there are certain features that might be preferred by certain groups of people, such as urban or rural settings, or tropical climate as opposed to cooler weather. There are people who value the exotic culture of Asia, as there are people who prefer the richness of Latin America. So the decision making process passes through a series of steps where each of the categories exposed play an important part in the overall choice of a particular destination.

The following analysis is based upon a ranking that came up with three favorite countries after the promotional campaign made by the digital magazine International Living. Both, the data collected, and the information gathered in the process of interviewing the retirees' opinion on the chosen countries, reflects the research of this magazine (IL 2015).

- **Ecuador:**

As it can be seen on Chart N.1, by January 1st, 2015, Ecuador ranked on the first place for residential destiny for foreign retirees, reaching a score of 92.7/100, according to Global Retirement Index (GRI). There are several factors that help at measuring the quality of life at a given country, among which we can find:

- *Real State:* Even though prices have raised in the past few years due to the financial situation of the country, Ecuador keeps being the best valued among the Latin American countries. The cost of a house varies depending on which city it might be located. In Cuenca, for instance, an increasing number of foreign residents have purchased real estate properties, especially low cost, modern condos. However, the price of a 3 bedroom house, with 4 bathrooms, maid quarters, hard wood flooring and garden, can start at \$110,000. In Quito, life is more expensive and real estate property as well.<sup>9</sup>

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<sup>9</sup> Amazing Ecuador Real Estate. and Property International Living. (Accessed December 15, 2015). Available in: <http://internationalliving.com/real-estate/ecuador/>

- *Special Benefits:* The Ecuadorian government has provided general benefits not only for the local elderly population but to the foreign retirees as well. All persons older than 65 can obtain discounts on all internal air fares. In the same manner, there are discounts of up to 50% on tickets for movie theaters, sport events and other recreational activities. Public transportation also offers a discount close to 50%.<sup>10</sup> The public buses fare is \$0.25 cents, whereas the reduced fare for the elderly is only \$ 0.12 cents.
  
- *Cost of Living:* Ecuador has become renowned internationally due to its low cost of living, in contrast with the vast majority of other countries in the Americas. According to International Living magazine, Bil Schuler, 62, is an American citizen from the state of Minnesota, who currently lives in Otavalo and owns a house there. He pays for his house \$50,00 on a monthly basis, as well as \$90 for utilities such as water, electricity, telephone, natural gas for cooking, and internet service. Bill spends an average of \$325 on food. His expenses add up to \$465, 00; therefore he is able to save \$1335 from an \$1800 pension. According to Bill, a retiree couple could easily live with a budget of \$1400 per month, including a rental fee.
  
- *Integration:* The expatriates' population is constantly growing and therefore it is easy for a newcomer to join in any of the various groups that already exist around. There are locally managed news and advertisements websites such as Gringo Tree and Gringo Post that help people meet each other and offer free information on resources, links and contacts for the whole expats' community.
  
- *Entertainment services:* Ecuador offers a wide range of options to enjoy life, such as guided tours to different touristic places; sports at different locations and occasions, such as fishing, climbing, biking, hiking and more, not only

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<sup>10</sup> "The World's best places to retire in 2015". (2015). International Living. Available in: <http://internationalliving.com/2015/01/the-best-places-to-retire-2015/>

in local surroundings but on different locations on the coast, highlands and Amazonian region as well.

- *Health:* There is an ample medical infrastructure all around the country. A medical consultation fee may vary from \$10 to \$15, up to \$25 or \$30 in private hospitals. Social security medical care is offered at no cost for those citizens who pay a monthly fee. In Ecuador, the percentage paid to receive medical assistance is 20.60% of a basic salary, which is \$72, 92 per month out of a \$354, 00 monthly wages. This is a relatively low cost if compared to costs of social security in other Latin American countries.
- *Infrastructure:* According to the Ecuadorian newspaper El Comercio “Ecuador is above the average ranking among the countries in the region that possess an adequate infrastructure aimed at development, according to a study case presented by FIIC, Inter-American Federation for the Building Industry” (Paspuel 2015). It is very important to be able to remark this idea, due to the fact that infrastructure is one of the factors that reflects the competitiveness of a country. The Ecuadorian government has been in charge of investing large amounts of the State budget in the building of new roads, schools, hospitals and various institutional buildings that will help the country attain better accomplishments in different areas of developmental plans.
- *Climate:* The climate of Ecuador is one of the most diverse in the planet, and varies according to the different regions and altitudes. The country has a subtropical weather on the coastal region, whereas the Andes have a temperate climate year round. The Amazonian region has a humid and rainy weather. Foreign visitors can therefore, go to the places where they find the most suitable weather for their particular preferences or needs.

- **Panama:**

Panama ranks the second as a residential destiny for foreign retirees, according to the Global Retirement Index, GRI. Diario La Estrella in Panama, asserts that “the peak of retirees’ arrival in Panama began by 2000 and gathered mainly on Boquete, a mountainous location in the Chiriqui Province, 489 km west of Panama City, where the most emblematic urban project for high-income retirees was built” (Diario la Estrella de Panamá 2013). With this antecedent, the individual factors which promoted Panama’s high ranking will be analyzed in detail.

- *Real Estate:* Housing prices vary according to different locations. Panama City is the most expensive place of the whole country. A 2 bedroom condo with just one bathroom and a laundry room costs \$78,000.00 on average. A modern condo with three bedrooms costs approximately \$139,000.00. On the other hand, a 3 bedroom house with two bathrooms costs \$179,000.00. With regard to rentals, a 2 bedroom apartment in the city center ranges from \$700 to \$1500 per month (International Living 2013).
- *Specific benefits:* Nowadays Panama offers retirees the advantages of a program which includes a retiree’s visa. This visa is available for anyone in the elder category that receives a monthly pension of at least \$1,000.00. According to IL magazine “the visa includes a discount of up to 20% in medical services, 50% in entertainment, 25% in food and restaurants, and 25% for international flights”(Ramesch 2015)
- *Cost of living:* A retiree couple living in Panama could live comfortably with less than \$2000 per month. According to GRI, the cost of living in Panama is very similar to the one in Ecuador with regard to basic services, transportation and food. One of the main differences, and an attraction at the same time, given the advantage its presence represents, is the Panama Channel. Being a duty free port, all imports and exports from America and beyond are relatively inexpensive. Cars, clothes, electronic and household

appliances are less expensive than those sold in Ecuador, where imported goods are subjected to high taxation.

- *Integration:* According to GRI, Panama has been named as “the friendliest towards American expats”. This is probably due to its close vicinity with the United States, and the long term commercial and political relations between the two countries. Besides, the life style of both countries is quite similar, leading to an easy going way of integration among retirees and locals.
- *Entertainment and services:* Panama offers a wide range of services that visitors and residents can enjoy with regard to tours and recreational activities: marathons, Zumba, tennis, volleyball, golf and biking are among the most popular. The Caribbean and Pacific coasts offer endless recreational activities in the ocean, such as fishing, surfing, snorkeling, and more.<sup>11</sup>
- *Health:* According to IL magazine, health standards in Panama are much better than those in Ecuador, due to the fact that this country counts on several private hospitals with trained bilingual doctors. Not only this, but all the health infrastructure provides inexpensive and top quality services with top notch equipment that surpasses by far the services offered in Ecuador. Furthermore, not only the medical consultations, but the lab tests and prescription medicines are at least 50% less expensive than in the U.S.<sup>12</sup>
- *Infrastructure:* Panama is a developing country that possesses one of the best highway systems in Central America, as well as high rise buildings and

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<sup>11</sup> Living in Panamá. International Living. (2015). (Accessed January 15, 2016). Available in: <http://internationalliving.com/countries/panama/live/>

<sup>12</sup> Health Care in Panama. International Living. (2015). Accessed January 15, 2016). Available in: <http://internationalliving.com/countries/panama/health-care/>

large housing projects located along the Panama Channel.<sup>13</sup> All these quality features have made of Panama a developed country if compared with the other Central American countries. It is important to remember that all these advantages relate to the high concentration of importing and exporting business related to the Panama Channel.

- *Climate:* The climate in Panama is that of a tropical region, with two defined seasons: a cloudy and rainy season running from January through May, called Invierno; and a dry season, or Verano, between the months of April and December. However, according to IL magazine, oftentimes the rains prolong towards what supposedly must be the dry season, in a mix of hot weather and vapor that suffocates those people coming from higher altitudes and cooler climates.<sup>14</sup>

- **Mexico:**

According to the GRI, Mexico is considered to be the third residential option for U.S. retirees. One of the advantages it presents is the close vicinity to the United States, as well as the services and commodities it offers at prices much lower than those in that country.

- *Real Estate:* In many senses it is believed that Mexico, as of today, is very much alike to the way the United States were 50 years ago. Nowadays several U.S retirees have moved to the Lago Chapala area, located in the center of Mexico. According to IL magazine, the cost of a 2 bedroom house, with 2 bathrooms, a terrace and garage for one car is about \$109,000. A

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<sup>13</sup> Diario la Estrella de Panamá. "Panamá, destino preferido de jubilados extranjeros." Published June 04, 2013). Available in: <http://laestrella.com.pa/panama/nacional/panama-destino-preferido-jubilados-extranjeros/23486401>

<sup>14</sup> Climate in Panama. International Living. (2015). (Accessed January 15, 2016). Available in: <http://internationalliving.com/countries/panama/climate-in-panama/>

larger house of three bedrooms is close to \$159,000 in costs. However, a colonial house located in Miguel de Allende is close to \$359,000.<sup>15</sup>

- *Special benefits:* There are several benefits being offered by the Mexican government to the foreign retirees who decide to live in this country. According to IL, the Mexican government offers the card INAPAM, which offers discounts for a variety of services including: medical care, airplane and bus tickets, tickets to concerts and museums, and even discounts on the annual tax rates.<sup>16</sup>
- *Cost of Living:* Life expenses in Mexico are relatively low in comparison with the United States. On the contrary, if a comparison is made between Mexico and other Latin American and Caribbean countries, then the Mexico would be considered a rather expensive country. According to IL magazine, renting a house for two might be close to \$900, and utilities border \$300 per month. Food costs represent up to \$400, and other leisure activities cost about \$250. Other expenses such as gardening, aliquots, hairdresser, cleaning services and other miscellaneous items will amount up to \$280 more. The whole list adds up to \$2030 per month.<sup>17</sup>
- *Integration:* Mexico has been chosen as a preferred destiny due to its close vicinity to the United States. As years passed, this country has been home to large expatriates communities such as those of San Miguel de Allende and Puerto Vallarta, both popular destinations for the integration of newly comers.<sup>18</sup>

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<sup>15</sup> International Living. "Mexico Real Estate". (2013). (Accessed December 21, 2015). Available in: <http://internationalliving.com/real-estate/mexico/>

<sup>16</sup> International Living. "Retiree Benefits in Mexico." (Accessed December 21, 2015). <https://internationalliving.com/countries/mexico/retiree-benefits-in-mexico/>

<sup>17</sup> International Living. "Cost of Living in Mexico". (2013). (Accessed December 21, 2015). Available in: <https://internationalliving.com/countries/mexico/cost-of-living-in-mexico/>

<sup>18</sup> International Living "The best Places in the World to Retirement in 2015". (Accessed January 02, 2015). Available in: <http://internationalliving.com/2015/01/the-best-places-to-retire-2015/>

- *Entertainment and services:* Mexico possesses a rich cultural history, where the indigenous traditions are represented in their popular markets, with colorful dressed vendors, traditional cooking and handicrafts. Moreover, Mexico has a rich native culture represented in their archaeological sites, music, dance and other traditions that have positioned this country as an attractive touristic destination.
- *Health:* One of the advantages of living in Mexico is the great investment made by the federal government on public infrastructure. Many Mexican doctors have pursued their medical careers in the United States, and currently offer their qualified services at much lower rates than those charged regularly in this country. According to IL magazine, on average, a visit to a medical specialist costs an average of 350 to 500 pesos, or \$30 to \$43 per consultation. (International Living 2013).
- *Infrastructure:* Modern Mexico is considered a first world country due to its top quality highways, airports, telecommunication systems, urban infrastructure and shopping malls, located in the whole of its territory.
- *Climate:* According to IL magazine, the Tropic of Cancer divides Mexico in two different territories as weather concerns. One of them is temperate, and the other one is tropical. The northern territory tends to show lower temperatures during the winter, whereas the south of Mexico keeps its sunny weather and warm temperatures throughout the year.

#### **1.1.4 The migration of retirees from the United States towards Ecuador during the 2010-2015 period. Specific Case Study: Cuenca.**

American retirees have used the internet as their main communication tool in order to research about the best retirement destinations of the world. “There is a vast choice of destination countries, all of them displaying their charms and the benefits that retirees can find by living in those. In the end, retirees will keep in mind one or two destinations, which

they will later analyze in detail and compare, to finally plan on a visit in order to find out by themselves if the chosen country fulfills their expectations.” (Delgado 2014, Pag 18)

According to a report from its Ministry of Tourism, “Ecuador has been chosen for the second consecutive year as the number one living destination by foreigners who think it is the best place to live in” (Ministerio de Turismo 2015). In this report, The Minister Sandra Naranjo reveals data sourced from a survey made by “Inter Nations” to a total of 14,000 participants from 195 countries, which is where the former assertion is derived from.

**Graph No 2**



**Available at:** <https://www.internations.org/expat-insider/2015/the-best-and-worst-places-for-expats>

**Source:** InterNations

As can be inferred from the graph, according to Inter Nations Ecuador became a destination country for foreign retirees. A 91% degree of satisfaction with regard to living costs was

concluded, as well as an 80% satisfaction rate in relation to the financial situation of the country.<sup>19</sup>

It is necessary to remark that one of the main reasons why foreign retirees chose Ecuador as their residential destiny was due to low living costs, given that a pension varying between \$1500 and \$2000 would provide for a decent living in this country, and perhaps would allow them to incur in small luxuries; something that might be impossible to achieve with the same budget in the U.S

As a consequence of the financial crisis that hit the United States in 2008, a vast majority of elderly people and retirees were one of the most affected segments of the North American population. For this reason, they sought various destinations in foreign countries which offered the conditions they required; among these countries, Ecuador was listed on the first place according to the Global Retirement Index.

Each year, International Living Magazine publishes an index based on research made at the main residential destinies for retirees and among expatriates and experts from all over the world (Prescher 2015). According to the ratings of this Global Index, Ecuador obtained the first place in the year 2015. Several key features made of Ecuador the most preferred destiny; among those were the cost of living, climate, health benefits, entertainment, and more.

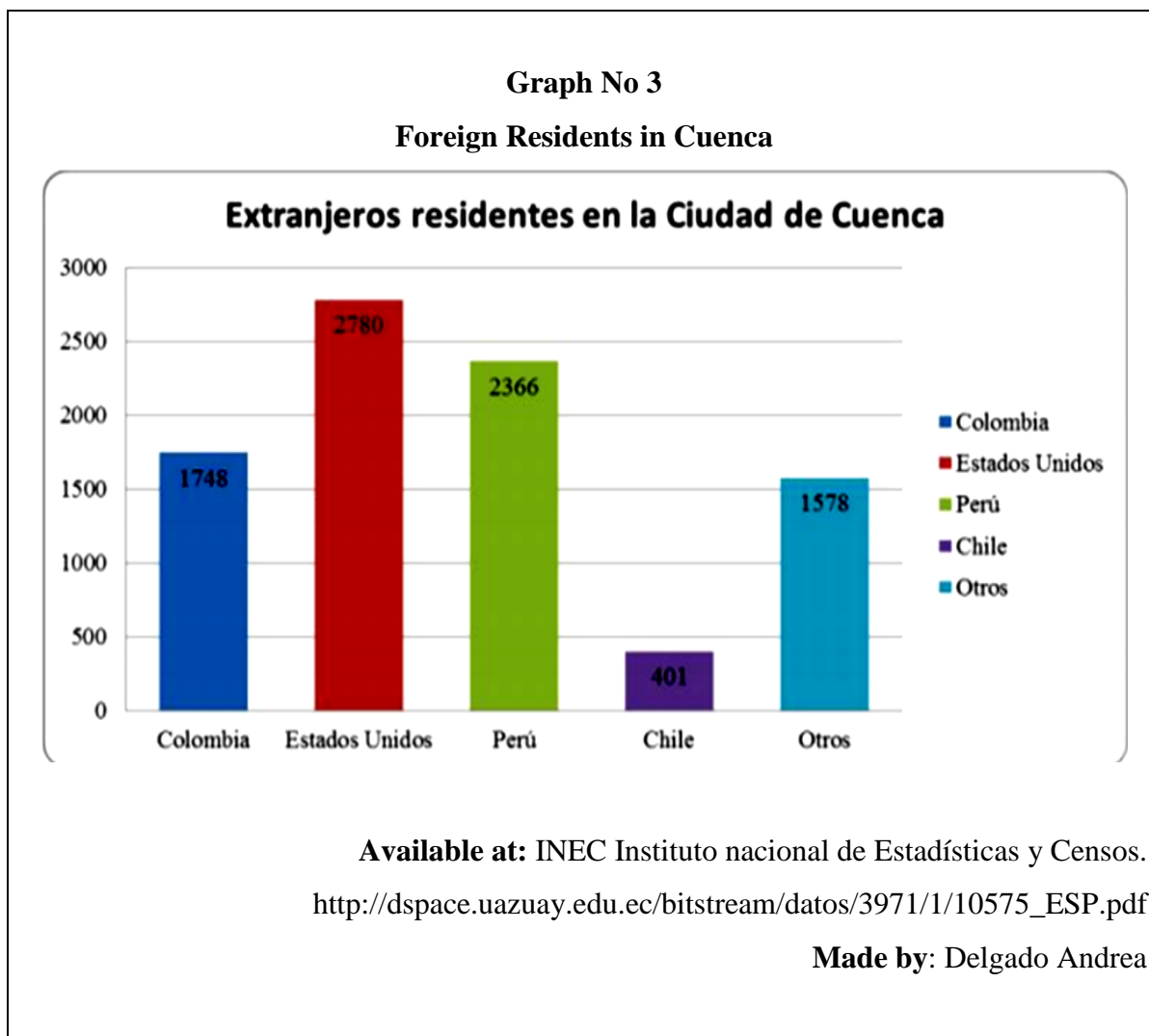
Retirees have chosen not only Cuenca, but other regions and cities of Ecuador as well, especially on the Pacific coast, like Salinas, Bahía de Caráquez or Playas. Some others have chosen the mountainous towns and cities across the Andean mountains such as Cotacachi and Otavalo. But Cuenca has registered over the past five years, one of the greatest arrivals of foreigners of all. According to the Instituto Nacional de Estadísticas y Censos (INEC), the number of immigrants living in Cuenca by the year 2010, was 9.174 people, according to the most recent statistics available.<sup>20</sup>

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<sup>19</sup> "The best & worst Places for Expats in 2015". Inter Nations, 2015. (Accessed December 09, 2015). Available in: <https://www.internations.org/expat-insider/2015/the-best-and-worst-places-for-expats>

<sup>20</sup> Delgado Andrea. "Análisis de la situación actual de los extranjeros estadounidenses de la tercera edad residentes en la ciudad de Cuenca". (2014). Pag. 33.

The graph below shows the statistics from the population census that took place in Cuenca, in 2010. Source: Instituto Nacional de Estadísticas y Censos, INEC.



The increase in expat population coincided with the government policy of “Open Doors” set in the year 2008 by the government of Rafael Correa. This policy intended that foreigners could enter the country without restrictions and without a visa (Cordero 2010).

This policy was introduced, among other purposes, with the aim of attracting direct foreign investment. It was also thought of as a way to promote the economy of the country and to attract tourism. Two years later this law was eliminated since it did not cope with its original aims.

According to other sources from the Municipality of Cuenca, “in the capital of Azuay Province live 9727 foreign citizens from over 40 different countries who have decided to stay on a regular basis either for working reasons, businesses or to retire. The nationalities most represented in numbers are the American, Canadian, Colombian and Spaniard communities. There are other significant communities coming from India, Pakistan, Japan, Korea, Australia, Taiwan, and Great Britain” (2015).

According to International Living Magazine, Cuenca has been considered as the paradise for foreign retirees. The traditional architecture of the city with its colonial houses, plazas and churches has been one of the main features contributing to its designation as a cultural heritage of humanity by UNESCO. Not only that, but other several factors have made of Cuenca a favorite among retirees from around the world. This study will further analyze the underlying reasons for such a choice.

#### **1.1.5 Evolving behavior of the expatriates community in Cuenca**

During the past five years Ecuador has faced a migration phenomenon all around its territory. “Even though migration processes have historically accompanied the economic and social formation and transformation of this country, the shift towards the new century has implied an intensified international migratory flow without precedents for Ecuador” (Herrera 2011).

Before 2008 there was a small group of expatriates residing in Cuenca. However, over the past ten years that number began to grow, adding up to 5000 by 2012, according to information provided by Cuenca’s Chamber of Commerce. These migrants come mainly from Canada and the United States (Estacio 2012).

Similarly, according to the Foreign Affairs and Human Mobility Ministry of Zone 6, averages of 800 consultations are made on a monthly basis; at least 60% of them consist of visa requests. Ana Lucia Serrano, the second authority of this ministry, explained that the demand for visas increased since December 2009, after several of the publications on international magazines featured Cuenca as the ideal city for retirees (Vintimilla 2013).

According to Diario La Tarde, a local Cuenca newspaper, the immigration phenomenon has increased in Cuenca, reaching a total of 9727 foreign residents, where 5100 are men and 4627 are women, coming from America, Europe, Asia and Oceania.<sup>21</sup>

By the year 2010 the number of residents was 5000. By now, there are almost 10000 immigrants that have decided to stay on a permanent basis. The increased expat population -over 50% in a 5 year period- has certainly brought along with it a series of social and economic changes to the city.

## **1.2 ANALYSIS OF THE MAIN FEATURES THAT CHARACTERIZE CUENCA AND WHICH HAVE BEEN USED TO PROMOTE THE CITY AS THE MAIN RESIDENTIAL DESTINY FOR U.S. RETIREES**

### **1.2.1 Living Costs:**

Several international magazines have promoted Cuenca as one of the less expensive cities in Ecuador.<sup>22</sup> However, that information is far from being objective; the actual experience of many expatriates reveals quite the opposite. Nevertheless, living expenses in Cuenca are still very affordable in comparison to most cities in Canada or the United States.

One of the differences between Cuenca and other large cities in Ecuador is that transportation costs are not very significant, due to the fact that Cuenca is not as geographically widespread, and people can still do a lot of walking to places. On the contrary, items such as clothing and appliances are far more expensive in this city.

According to Dena Haines, an U.S. expat living in Cuenca for five years, one of the issues most foreigners are surprised about is the high cost of appliances. Cars,

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<sup>21</sup> En Cuenca residen 9.727 extranjeros. Diario la Tarde. (2014). (Accessed March 03, 2016). Available in: <http://www.latarde.com.ec/2015/03/02/en-cuenca-residen-9-727-extranjeros/>

<sup>22</sup> Haines Dena, What's Like to Live in Cuenca Ecuador? (2014). (Accessed March 03, 2016). Available in: <http://gringosabroad.com/live-in-cuenca-ecuador/>

washing machines, and other household appliances are extremely expensive due to the fact that high taxes are charged on these items; some of them reaching up to 45% above their original prices. This taxation system has been applied to some 2800 different items since 2015, and coincides with products that reach high demand at the local markets.<sup>23</sup>

It should be noted, however, that international magazines do not include this kind of information on their reviews of Cuenca as the best destination for foreign retirees. Foreign migrants will only come to know of this situation when they start acquiring things for their new homes. In this regard, Panama presents great advantages in comparison to Ecuador. But still, other aspects like utilities' cost, health and internet services are much more advantageous in Ecuador than in other Latin American countries.

### **1.2.2 Weather:**

The weather in Cuenca is subject to variations within a few hours' scope. Given the fact of its location in an equatorial zone, there are no identifiable seasons, except for times when it is either rainier or dryer. Visitors have classified the climate in Cuenca as resembling that of spring, with intermittent showers and sunshine in between, leading towards more intense rains in the afternoons.

Nights can be freezing cold in the Andes, requiring warm clothes for the evening. Since temperatures rise and fall during the day, light clothes might be needed for a sunny morning as well. Despite all these variations, tourists enjoy Cuenca's climate.

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<sup>23</sup> Lista de las 2800 partidas de productos importados gravados con sobretasa. Diario el Universo. (2015). (Accessed March 03, 2016). Available in: <http://www.eluniverso.com/noticias/2015/03/11/nota/4648221/lista-2800-partidas-productos-importados-gravados-sobretasa>

### **1.2.3 Health**

Public health services are one of the outstanding factors that have made a difference with regard to the advantages that living in Cuenca provides. Living standards in this city are some of the best in Ecuador, including all the services provided by both public and private health care centers.

There are many specialized doctors and medical centers that provide quick and qualified attention. The average cost of a consultation ranges between \$20 and \$30, as compared to Quito, where the same services reach higher fees, between \$45 and \$50.

On the other side, the policies regarding public health care for expatriates changed at the beginning of 2014 since the government allowed for expats to join the program by paying a \$73.47 fee. Additional coverage for partners would require an extra \$12.62 payment (Medeiros y Morill 2015).

It is well known that the Ecuadorian Social Security System provides its clients with all the expenses for medical care. For this reason, many expatriates have joined the program, given the fact that Obama Care costs an average of \$328 monthly, or \$3936 on an annual base, a cost significantly higher than what the Ecuadorian system requires for its services.<sup>24</sup>

### **1.2.4 Real Estate:**

The cost of renting a home in Cuenca ranges between \$280 and \$850 on average. Prices vary according to the location of different residential areas. The most

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<sup>24</sup> \$328 Average Monthly Health Insurance Cost Under the Affordable Care Act. Persaud Vishal. NBC Washington. (2014). (Accessed March 04, 2016). Available in: <http://www.nbcwashington.com/news/health/NATL-ACA-328-Average-Monthly-Health-Insurance-Cost-Under-the-Affordable-Care-Act--225324422.html>

expensive neighborhoods in Cuenca are located on Ordoñez Lasso Avenue, Puertas del Sol neighborhood, El Vergel and Centro Histórico.

The real estate sector has lowered its prices, thus benefiting investors and renters since the end of 2014. Gustavo Vega, a real estate agent, confirms the sales have considerably gone down, showing a reduction between 30 and 50% since 2012.<sup>25</sup>

One of the factors for the fall in sales has been the elevated costs of construction materials subjected to new forms of taxation. New real estate projects in the process of being built have stopped their work due to the lack of funds since they rely on their sales to keep the financial ongoing of these projects..

#### **1.2.5 Entertainment:**

Cuenca is known as a World Heritage site. It has been recognized internationally for its valuable cultural patrimony and its touristic attractions. There are several festivities along the year, such as Carnaval, Holy Week, the great religious parade known as “Pase del Niño Viajero”, “The Innocent Saints’ Day”, among other celebrations; all of which have become very popular among expats, who enjoy them as well as locals do.

There are countless activities in Cuenca and for all ages as well. Movie festivals and the performance arts are some of the favorites. Natural sites are also among the main attractions in the outskirts and valleys that surround Cuenca: Yunguilla, Gualaceo, Sigüig, Paute, Giron and its famous waterfall known as “El Chorro”, and “El Cajas National Park”.

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<sup>25</sup> Cuenca Real Estate: It’s buyer’s market but most sellers don’t know it yet. Sylvan Hardy. (2015). (Accessed March 04, 2016). Available in: <http://www.cuencahighlife.com/cuenca-real-estate-its-a-buyers-market-but-most-sellers-dont-know-it-yet/>

## **CHAPTER II**

### **ANALYSIS OF THE THREE MAIN DIGITAL MEDIA WHICH PROMOTE CUENCA AS A RESIDENTIAL DESTINATION FOR AMERICAN RETIREES**

#### **2.1 FIELD RESEARCH**

Between February 1 and 17, 2016, a survey was made through the Gringo Post website, and also through E-mail accounts. Fifty personal surveys were made, plus sixty seven other through the web. The main purpose of these surveys was to obtain firsthand information related to the digital media used by American retirees, previous to their arrival to Cuenca.

The information gathered will serve as the basis for the analysis of the main digital media which promote Cuenca on the web, and in specialized magazines that aim at reaching a retiree's target in the United States.

##### **2.1.1 Determination of the Study Sample**

According to the National Census from 2010, Azuay Province has a population of 717.127, from which 505.585 belong to Cuenca. On the other hand, according to Diario El Tiempo, Cuenca has an American expatriates' population of nearly 8000; that number, together with other immigrants' groups, reaches a total of 12000 foreign residents (Minchala 2015).

However, this research will be based upon official information from government sources that will provide with more reliable data. According to Ecuador's Ministry of Foreign Relations and Human Mobility, from the year 2010 until December 18, 2015, 65.495 residency visas have been issued for immigrant population in the whole of Ecuador. From this total, 4997 visas were issued by the local immigration offices of Coordinación Zonal 6 Cuenca; and from this total, 4848 visas were issued to American expatriates (Cancillería 2015).

- **Sampling Plan**

The simple population is 4848 American citizens who have acquired residency visas through *Coordinación Zonal 6 en Cuenca*. The surveys will therefore be directed only towards this group of foreign residents.

The sample thus obtained has a 92% confidence level and an 8% error level. These percentages are similar to those of an exhaustive research, performed in the least time and at the lowest possible cost. The sample size obtained was of 117; in that way, a similar number of American expatriates will be the target of this study.

- **Sample Size**

In order to obtain the number of people to whom the survey would be applied, the following formula was applied:

$$n = \frac{N \cdot a^2 \cdot Z^2}{(e^2)(N - 1) + a^2 \cdot Z^2}$$

**N= 4848** (population)

**Z= 1,75** (92% confidence level)

**a= 50%** (positive and negative variations)

**e= 8%** (error level)

$$n = \frac{4848 \cdot 0,5^2 \cdot 1,75^2}{(0,08^2)(4848 - 1) + 0,5^2 \cdot 1,75^2} = 117 \text{ people}$$

### 2.1.2 Surveys applied personally and by E-mail to foreigners who live in Cuenca

Following, the survey's contents are detailed.

### Chart No 3

Hello, my name is Paul Vintimilla. I study at Universidad del Azuay, and am currently pursuing a degree on International Studies and Foreign Trade. My graduation project analyses the impact digital media have had in terms of promoting Cuenca as a retirement destination among Americans, between 2010 and 2015.

Your help at filling out the following questionnaire will provide with valuable input for this research. Thanks.

**Gender:** F \_\_ M \_\_

**Age:** \_\_\_\_

**Which state do you come from?** \_\_\_\_\_

Mark with an (X) in the blank:

**1. How long have you been living in Cuenca?**

- a. ( ) Less than 6 months
- b. ( ) 6 months - 1 year
- c. ( ) 1 - 3 years
- d. ( ) 3 - 5 years
- e. ( ) More than 5 years

**2. How long do you plan to stay in Cuenca?**

- a. ( ) Temporary
- b. ( ) Permanent
- c. ( ) Undecided

**3. What were the reasons why you chose Cuenca as a residential destination unlike other cities in Ecuador? Mark at least 3 options, the main reason with a check ( ) and two secondary with an (X).**

- a. Health care
- b. Climate
- c. Cost of living
- d. Affordable real state property
- e. Benefits for retired people
- f. Tourism and culture
- g. Entertainment
- h. Others (please, specify)

.....

**4. How did you get to know that Cuenca-Ecuador is a residential destination for foreign retirees?**

- a. ( ) Internet research
- b. ( ) Friends or family experience
- c. ( ) Digital magazines about retirement abroad
- d. ( ) Previous trips to Ecuador
- e. ( ) Television reports

**5. If your previous answer was "Internet research" or "digital magazines", please answer the following question:**

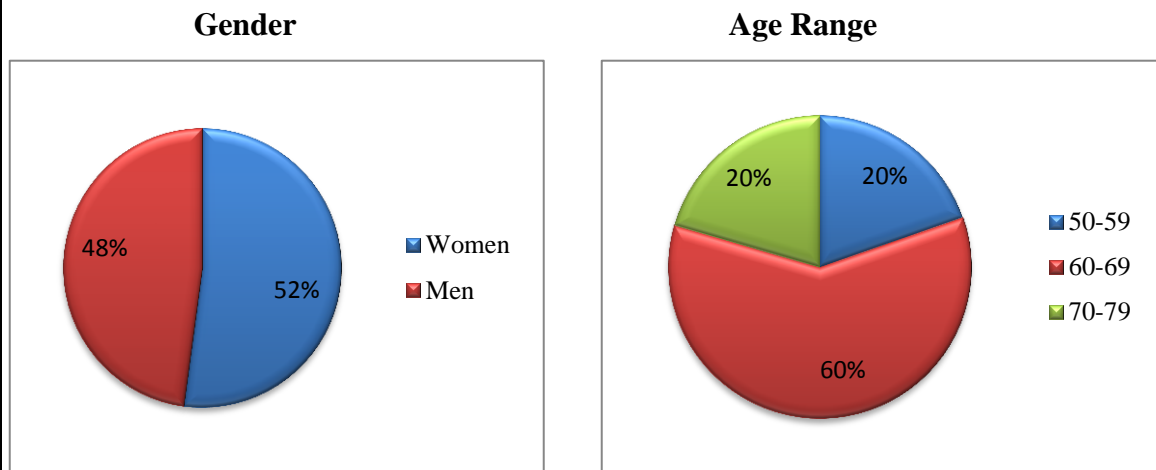
**Which of the following digital media did you use to know about Cuenca- Ecuador before your arrival? Mark at least 3 options, the main reason with a check ( ) and two secondary with an (X).**

<p>a. <input type="checkbox"/> Forbes</p> <p>b. <input type="checkbox"/> International Living</p> <p>c. <input type="checkbox"/> Gringo Tree</p> <p>d. <input type="checkbox"/> Gringo Post</p> <p>e. <input type="checkbox"/> Others (specify)</p> <p>f.</p>
<p><b>6. Which one of the previous options gives you more confidence and safety in the information that provides and why?</b></p> <p>.....</p>
<p><b>7. Are you subscribed to any website or digital magazine which provides you with information related to the main residential destinations for US retirees? If so, please specify.</b></p> <p>.....</p>
<p><b>8. Which of the following social networks provided you with information about Cuenca as a residential destination for US retirees? You can mark a maximum of 2 options.</b></p> <p>a. Facebook</p> <p>b. Twitter</p> <p>c. Instagram</p> <p>d. Email</p> <p>e. Others (specify).....</p>
<p><b>9. Do you believe the expectations you developed out of digital media influences coincide with the reality you have experienced so far while living in Cuenca?</b></p> <p>a. <input type="checkbox"/> Yes</p> <p>b. <input type="checkbox"/> No</p> <p>If your answer is “No”, please specify what aspects do not meet with your expectations.</p> <p>.....</p>
<p><b>10. Overall, how has your “Cuenca experience” been?</b></p> <p>a. Excellent</p> <p>b. Good</p> <p>c. Average</p> <p>d. Poor</p> <p>e. Bad</p>
<p><b>11. Based on your personal experience, would you recommend Cuenca to your family or friends as a place to live/retire?</b></p> <p>a. <input type="checkbox"/> Yes</p> <p>b. <input type="checkbox"/> No</p>
<p style="text-align: right;"><b>Made by: Vintimilla Paúl</b></p>

### 2.1.3 Results of the Research done through the Survey

The results of the survey applied are explained in the following graph. The survey was applied to a total of 117 American citizens who live in Cuenca, 52% of which are women, and 48% men.

**Graph No 4**



**Available at:** Survey applied to American Retirees, 2016, Cuenca- Ecuador

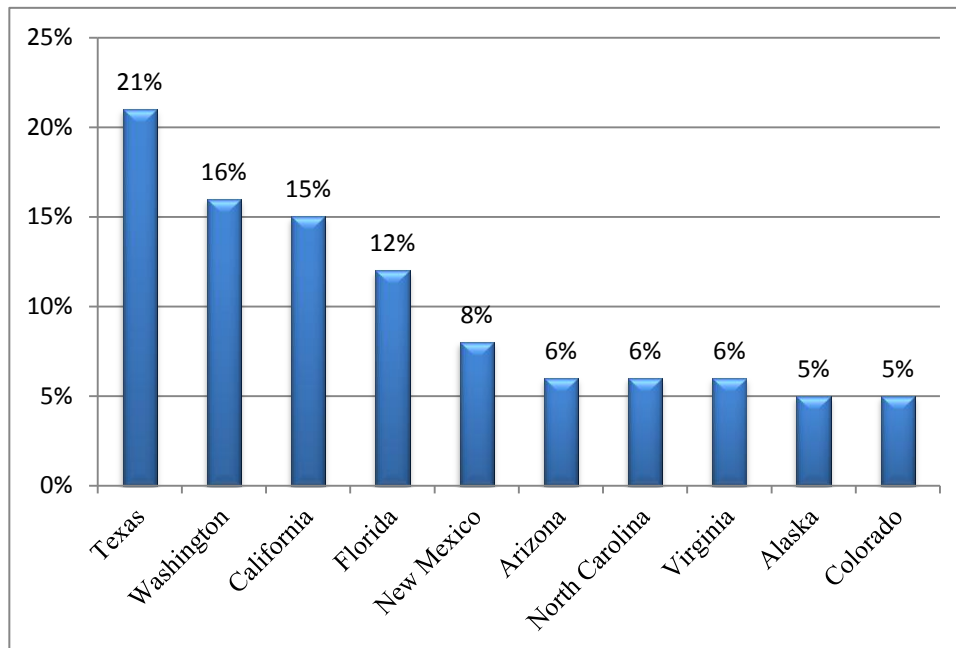
**Made by:** Vintimilla Paúl

As it can be observed on the former graph, there is only a 4% difference between the gender groups. With regard to age groups, 60% of the sample population is in the 60-69 age group, which represents the majority of the population subject of this study. There is an equally represented percentage of both, the 50-59, and the 70-79 age groups, with 20% each.

The following graph shows 10 of the most frequent States of origin, regarding migrants who live in Cuenca, according to the survey.

**Graph No 5**

**The 10 most represented States by the American retiree population in Cuenca**



**Available at:** Survey applied to American Retirees, 2016, Cuenca- Ecuador

**Made by:** Vintimilla Paúl

**Graph N. 6**

**Map that shows the States where the majority of expatriate retirees currently living in Cuenca come from, according to the survey's results.**



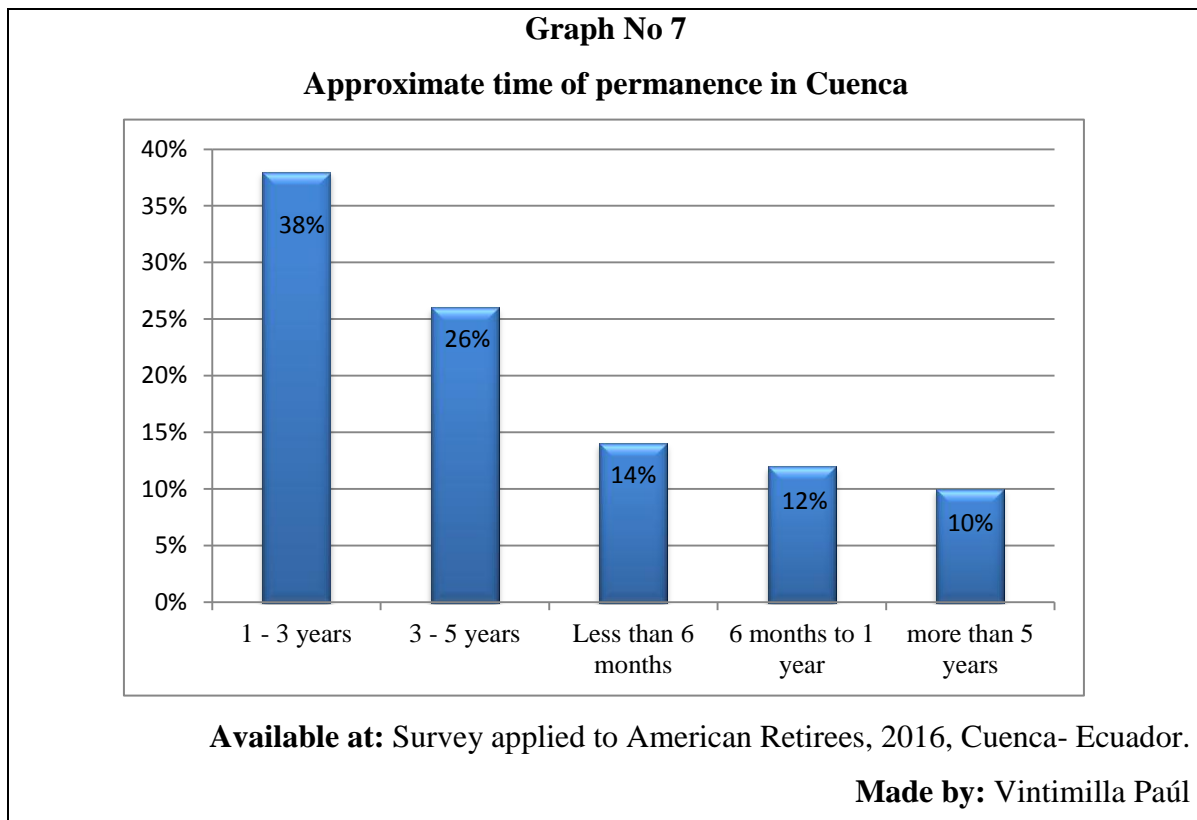
**Modified from:** Google Maps

**Made by:** Vintimilla Paúl

As can be observed on the map, most of the expatriates come from the southern States, with the exception of the State of Washington. It should be noted, however, that other expatriates come as well from Arizona, North Carolina, Virginia, Alaska, and other States.

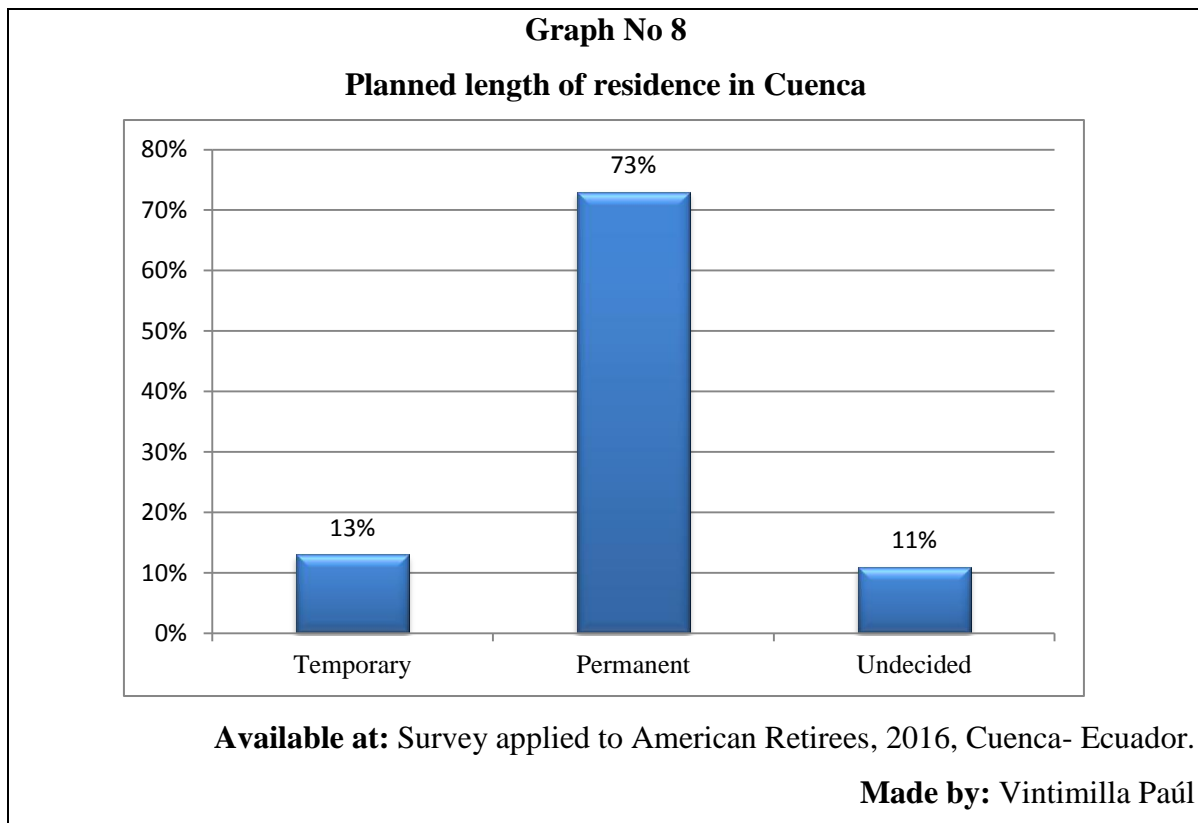
According to an article sourced at the United States Embassy: “Counting the Uncountable: Overseas Americans” there is neither a total, nor exact, estimation about the real number of American citizens living abroad. The main question raised upon the lack of precise information on this regard is –Where do most American citizens migrate to? Apparently, the answer remains somehow of a mystery yet to be solved. What stands clear are the causes for migration, such as marriage, studies, work, or retirement. It is believed that most Americans choose to retire in foreign countries such as Mexico and those of Central and Latin America. According to a study made in 2006 by the Instituto de Políticas Migratorias, financial factors were key for the decision-making process of potential migrants towards countries like Mexico, Panama, or Ecuador (Klekowski 2013).

The graph below shows the answers to the first question of the survey, with regard to time of permanence in the city of Cuenca:



According to the results of the survey, 38% of American retirees have lived between 1 and 3 years, whereas 26% of them have lived between 3 and 5 years. From this information it is possible to conclude that Cuenca has an established expatriates' community with a 10% of residents who have been living in the city for over a 5 years period, acquiring and steadily sharing local customs and lifestyle.

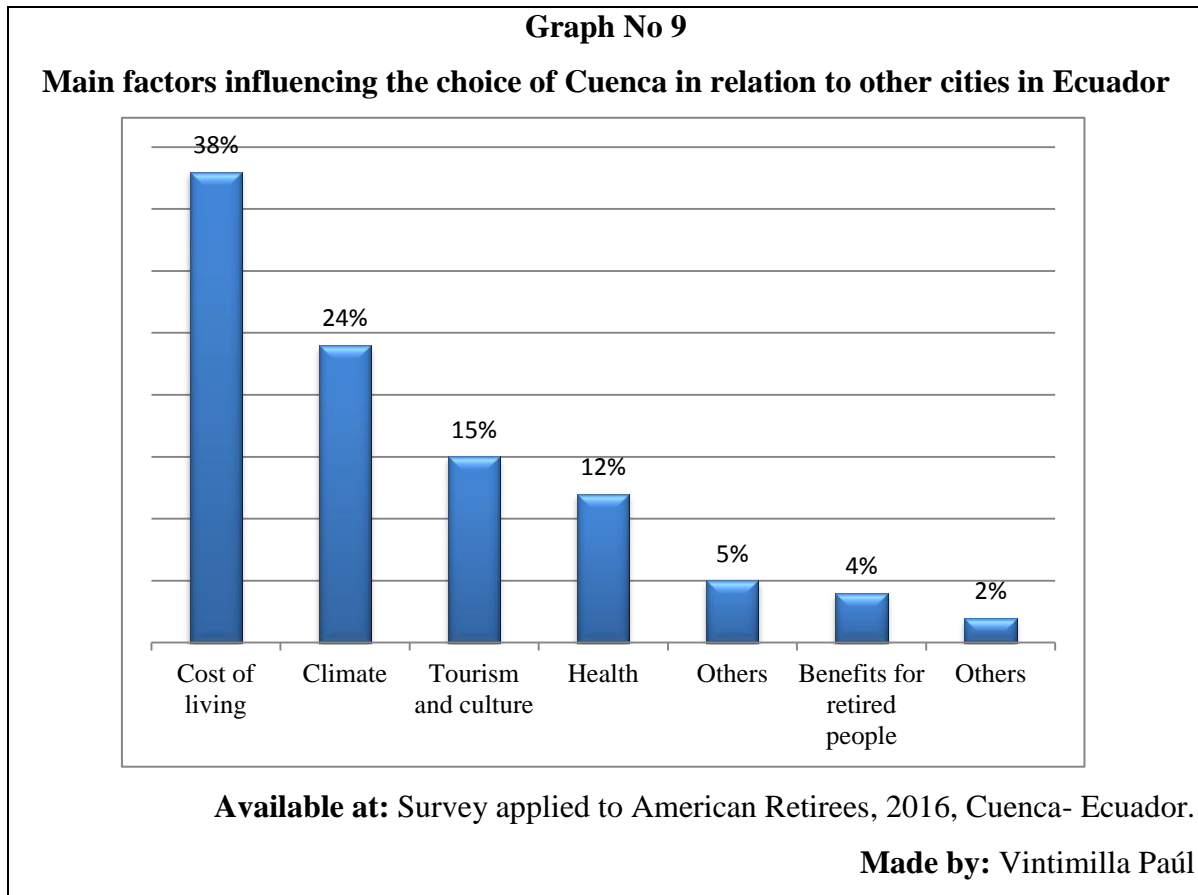
In relation to the former question, the following inquiry is on the planned time of residency.



As can be seen on Graph N. 8, over 70% of the current residents plan to live on a permanent basis in Cuenca. This fact reflects how foreign residents have successfully adapted to local life; situation that has been encouraged by the creation of various kinds of businesses targeted at this group and which has helped ease their adaptation process to the local living conditions. Several restaurants, libraries, health care centers, among other

newly created businesses advertised through internet campaigns that aimed at reaching the ever growing expatriates' community

The third question focused on finding out the reasons why Cuenca was chosen as the final residential destination:



As can be observed on Graph N. 9, the majority of answers point out to the cost of living as the main reason why Cuenca has been chosen. Even though Cuenca is one of the three largest cities in Ecuador, its cost of living is much lower if compared to Quito or Guayaquil.

According to data presented by local media, elderly people prefer Cuenca due to the various discounts available for public transportation, sports and cultural events, and utility services.<sup>26</sup>

However, the current situation reflects a general increase in living expenses, as compared to those of 2013. The overall financial situation of Ecuador has led to a fall in the real estate market by 32% according to 2013 data, and over 50% in relation to the year 2009. Due to this fact, nowadays, 82% of immigrants prefer to rent, as compared to 18% who own their homes.<sup>27</sup> More recent information reveals that living costs kept increasing in 2015 due to high taxation to imported goods.

Another category that plays an important part on the decision-making process of potential migrants is climate. Most of the retirees seek or plan to move to warmer climates. According to an article published by Cuenca High Life magazine, Cuenca is very popular due to its temperate climate throughout the year, low living costs and high quality of life. From the year 2000, over 10000 Americans have moved to Ecuador, and from those, 5000 of them have chosen Cuenca as their home (Gilley 2016).

Not only so, but the southern region where Cuenca is located displays a variety of climates which range between very cold weather as in El Cajas National Park, to milder and sunnier climates such as those of Paute and Gualaceo, or more cloudy and rainier as in Girón; and even subtropical as in the Yunguilla valley.

Question number 4 was focused on determining which way the retirees found out about Cuenca.

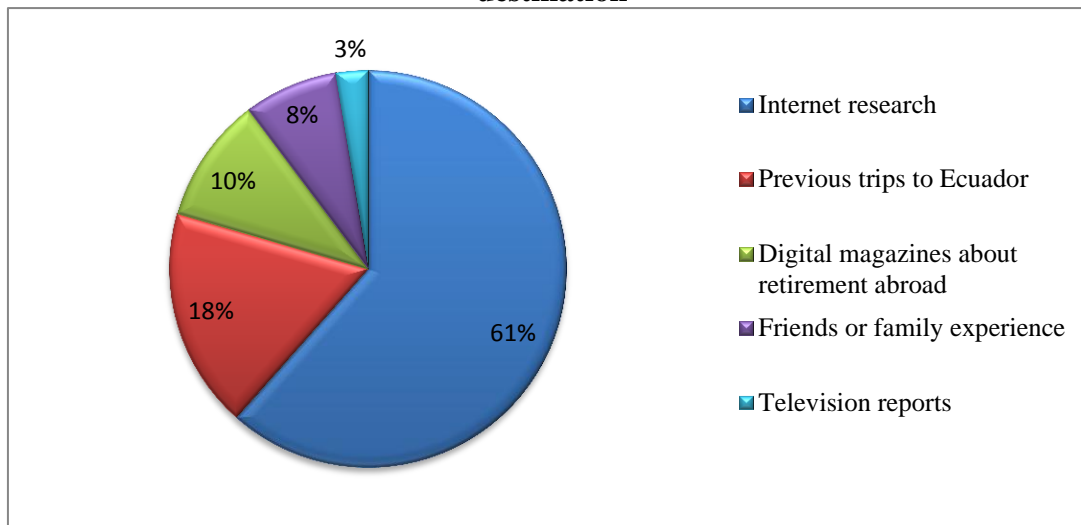
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<sup>26</sup> “Cuenca es preferida por jubilados extranjeros”. 2011. Diario el Tiempo Cuenca. Accessed February 03, 2016) Available in: <http://www.eltiempo.com.ec/noticias-cuenca/78063-cuenca-es-preferida-por-jubilados-extranjeros/>

<sup>27</sup> “Cost of Living Survey shows that prices are rising- no surprise there- but it also reveals some new expat trends”. 2015. CuencaHighLife. (Accessed February 03, 2016). Available in: <http://www.cuencahighlife.com/cuencahighlifes-2015-cost-of-living-survey-reveals-some-surprises/>

**Graph No 10**

**Media and other sources of information about Cuenca-Ecuador as a retirees' destination**



**Available at:** Survey applied to American Retirees, 2016, Cuenca- Ecuador.

**Made by:** Vintimilla Paúl

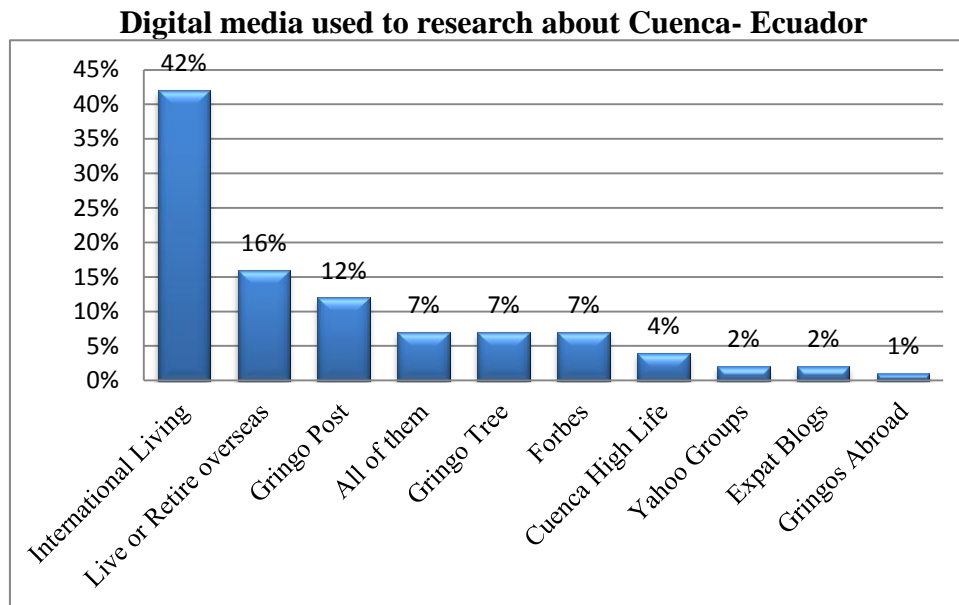
According to the results presented on Graph N.10, over 60% of the sample population used Internet Search tools in order to find out about Cuenca as one of the main residential destinations for retirees.

The next category with only 18% of positive responses was the one related to previous trips to Ecuador. However, it is necessary to point out that most trips were probably based as well on previous Internet research.

Finally, only 10% of the sample population chose physical or digital magazines focusing on topics such as retiring abroad as their main source of information. It has to be noted though that most of this information is readily available on the web, without even having to purchase or access a specialized digital media.

The fifth question was formulated with the aim of knowing the three main digital media used by the retirees to find out information about Cuenca.

**Graph No 11**



**Available at:** Survey applied to American Retirees, 2016, Cuenca- Ecuador.

**Made by:** Vintimilla Paúl

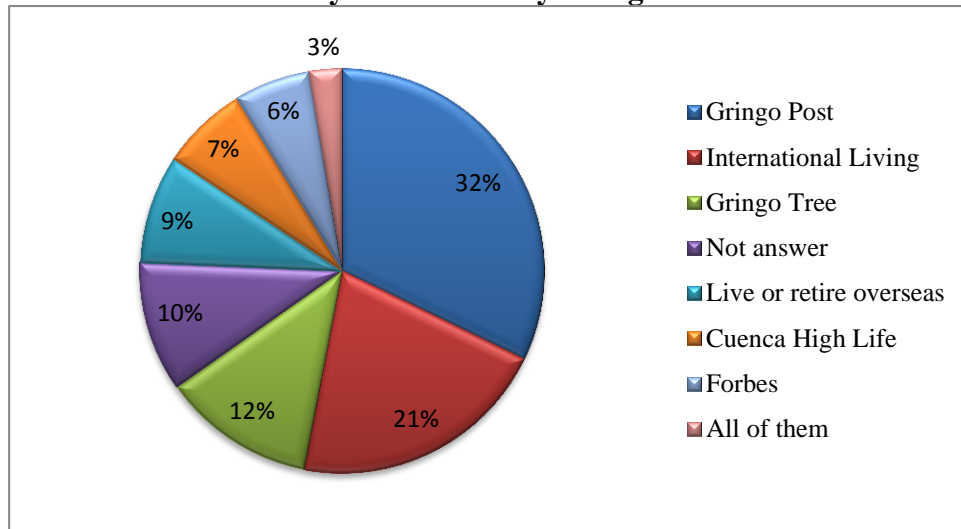
As can be observed on the former graph, the three main digital media used by American retirees to research about Cuenca were:

- International Living: 42%
- Live or Retire overseas 16%
- Gringo Post 12%

At this point it becomes necessary to clarify that the questionnaire displayed only four choices: International Living, Forbes, Gringo Tree, and Gringo Post. There was a fifth, open option, to specify any other sources. Overall from this option came out “Live or Retire Overseas” together with CuencaHighLife and GringosAbroad.

**Graph No 12**

**Reliability and credibility of Digital Media**



**Available at:** Survey applied to American Retirees, 2016, Cuenca- Ecuador

**Made by:** Vintimilla Paúl

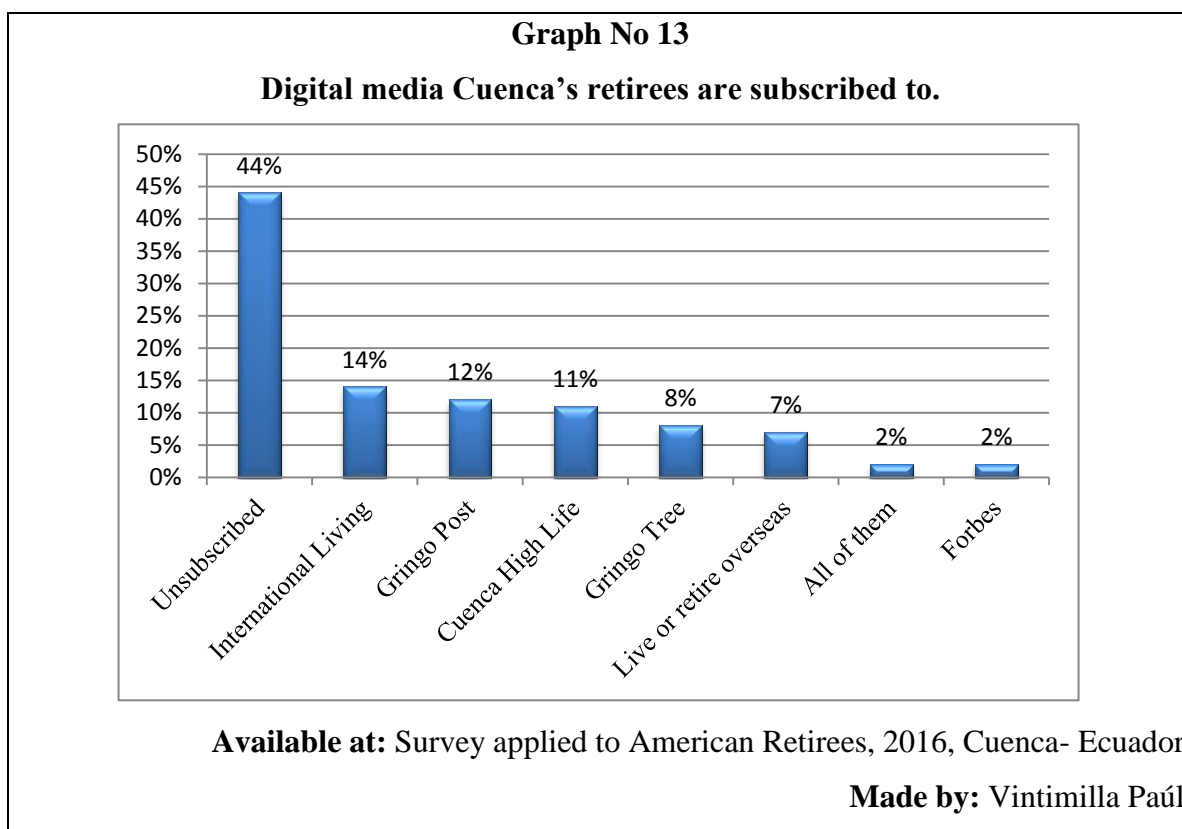
The digital media acknowledged as the more trustworthy are Gringo Post, International Living, and Gringo Tree. However, according to the opinion of most retirees, the information provided by Gringo Post is the most reliable due to the fact that all the editorial staff are themselves residents and they can tell about day to day life facts about Cuenca, without any kind of mediated commercial interest.

On the contrary, despite International Living magazine's prestige abroad, this media has been subject to criticism by some users. Several people among the surveyed sample have complained about the credibility of the information conveyed by this magazine in relation to Cuenca, especially with regard to low living costs and infrastructure. Besides this aspect, International Living magazine has done a great deal in terms of advertising Cuenca and increasing both, the number of tourists coming to Cuenca, and its international prestige.

With regard to Gringo Tree, this is a digital media that has gained trust and recognition from its readers. It's been locally recognized by the expatriate community as one of the main digital media which provides with news and updated information on events, real

estate and advertisement, both commercial and personal. In the other hand, Gringo Tree as opposed to Gringo Post- charges for commercial advertisement. Several retirees have complained about the functioning of Gringo Tree's webpage in relation to the difficulty of accessing updated information and the relative difficulty to use as compared to Gringo Post, especially for older people.

The seventh question deals with subscription subscribe rates to digital media which provide information for expatriate retirees.



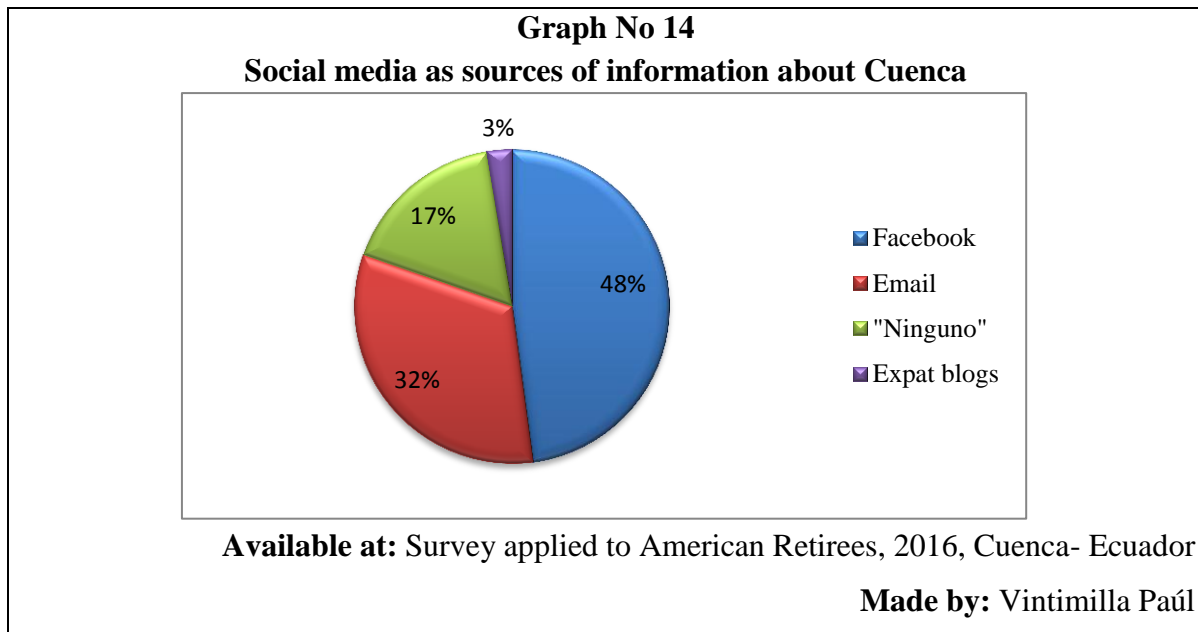
The outcome of the survey shows that 44% of the retirees are not subscribed to any digital media or webpage focused on retirement abroad. However, before their arrival, many expatriates were subscribed to International Living magazine, representing a 14% of the total, followed by Gringo Post and CuencaHighLife.

For the media it is very important to keep a list of subscribers in order to advertise and include promotions, recommendations and several other links including blogs. In the same

manner, by being subscribed to a digital media, the client receives updated information and may eventually be able to make better choices.

Most retirees have opted for avoiding any kind of subscription, and prefer doing their own research on the web.

Question N.8 researches on the social media used by retirees as a source of information about Cuenca.

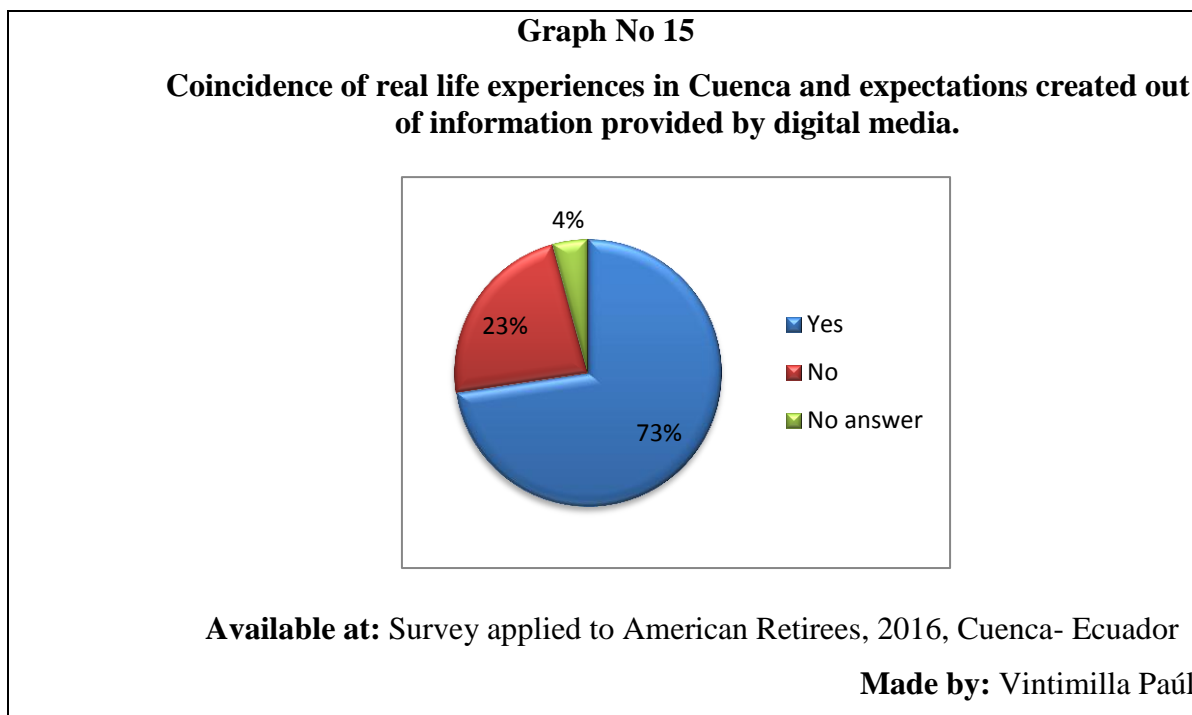


Nowadays social media are not only used for personal purposes. Big businesses are made through this media and are able to target specific groups. Their growing importance and effectiveness in the world of businesses are undeniable facts.

In this same manner, many personal choices are influenced through social media. The results of the survey confirm this trend, since 48% of retirees have used Facebook as their main source of information in relation to Cuenca as a living destination. Personal E-mail accounts represent 32% of the total choices.

It is possible to say that 80% of the total number of retirees has used social media as a means of acquiring information for retirement purposes.

Number 9 question addresses the possible coincidences between the information provided by digital media and the real life experience of expatriate retirees in their chosen destination.



According to the answers to Question N. 9, 73% of the population found agreement between the information received and their own experience of Cuenca. Most of the positive aspects have been confirmed by the survey, and the general opinions among the retirees have helped at promoting Cuenca as their retirement destination.

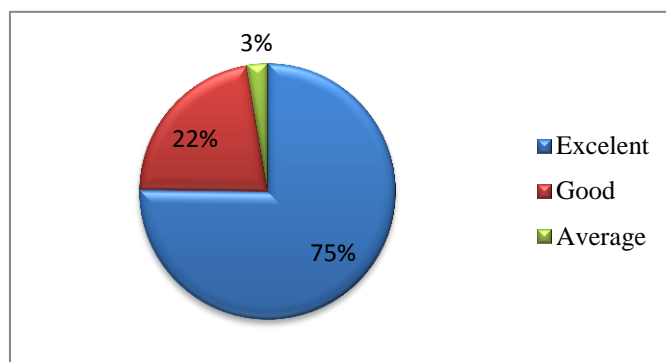
As opposed to the first group, 23% of the sample believe that the publicized information does not correspond with reality. Some of the retirees complained about real costs of living and think that IL data is outdated. According to them, the real costs of living in Cuenca are different from the information generally provided by the media.

It has to be noted though, that the cost of living in Cuenca is far less than in cities like Quito or Guayaquil, where living expenses require a higher budget, especially for home rental, eating out, transportation, and education.

Question N.10 seeks to evaluate retirees' overall experience of Cuenca

**Graph No 16**

**Overall life experience as an expatriate in Cuenca**



**Available at:** Survey applied to American Retirees, 2016, Cuenca- Ecuador

**Made by:** Vintimilla Paúl

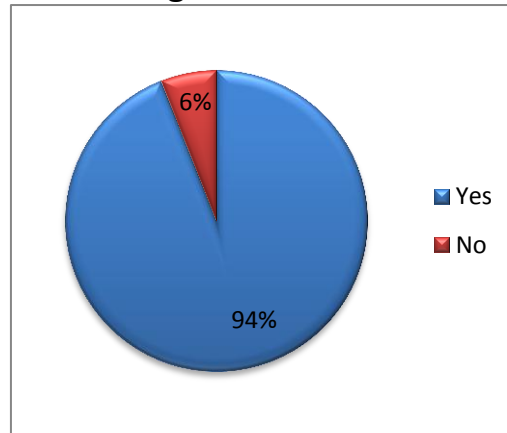
Seventy five percent of the population sample evaluates their living experience of Cuenca as excellent. These answers imply that for most of the retirees, the city complies with the expectations they had prior to their arrival. A second group, representing 22% of the population, believe their experiences have been good; an evaluation which can still be considered as a very positive one.

Finally, there is a 3% of the sample who defined their experience as regular. In this category coincide either some people who had disagreeable experiences of any kind, but also a group of people mostly dissatisfied by the high costs of house appliances, automobiles and –in general- imported goods subjected to high tax rates.

The final question aimed at knowing whether the expatriate retirees would recommend living in Cuenca to either friends or relatives.

**Graph No 17**

**Would you recommend living in Cuenca to either friends or relatives?**



**Available at:** Survey applied to American Retirees, 2016, Cuenca - Ecuador

**Made by:** Vintimilla Paúl

Cuenca has achieved a 94% of recommendation from expatriates as a city that can be considered as a retirement destination. One of the factors that have promoted this idea has been the expats' real experiences told and passes to one another, as a testimony of their satisfaction.

## **2.2 ANALYSIS OF THE THREE MOST INFLUENTIAL DIGITAL MEDIA DETERMINED THROUGH THE SURVEY**

As it has already been mentioned, the following are the most influential digital media which promote Cuenca, as a retirement destiny, according to the survey's results:

- ✓ International Living
- ✓ Live or Retire Overseas
- ✓ Gringo Post

### 2.2.1 International Living

International Living is a digital magazine created in 1979. Its main objective is to provide with valuable information about residential destinations for retirement around the world. The highest attractive of this magazine are the more than 200 correspondents who live in different parts of the world and provide with real accounts of their lives and experiences in these places. The information provided focuses on lifestyle, costs of living, climate, health insurance and services, and infrastructure, among other factors.

- **Mission:**

IL's mission is to help discover the places that best suit the desires and needs of its expatriate clients, while offering at the same time an option for them to improve their lifestyles at lower budgets than those required at their countries of origin.<sup>28</sup>

- **Vision:**

- IL's vision is to become the first magazine to provide the most complete and accurate information about residential destinations that best suit the needs and desires of every person, with the aim of attaining a greater audience and followers from all over the world.

- **Strategy:**

*"Live better for less overseas"* is IL's slogan. Similarly, sentences such as "An exotic life in a tropical paradise is not only for the rich and famous" provide with an idea of what IL magazine does in order to offer its customers a variety of affordable destinations, in comparison with their countries of origin, where they would require much higher budgets, as is the case of expatriates who have chosen Ecuador as a retirement destination.

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<sup>28</sup> About International Living. (Accessed February 12, 2016). Available in: <https://internationalliving.com/about-il/>

- **SWOT analysis applied to International Living magazine**

<b>Chart No 4</b>	
<b>Strengths</b> <ul style="list-style-type: none"> <li>- Free subscription to newsletter via E-mail.</li> <li>- It publishes expatriates' written testimonies.</li> <li>- Provides with information regarding investment opportunities to start a new business in destination countries.</li> <li>- It uses Facebook and Twitter as its main social media to keep its users informed.</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>- International recognition as the most important magazine which publishes the most complete information on destination countries for retirement around the world.<sup>29</sup></li> <li>- Over 200 correspondents around the world.</li> <li>- Over 500.000 readers each year.<sup>30</sup></li> </ul>
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>- By publishing mostly positive information, it creates a lack of credibility among its readers.</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Risk of losing readers due to lack of credibility.</li> <li>- Criticism from its readers at having published outdated information of different countries and regions.</li> </ul>
<p style="text-align: right;"><b>Available at:</b> <a href="https://internationalliving.com/about-il/">https://internationalliving.com/about-il/</a>  <b>Made by:</b> Vintimilla Paúl</p>	

### 2.2.2 Live or Retire Overseas

Live or Retire Overseas was established in 2011 by Michael Karsh together with other professional expatriates who have been in charge of producing videos about retirement destinations for retirees. Michael Karsh has travelled all over the world visiting places

<sup>29</sup> Live better for less. International Living. 2016. (Accessed February 27, 2016). Available in: <https://www.facebook.com/International.Living/?fref=ts>

<sup>30</sup> About International Living. 2016. (Accessed February 28, 2016). Available in: <https://internationalliving.com/about-il/>

that offer affordable costs of living, interesting cultures, and health benefits, among other factors. The places that Live or Retire Overseas publicize are all located in Latin America; of all those, mainly Nicaragua and Ecuador offer the best values. According to their official website, the best destinations in Nicaragua are Granada and San Juan del Sur; and in Ecuador the main destination is Cuenca (Live or Retire Overseas 2016).

- **Mission:**

Live or Retire Overseas' mission is to publish videos and information related to expatriates' experience, and to be able to answer frequent questions about overseas retirement.

- **Vision:**

Live or Retire Overseas' vision is to become the main referential webpage for expatriate retirees. Mainly through videos, they will recommend the most affordable, welcoming and gratifying places abroad.

- **Strategy:**

*"Destinations that offer the best value, thinking of your time and money"* is Live or Retire Overseas website's slogan. Similarly, sayings such as "A better quality of life could be better than in your country of origin" is the strategy of this magazine which uses videos, photographs and people's testimonies in order to offer "value" and "quality" regarding the information they provide with. Another strategy of this company is to offer the right information so that people won't lose their time or money going places which won't fulfill their expectations.

- **SWOT analysis applied to Live or Retire Overseas website**

<b>Chart N. 5</b>	
<b>Strengths</b> <ul style="list-style-type: none"> <li>- Option to subscribe to free newsletter</li> <li>- Publishes videos of residential destinations most recommended by expatriates living in Latin America.</li> <li>- It uses Facebook as its main social media to keep its users well informed.</li> <li>- It focuses directly on Nicaragua and Ecuador</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>- Well recognized throughout North America.<sup>31</sup></li> <li>- Various American expatriates have used Live or Retire Overseas to obtain information about Cuenca- Ecuador.</li> <li>- Great service quality in their videos and pictures of overseas destinations.</li> </ul>
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>- They do not provide with negative information, which might create a sense of mistrust.</li> <li>- Their webpage is outdated and not very attractive.</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- The information provided through their website is too basic and users cannot Access complete videos unless a previous payment is made.</li> </ul>
<b>Available at:</b> <a href="http://liveorretireoverseas.com/about/">http://liveorretireoverseas.com/about/</a> <b>Made by:</b> Vintimilla Paúl	

### 2.2.3 Gringo Post

Gringo Post is a volunteer group created with the aim of informing the expatriates' community of Ecuador at no cost. It is a website and daily newsletter that publishes news and events related to Cuenca-Ecuador, as well as offering real estate free advertising, public forums, classified free ads, health and medical information, professional listings, services and businesses updated information, all these created by the users themselves (Gringo Post 2016). Nowadays, most of the foreign

<sup>31</sup> The Best Places to Retire Overseas. Live or Retire Overseas. (Accessed February 28, 2016). Available in: <http://liveorretireoverseas.com/about/>

population that either live or wish to visit Cuenca accesses Gringo Post in order to get informed about what is going on in Cuenca.

- **Mission:**

Gringo Post's mission is to offer a clean and simple webpage format for the exchange of useful information: sales, Jobs, real estate, fixing and repair services, events and activities for the community, among many others.<sup>32</sup>

- **Vision**

Gringo Post's vision is to become the first information and reference website for the expatriates' community residing in Ecuador.

- **Strategy**

"Expatriates are their own source of information" is Gringo Post's slogan. Having an easy access to their website, keeping simple and uncomplicated, is one of the strategies thought for user's ease. Another strategy is to provide with updated information, not mediated by any kind of financial interest, and offered by the expatriates themselves, a fact that increases its credibility.

- **SWOT analysis applied to Gringo Post's website**

Chart No 6	
<b>Strengths</b> <ul style="list-style-type: none"> <li>- Free E-mail newsletter.</li> <li>- All publications are written by readers, both expats and locals.</li> <li>- It provides with updated information on a daily basis.</li> <li>- Uses Facebook as its main social media.</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>- Local and international recognition for the expatriates' community.</li> <li>- Publication of both, positive and negative situations taking place in and around Cuenca.</li> </ul>

<sup>32</sup> About Gringo Post. Gringo Post, Expats Daily Posts. 2016. (Accessed February 28, 2016). Available in: <http://gringopost-about.blogspot.com/2014/08/about-us.html>

<ul style="list-style-type: none"> <li>- Free forum to publish and comment on various kinds of events taking place in Ecuador.</li> </ul>	
<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- It publishes several kinds of different information simultaneously. This might require the reader to sort out information in order to find out what he or she needs.</li> <li>- There isn't a specific order according to categories in their daily publications.</li> </ul>	<p><b>Threats</b></p> <p>Everybody has access to publish all kinds of information, with due restrictions of whatever might be prohibited by the communication law of Ecuador.</p>
<p><b>Available at:</b> <a href="http://gringopost-about.blogspot.com/2014/08/about-us.html">http://gringopost-about.blogspot.com/2014/08/about-us.html</a></p> <p><b>Made by:</b> Vintimilla Paúl</p>	

### CHAPTER III

#### IMPACT OF THE STRATEGIC IDENTIFIERS RELATED TO THE DIGITAL MEDIA CAMPAIGN WHICH PROMOTE CUENCA AS A RESIDENTIAL DESTINATION FOR AMERICAN EXPATRIATES

One of the main causes of American retirees' migration to Cuenca is due to the advertising campaign led by different digital media which undertook the task of providing information related to living costs, transportation, culture, health benefits, customs, and tourism, among other advantages offered in Cuenca to the expatriates' community.

According to Philip Kotler, "advertising applies to a specific group of people, once its geographical, social, cultural personal and psychological environment is properly studied, since these are the factors that influence directly on the consumer" (2003). Consequently, in order to develop an advertising campaign publicizing Cuenca, the first step must have been to analyze the needs and characteristics that share the American retirees at the moment of making a decision concerning migration.

One of the features of a digital media is that it is interactive and auto selective in the sense that it is the public who decides where they want to go and what kind of messages to 'consume'. Is for this reason that companies increasingly trust on electronic media for advertising, since their access is easy and edition processes are too (Liberos 2013). Another feature of digital media are their low production costs and their wide reaching geographical scope, as compared to the traditional media. Digital media can also focus specifically on certain target groups, according to their common, or even inherited features.

The power of different media on their readers, as well as the different strategies used in their campaigns will be analyzed in relation to the campaign aimed at promoting Cuenca as a residential destination for American retirees.

### **3.1 ANALYSIS OF THE STRATEGIC IDENTIFIERS RELATED TO THE DIGITAL MEDIA CAMPAIGN**

#### **3.1.1 Innovation and Quality**

According to Philip Kotler, the most important challenge marketing faces is how to call for the spectator's attention. Consumers are overwhelmed by time concerns and do as much as they can to eliminate publicity advertisements. New ways of catching the consumers' attention are thus needed (2008, 109).

Information must be updated and renewed in a continuous manner. Digital media are not exempted from this need if they want to catch their clients' attention.

The main digital media which have contributed at creating a media campaign to position Cuenca as a residential destination for retirees have been International Living, Live or Retire Overseas, and Gringo Post, according to the outcome of the research made for this study.

International Living is one of the media that has done a great deal at advertising Cuenca as a retirement destination. This magazine keeps updated information and offers a wide perspective on moving overseas by including financial and business opportunities' reports, among other varied and useful information. By having among its correspondents expatriate retirees, International Living provides its readers with a sense of trust and objectivity reflected on the qualified information it provides.

On the other side, Live or Retire Overseas magazine focuses only on Ecuador and Nicaragua. Their website shows a lack of updated information. While focusing mostly on providing information through video and photographic resources, the information provided at this site is not as comprehensive as the one provided by IL magazine. Cuenca in Ecuador, and also Granada and San Juan del Sur in Nicaragua, are mostly featured at this site. However, it could be more interesting if the magazine offered additional and updated information on these places.

Gringo Post is one of the most important websites which provides with news and information regarding the expatriates' community of Cuenca. Their information is updated on a daily basis, by publishing everyday varied content related to the retirees' lives and related activities. The information Gringo Post provides is considered very reliable by its users and both the local and the retirees' community.

Over the past five years, both Ecuador and Cuenca have faced many changes in different social and economic realms. Among these, rising innovation and quality in the technology of information have been two key factors at fostering the campaign that lead towards the positioning of Cuenca in the international market as a desirable and permanent residential site for overseas retirees.

Additionally, the local government of Cuenca has permanently cared for the improvement of infrastructure and local attractions that make of Cuenca a unique place not only in Ecuador, but also in Latin America.

### 3.1.2 Service effectiveness

The effectiveness brought about by the digital media has been successful in terms of accomplishing the objectives set for the promotional campaign. The main objective was to promote tourism and to attract foreign investment.

Through several promotional campaigns launched by the Ecuadorian government, such as “*Ecuador potencia turística*” or “*All You Need is Ecuador*”, international tourism has been encouraged. Slogans like “*Todo en un solo lugar*” (*Everything in just one place*), was one of the key phrases to promote Ecuador as a touristic destination abroad.

The year 2014 was the beginning of an aggressive campaign launched internationally with the aid of giant banners placed strategically all over the world to capture travelers’ interest. Toronto, Berlín, Londres, Madrid, Washington and New York were some of the cities where the campaign *All You Need is Ecuador* was highly publicized. International media such as newspapers and printed magazines, social and digital media, plus 8 cable channels were hired to broadcast the campaign: TNT, TLC, CNN, FOX, FX around the world.<sup>33</sup>

According to official sources, an approximate of 620.958 tourists arrived in Ecuador between January and May, 2014. An increase of 16, 3% was registered in relation to former periods. Among the main markets were Colombia, on the first place with 161.965 tourists, representing 33, 4% of the demand; followed by the United States with 99.823 tourists, which represent 21% of the total number of visitors registered for that year. (Ministerio de Turismo 2014). Evidently, the promotional strategies used for the campaign which promoted Ecuador as a world class destination have yielded positive results by having increased the number of tourists coming in the country for the past three years.

Besides the positive outcome of Ecuador’s touristic campaigns, it is clear that a great percentage of tourism coming from the United States was influenced by the digital media

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<sup>33</sup> Campaña All You Need is Ecuador presenta cifras record. Ministerio de Turismo. (2014). (Accessed March 03, 2016). Available in: <http://www.turismo.gob.ec/campana-all-you-need-is-ecuador-presenta-cifras-record/>

already mentioned in this study: International Living, Live or Retire Overseas, Gringo Post and Gringo Tree, which focused mainly on the promotion of Cuenca as one of the main residential destinations for retirees.

The objective of the campaign *All You Need is Ecuador*, or *Ecuador Potencia Turística*, was to promote tourism in Ecuador, and it was considered as an investment for the country. Even though the campaign was targeted at a wide public, it can be stated that it must have influenced in a positive manner the U.S. retiree niche, so as to motivate them to seek for Ecuador and Cuenca as their living destination.

Similarly, the former ‘tourist experience’ of many current residents helped them make their decisions on retiring after a first or second visit to Cuenca. In this sense, tourism per se can be considered a first promotional step towards attracting potential retirees who have ended up falling in love with the city.

### **3.1.3 Positioning**

One of the main obstacles faced at the developing of a publicity campaign is to be able to convey the domestic message to an international audience, and furthermore, being able at creating a visible difference and standing as unique among the rest of competitors. According to Michael Porter, there exist three competitive strategies of great efficacy which can be used to develop better results: (cost) leadership, positioning (differentiation) and market segmentation (2009, 80).

Sixteen years ago, that is, in the year 2000, the population of Cuenca was 270.000 according to INEC data. At that time, Ecuador faced one of its worst historical crises. The streets in Cuenca kept continually closed due to people’s political demonstrations. Neither tourism nor the improvements of touristic infrastructure were promoted. In other words, at that time Cuenca was rarely known abroad as an attractive city.

Nevertheless, the country’s situation had a great shift in the past eight years, gaining on political and social stability. Ecuador, the same as Cuenca, changed in several aspects of

their infrastructure, new schools, roads and hospitals were built, and other public and touristic infrastructure were improved in areas like parks, plazas and churches; additionally, many colonial houses were rebuilt in the historic centers. Cuenca finally became an attractive city with great potential for international investment.

Thanks to new investment in touristic infrastructure Cuenca earned 13 different international recognitions until the year 2014. These awards helped at positioning Cuenca in international markets revealing its potential as a touristic destination offering quality services.<sup>34</sup>

The following list shows some of the international awards and recognitions the city of Cuenca received until the year 2014, according to a report published by the national newspaper El Comercio (2014).

- In 2008, the German magazine Stern positioned Cuenca as the best residential destination of Latin America for foreign retirees. On that same year, National Geographic Magazine positioned Cuenca on the 49 place among the main historical destinations of the world.
- Since 2009, International Living Magazine has catalogued Cuenca as the main residential destination for American retirees.
- In the year 2010, Cuenca was included on the Lonely Planet list of the Ten Best Cities to visit.
- In 2011 Trip Advisor ranked Cuenca 21 among the favorite places for travelers.
- In 2012, CNN Money catalogued as the best residential place for foreigner retirees.
- A year later, Cuenca received the Jean Paul L’Allier Award from the UNESCO and the World Patrimonial Cities Organization as recognition for the conservation of its cultural heritage.

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<sup>34</sup> Cuenca recibió 13 reconocimientos turísticos internacionales en cinco años. Diario el Comercio. (2014). (Accessed March 03, 2016). Available in: <http://www.elcomercio.com/actualidad/ecuador/cuenca-recibio-13-reconocimientos-turisticos.html>

- Live or Retire Overseas, catalogued Cuenca as the best residential destination for foreigner retirees within Ecuador and as a unique place in Latin America, followed only by Granada and San Juan de Dios in Nicaragua.<sup>35</sup>

The cultural heritage of Cuenca is one of the main features that differentiate it from the rest of other cities, both in Ecuador and other Latin American countries. Not only its churches, colonial houses and artistic representations from different epochs represent Cuenca's cultural value, but the particular combination of its architecture and the surrounding environment which create a unique atmosphere in and around the city.

The digital media that have promoted Cuenca have pointed out a series of qualities and remarkable characteristics of this city, but what probably makes it unique is the sum of all these positive factors which -altogether- offer an unusual combination of the best living conditions possibly available.

### **3.1.4 Long Term Objectives**

From what has been analyzed so far it can be said that one of the main objectives of the publicity campaign is to attract more foreigner retirees to live in Cuenca. A question arises then, and it relates to the reasons and potential advantages of bringing in more residents to Cuenca.

The current financial situation of Ecuador has affected several productive areas of the country's economy. The arrival of retirees represents a renovated source of income for the local economy. Both, services and professional services alike, will benefit from the demands of the newcomers. Transportation and moving, rentals, attorneys, medical doctors, veterinarians, hairdressers, plumbers, shopping malls, have already been boosted by the presence of foreigner retirees.<sup>36</sup>

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<sup>35</sup> Live or Retire Overseas. (Accessed March 03, 2016). Available in: <http://liveorretireoverseas.com/#>

<sup>36</sup> Oferta de servicios para los extranjeros aumenta. Diario el Comercio. (2014). (Accessed March 03, 2016). Available in: <http://www.elcomercio.com/actualidad/ecuador/oferta-de-servicios-extranjeros-aumenta.html>

For the past six years many sectors of Cuenca's economy have certainly invigorated from the presence of retirees. In many cases, new businesses have been created for the specific purpose of targeting the need of this group of newcomers.

### **3.2 ANALYSIS OF THE REALITY OF CUENCA AS OPPOSED TO THE ADVERTISEMENTS OF THE MEDIA PUBLICITY CAMPAIGN**

Cuenca, also known as "The Athens of Ecuador", was declared Humanity's Cultural Heritage by UNESCO on January 1st, 1999, due to its incomparable Historic Center. The capital of Azuay Province has become a small metropolis of culture. Surrounded by beautiful landscapes and mountains, Cuenca lies on a valley where its four picturesque rivers stand as icons of the city: Tarqui, Tomebamba, Yanuncay, and Machangara.

One of the beautiful features of Cuenca is its local architecture, a mix of colonial and republican styles where elegant balconies, tiled roofs, monuments and magnificent churches stand as a representation of long held historical traditions. In recent years, Cuenca has grown in order and cleanliness, becoming more attractive in relation to other places in Ecuador.

Due to the factors mentioned, a migratory phenomenon of considerable proportions has taken place in Cuenca due to the arrival of foreigner retirees, most of them U.S. expatriates who chose Cuenca as a retirement destination due to the promotional campaigns that advertised this city as a Paradise for U.S. retirees.

According to the surveys made for the present study, a great majority of the retirees used International Living, Live or Retire Overseas and Gringo Post, among the main digital media. Other media used as sources of information were Gringo Tree, Forbes, Cuenca High Life, Gringos Abroad and Expat Blogs. During the past five years these media have led the promotion of Cuenca as one of the best residential destinations for American retirees.

Several of these publications refer to aspects that make of Cuenca a most unique place, among which climate, health benefits, accessible cost of living, tourist attractions and

culture are highlighted. All of these factors have influenced the retirees' decisions to choose Cuenca as their living destination.

In spite of all the former affirmations, the current situation of the country has changed and the information provided by the media may not be accurate, especially with relation to costs of living. According to the surveys made in past February, many foreigners shared the idea of a city exactly as it was conveyed by the media; however, some aspects had changed from 2015 up to the present date.

In order to understand the changes that have taken place in Cuenca, two different periods of time need to be considered and compared: the years 2009 and 2015. Between 2008 and 2009 a terrible financial crisis took place at international levels. This was the beginning of the immigration flow towards Cuenca. Even at that time Ecuador was already being recognized as one of the main destinations for retirees, due to the financial and political stability of this country.

According to Mauricio Pozo, Ecuador's former Minister of Finance "The financial crisis of 2008-2009 lasted for 60 days due to the fall in oil prices, and at that time there were enough resources accumulated from former administrations in Ecuador, so that the current government counted on those resources, no longer available to face a new crisis" (2015). As a consequence, there was an excessive use of resources on the part of the Ecuadorian government, and the overall situation had less complexities than the actual one.

Nowadays the situation is rather different, both locally and internationally. The internal scenarios are difficult and have aggravated with time, especially due to the fact that Ecuador does not count with financial reserves due to excessive government expenditure. The international scenario has changed as well since the United States is now an oil producing country and holds the largest oil supply of the world.

In other words, Ecuador began facing a crisis from the moment when oil prices went down since this was the main export and source of income for the country. According to Mónica Orozco, in the year 2008, the price per barrel was \$117, 00; nowadays it is close to \$34,

00.<sup>37</sup>.<sup>38</sup> It can be deduced from these facts that the downfall of Ecuadorian's economy had its cause on this fact, bringing along with it several complications related to the acquisition of large debts which will severely affect the country's economy for many years to come. Cuenca's economy as well has been adversely affected by the general crisis.

In the political realm, Cuenca has witnessed -since 2015- various protests against the current regime. Demonstrations took place for different reasons; on the one side there was the *Coordinación de Trabajadores y Movimientos Sociales* (the Workers Union), and, on the other, the political groups that represent the opposing political parties or groups.<sup>39</sup>

Besides these events, there were additional demonstrations against the amendments proposed by the government to reform the Ecuadorian Constitution in order to promote indefinite re-election of the president, besides other issues related to inheritance laws. The political instability the country lives since 2015 have affected the promotional campaigns since neither Ecuador, nor Cuenca, are perceived anymore as the peaceful places they used to be.

Cuenca has been affected in its economy due to the general crisis that affects Ecuador as a whole. One of the most affected productive areas is the construction industry. On March 9, 2016, it was informed that 30% of labor force from this area had been fired in the Azuay Province; hardware stores and other providers had also shut down. "According to Diario El Mercurio, the crisis in the construction industry is not an isolated situation but rather a complex phenomenon that affects not only established businesses but a big deal of informal workers and services related to this field (Diario el Mercurio 2016).

Additionally, Cuenca has had to endure a series of bothersome situations for the past year related to the changes undertaken in order to set up the tram system in the city. The work has been delayed due to a lack of budget and it has generated a series of complications for the traffic and regular circulation of vehicles, especially in the Gran Colombia Avenue,

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<sup>37</sup> Las crisis del 2009 y 2015 son distintas. Mónica Orozco. Diario el Comercio. (2015). (Accessed March 08, 2016). Available in: <http://www.elcomercio.com/actualidad/crisis-2009-2015-son-distintas.html>

<sup>38</sup> Las crisis del 2009 y 2015 son distintas. Mónica Orozco. Diario el Comercio. (2015). (Accessed March 08, 2016). Available in: <http://www.elcomercio.com/actualidad/crisis-2009-2015-son-distintas.html>

<sup>39</sup> Cuenca se prepara para la marcha, pero no habrá contramarcha oficialista. Diario el Comercio. (2015). (Accessed March 08, 2016). Available in: <http://www.elcomercio.com/actualidad/marcha-cuenca-movilizaciones-gobierno-ecuador.html>

Avenida de las Americas, and Avenida Espana's surrounding areas. Ordoñez Lasso Avenue has also been affected and has been closed for months. It is expected that by the end of March, 2016, the operations can be continued. At the same time, several businesses located along these main avenues have had to shut their doors due to the impediments caused by the construction process taking place in these areas since 2014.

In a certain way, this recent problem has affected not only regular tourism but also the perspectives of many potential retirees who might feel discouraged at finding Cuenca in the formerly described conditions. Apparently this situation has not been openly published or described by the media, most probably in an attempt to avoid Cuenca from losing its attractiveness.

### **Conclusions**

In the first chapter the main causes for migration were analyzed, showing as one of the main causes the 2008 financial crisis that hit the American economy due to the real estate bubble. Many retirees then had no other option than leaving their country in search for a new life destination.

Additionally, the retirees' favorite countries were analyzed, and the characteristics that generate more attraction for this target. Cuenca-Ecuador was determined to be one of the favorite retirement destinations for foreigners. According to the Global Retirement Index, among the countries preferred by retirees are: Ecuador, Panama, Mexico, Malaysia, and Costa Rica.<sup>40</sup> Ecuador kept the first place from 2012 until 2015, with the exception of 2014, year in which Panama got the first place. Finally, according to the media, it was possible to verify that Cuenca keeps holding the favorite place within Ecuador for the expatriate retirees' community.

The second chapter dealt with the field research that took place between February 1 and 17, 2016. According to it, a sample population of 117 people was defined. From the results

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<sup>40</sup> The world's best places to retire in 2015. International Living. (2015). (Accessed March 08, 2016). Available in: <http://internationalliving.com/2015/01/the-best-places-to-retire-2015/>

obtained through the survey, it was possible to infer that 60% of the sample population was in the 60 to 69 age range.

Over 72% of the simple population comes mostly from southern States: California, Nuevo México, Texas and Florida, with the exception of Washington State which is located on the northwest coast of the U.S. Even though they may come from different States, there are cultural and social traits that many of the retirees share independent of their origin, besides social, economic and political circumstances that affect their country as a whole.

Parallel to this, the most influential digital media were analyzed. International Living, Live or Retire Overseas, and Gringo Post were studied in relation with the markets they are directed to, their strategies, and also their weaknesses in relation to the promotional campaigns each of them have devised.

Digital media were indeed the most influential in reaching the U.S. retirees' market and promoting Cuenca as a potential destination for their targets. The role of the reporters, living and acquiring a firsthand experience of their new homes, was key for the promotion of Cuenca as well.

Similarly, Ecuador launched an ambitious promotional campaign aimed at increasing tourism in the year 2014. Through *All You Need is Ecuador* and *Ecuador Potencia Turística*, the country became well known in France, the United States, England, Germany, China and other countries. Tourism rates increased as a result of this campaign; especially groups coming from the U.S., most of who were retirees who projected on moving to Cuenca as a living destination.

In the third chapter, the strategic identifiers related to the promotional campaigns of the main digital media were analyzed. Among these, the more relevant found were innovation and quality, service effectiveness, differentiation and positioning achieved, and finally the long term objectives of the campaigns.

Innovation and quality of information have been two key factors which have been promoted through the publicity campaigns. The favorable changes that took place in

Cuenca over the years meant an improvement not only in terms of technical issues but also in other social, health and infrastructure conditions.

The effectiveness of the service provided has been a great success in terms of the accomplishments of the campaigns' objectives, focused on the promotion of tourism and the investment of foreign capital represented in this case by the presence of the retiree's population residing in Cuenca.

Cuenca, the capital of the Azuay province, differentiates from all the other cities in Ecuador and Latin America due to the sum of its attributes, enhanced by its architectural beauty and the monuments and churches that represent its historical value. Cuenca has attained a positioning as one of the best residential destinations for foreigner retirees. Besides this fact, the city has received several international recognitions and awards, not only through digital media but from cultural institutions and renowned media such as the National Geographic Magazine and Lonely Planet.

Several specialized media have publicized the aspects that best define Cuenca and make of this city a very attractive destination for expatriate retirees. Low cost of living, mild climate, health benefits, cultural traditions and entertainment are a series of related benefits that influence on the decision-making process of potential immigrants.

However, most of the published information available is not updated, and even though the information provided can be reliable in relation to the general positive aspects of living in Cuenca, there are important factors such as the cost of living, which require verifiable data to be presented and reflect the current living conditions of the city. Aspects like the current situation of the central streets and avenues should also be published so as to keep the tourist population well informed about the difficulties Cuenca is facing nowadays in certain areas of the city due to the tramway project.

Other relevant information that has been omitted by the media is the one in relation with the current political situation of the country. Topics such as new taxes, amendments to the constitution to promote reelection, the inheritance laws and regulations, and the heavy restrictions on imports, have led the country towards a political instability that didn't occur 5 years ago.

From a different perspective, many locals have questioned whether the presence of foreigner retirees is a positive occurrence for the city. In some cases, as for veterinarian or supermarket businesses, the expatriates' presence has helped at boosting their economy to some extent. On the other hand, there are negative effects as well, as in the case of the real estate business where rental and sale prices have risen due to the fact that foreigner residents have a greater financial capacity and are willing to pay more than the locals.

### **Recommendations**

- It is necessary to create a data base with information about retirees living in Cuenca. This information could be useful for further social and economic projects that may have a positive impact for the local population.
- The Municipality of Cuenca should create inclusive programs for the expatriates living in the city. There have already been some proposals but those have not been successful due to the lack of involvement and interest on the expatriates' part.
- Local businesses and institutions should invest more on advertising focused on the foreigners' target. Not only the United States immigrants, but the whole of the community, including Europeans and people from all over the world. These residents have created their own, exclusive service niches that could improve the local economy through their requirements and demand.
- The local government should not neglect the care required by all the streets and avenues, plus all the roads and open places' maintenance, both vital for the well-functioning and promotion of the city.
- In the same manner, a plea to the Ecuadorian government is made with the purpose of requesting a proper maintenance and reconstruction of the Province's road and highway system. The Cuenca - Girón, Cuenca – Sigües and Cuenca - Azogues roads are among the ones in most need and their bad conditions affect local and residential tourism.

Finally, as it can be verified, the changes occurred in the past five years in the capital of the Azuay province are quite noticeable. Nevertheless, digital media keep promoting Cuenca as

one of the best residential destinations for American expatriates. Even though the current circumstances might have changed, the beauty of Cuenca will never lose its attraction in spite of them.

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