

# The Cross-Border Mexican Shopper: A Profile

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The border area between the U.S. and Mexico is one that has constantly received a tremendous amount of negative publicity due to a plethora of contentious issues, including illegal immigration, drug trafficking and border security concerns, among others. What is neglected in the mayhem, though, is that the border region also offers a positive picture of an economic and social reality that is founded on legal interaction and economic dependence. One aspect of this reality is the cross-border trade at the individual level: Mexican citizens cross to purchase a multitude of products ranging from groceries to furniture, while American citizens mainly target pharmacies, dentists and craft shops. In an attempt to profile Mexican shoppers and to measure the magnitude of their expenditures in the U.S., this review focuses on cross-border Mexican shoppers who comprise a major economic force in the sustenance of communities along the U.S.-Mexico border. While a comprehensive study of this group is needed, analysis of existing regional studies sheds considerable light on the size and impact of these shoppers on the economies of the bordering U.S. states.

To profile cross-border Mexican shoppers, several studies in the border states of Arizona, California and Texas were consulted and analyzed. The first study examined the economic impact of Mexican visitors to the state of Arizona<sup>1</sup>. Three studies were evaluated for information on Mexican shoppers in California<sup>2, 3, 4</sup>, and along the Texas border, two reports that looked at Mexican visitors to the Lower Rio Grande Valley<sup>5, 6</sup> were examined.

## THE U.S.-MEXICO BORDER

The U.S.-Mexico border region is home to more than 12 million people. Of those, around half are located on the U.S. side in cities that extend from San Diego, California, on the Pacific to Brownsville, Texas on the Gulf of Mexico (Table 11-1 and Figure 11-1). The border region has in recent years experienced population growth rates that exceeded their national averages.

This trend is expected to continue with the Mexican side's population growing by 25% to 47% over the 2000-2010 period; the corresponding population increase for Mexico is expected to be around 11% (CONAPO). Similarly, on the U.S. side, border population is forecasted to increase by 15% to 25% compared to a national average of 10% over the same time period (Demographia).

A high level of interaction between the two sides takes place on a daily basis, as evidenced by the large number of crossings that occur. People cross frequently from side to side in cars or buses and/or on foot. In 2003, the number of northbound crossers amounted to almost 250 million people, the majority of whom, around 80%, crossed in personal vehicles. Estimates from border officials consider that around half of this crossing activity is attributed to Mexican nationals who enter the U.S. using a laser visa<sup>7</sup> or some other form of legal documentation (I-94, resident alien card, etc.). U.S. citizens comprise the other half. The Texas border is the busiest in terms of crossings by passengers

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<sup>1</sup> Charney, A. and Pavlakovich-Kochi, V. *The Economic Impacts of Mexican Visitors to Arizona: 2001*. Economic and Business Research Program, College of Business and Public Administration, University of Arizona, 2002.

<sup>2</sup> Sierra López, O. and Serrano Contreras, S. *Patrones y Hábitos de Consumo en Baja California*. Comercio Exterior, Vol. 52 (No. 8), 2002.

<sup>3</sup> *Who Crosses the Border: A View of the San Diego/Tijuana Metropolitan Region*. San Diego Dialogue, 1994.

<sup>4</sup> Kada, N. and Kiy, R. (eds.). *Blurred Borders: Trans-Boundary Impacts and Solutions in the San Diego-Tijuana Border Region*. International Community Foundation, 2004.

<sup>5</sup> Ghaddar, S., Richardson, C. and Brown, C. *The Economic Impact of Mexican Visitors to the Lower Rio Grande Valley 2003*. Center for Border Economic Studies (CBEST), University of Texas-Pan American, 2004.

<sup>6</sup> Vincent, V., Thompson, W. and Williamson, M. *Winter Visitor Study 2002-2003*. Center for Tourism Research, College of Business Administration, University of Texas-Pan American, 2003.

<sup>7</sup> A laser visa is a type of visa issued to Mexican citizens allowing them to stay in the U.S. for up to 30 days and to travel within 25 miles of the border (75 miles in the case of Arizona).

Figure 11-1



in private vehicles, buses and on foot. The California border is a close second followed by the Arizona border. Minimal crossing activity takes place along the New Mexico border line. Figure 11-2 depicts the crossings share of each state.

To cater to this activity, malls, shopping plazas and downtown areas in border communities have emerged and, in some cases, remain and thrive mainly thanks to the patronage of Mexican shoppers. Interviews with retailers, hotel owners and business people attest to this fact: border tourist attractions such as South Padre Island

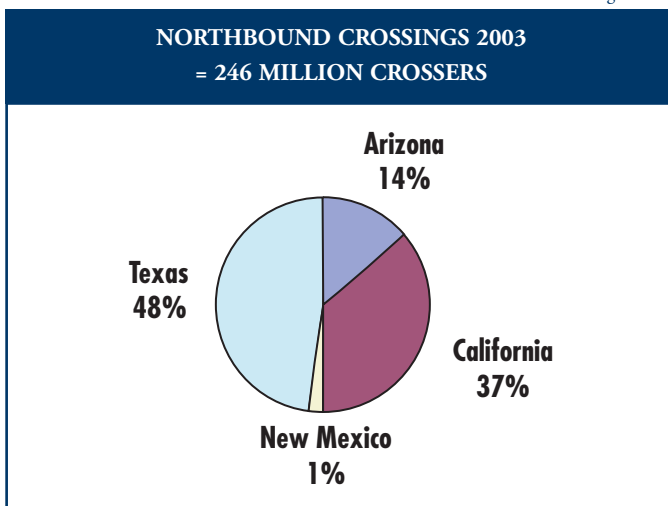
Table 11-1

POPULATION OF MAJOR CITIES ALONG THE US-MEXICO BORDER			
US City	Population	Mexican Sister City	Population
San Diego, CA	1,223,400	Tijuana, Baja California	1,238,057
Calexico, CA	27,109	Mexicali, Baja California	779,154
Yuma, AZ	77,515	San Luis, Sonora	150,732
Nogales, AZ	20,878	Nogales, Sonora	166,198
El Paso, TX	563,662	Cd. Juarez, Chihuahua	1,255,844
Laredo, TX	176,576	Nuevo Laredo, Tamaulipas	325,494
McAllen, TX	106,414	Reynosa, Tamaulipas	441,567
Brownsville, TX	139,722	Matamoros, Tamaulipas	437,412

Sources: U.S. Census Bureau, Census 2000; Consejo Estatal de Población, 2000.

in Texas attribute more than half of their activity to Mexican visitors during certain seasons; in South San Diego County, Baja Californians account for 10% to 60% of the sales of area businesses<sup>8</sup>; surveys of Texas border retailers show that sales drop dramatically in response to economic crises in Mexico. Comparison of per capita retail sales and per capita income in select U.S. cities along the border is also evidence to the above; low per capita income levels relative to the national average are accompanied by

Figure 11-2



Source: Bureau of Transportation Statistics

higher than expected per capita retail sales (Table 11-2). For example, the city of McAllen's per capita income constitutes 70% of the national average while its per capita retail sales are 168% of the national average. Such a high level of retail spending appears to be supported largely by cross-border shoppers. So, who is the typical Mexican visitor crossing to shop in the United States? An understanding of the characteristics of these shoppers is essential for retailers, retail developers and local business leaders, as well as government officials.

### A PROFILE OF MEXICAN SHOPPERS

Mexican shoppers display a wide range of characteristics: they stay anywhere from a few hours to several days, they spend little money or considerable sums and their visiting

<sup>8</sup>Cross Border Business Associates. Unpublished data.



Table 11-2

PER CAPITA RETAIL SALES AND INCOME OF SELECT BORDER CITIES		
	1997 Per Capita Retail Sales Percent of National Average	2000 Per Capita Income Percent of National Average
San Diego, CA	91%	109%
Yuma, AZ	121	78
El Paso, TX	83	67
Del Rio, TX	86	57
Laredo, TX	97	51
McAllen, TX	168	69
Brownsville, TX	75	45

Sources: Geospatial and Statistical Data Center, University of Virginia Library; U.S. Census Bureau Census 2000

frequency can range from once a year up to once a day. One distinguishing feature, though, is the mode of travel. Pedestrians appear to have a distinct profile from those who enter in their private vehicles. Airplane travelers<sup>9</sup> also seem to be different from the above two groups. Location is another feature that might impact crossing and spending characteristics. Thus, in our attempt to profile this group we take into account the mode of travel as well as location.

**General Characteristics of Mexican Shoppers**

Shopping is the primary reason to cross into the U.S. for more than two-thirds of Mexican citizens. Other reasons are social in nature, like visiting family and friends, or are work-related. Around three-quarters of crossers enter in their private vehicles since a car allows them freedom of movement between different shopping locations in the U.S. as well as enough room to handle the volume of their purchases. Pedestrians constitute 20% to 25% of crossers with the remaining few (about 2%) crossing by bus. Those who cross into California seem to visit more frequently than those who cross into Texas, with around half of California visitors crossing daily or on a weekly basis compared to 16% for Texas visitors<sup>10</sup>. Pedestrians generally cross more

frequently than those using other modes of travel. Regarding the length of their stay<sup>11</sup>, almost all Mexican shoppers to Arizona enter and leave the U.S. the same day. Though the majority of Texas visitors are day trip visitors as well, a considerable portion (36% to 40%) stay overnight usually for up to seven nights. Pedestrians, along with bus crossers, are predominantly day visitors, while around 43% of those who enter in their personal vehicles tend to stay overnight. One possible reason why visitors to Texas stay longer is that these visitors are more likely to have traveled from farther south. Visitors to Arizona border towns are primarily from sister cities right across the border. About a third of visitors to Texas, on the other hand, come from cities farther from the border, such as Monterrey<sup>12</sup>. Another variable increasing the likelihood of longer trips in Texas is the proximity of vacation destinations such as South Padre Island to the border.

**Expenditures of Mexican Shoppers**

Mexican shoppers spend their money on a variety of items. Given that shopping is the primary reason for crossing into the U.S., it comes as no surprise that clothing items constitute more than 40% of total expenditures. Groceries are another important category along with food-related expenses such as dining at area restaurants (20% to 35%). Texas visitors also spend a considerable portion on lodging (around 8%) given their proclivity to stay over night. Figure 11-3, 11-4, and 11-5 provide a breakdown of Mexican shoppers' expenditures in Arizona, California and Texas, respectively.

Expenditures per trip vary mainly by mode of travel and range from around \$30 for pedestrians to over \$1,000 for air travelers<sup>13</sup>, with car travelers spending an average \$100-

<sup>9</sup>Airplane travelers are those who either enter the U.S. through the airport of an American border city, or those who travel by air from the interior of Mexico to a Mexican border city and then enter the U.S. through a land port. These shoppers constituted a small fraction of collected surveys (10.6% of the Arizona study and 1.4% of CBEST's study).

<sup>10</sup>No data are available to evaluate Arizona visitors' frequency of crossing.

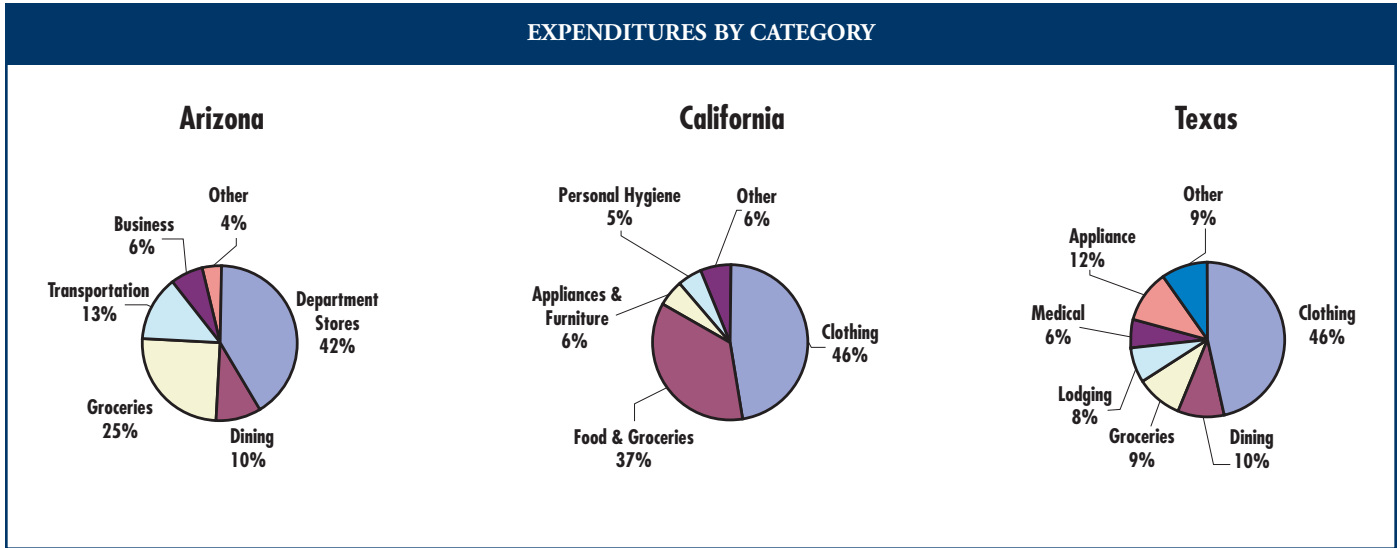
<sup>11</sup>No data are available to evaluate California visitors' length of stay. However, given the higher crossing frequency of this group, it might be concluded that California visitors tend

to stay for shorter periods of time relative to Texas visitors.

<sup>12</sup>Monterrey is the industrial capital of northern Mexico with a population exceeding 1.5 million. It is less than 150 miles from the cities of McAllen and Laredo on the Texas border.

<sup>13</sup>According to the [2003 Shopping and Tourism Report](#) produced by the U.S. Department of Commerce's Office of Travel and Tourism Industries (OTTI) and Taubman Centers Inc., Mexican shoppers who enter the United States by air, spent \$134 per person per day for an average expenditure of \$1,144 per visitor per trip.

Figure 11-3



Source: CBEST's analysis of Mexican visitors' studies.

Table 11-3

ESTIMATED EXPENDITURES OF MEXICAN SHOPPERS		
	Average Expenditures per Party per Trip	Estimated Regional Expenditures*
Arizona	\$92	\$950 million
<i>Pedestrians</i>	\$39	
<i>Car</i>	\$99	
<i>Airplane</i>	\$1,317	
San Diego, California	NA	\$1.6 - 3 billion
Texas	\$152	\$3 - 3.5 billion
<i>Pedestrians</i>	\$20	
<i>Car</i>	\$182	
<i>Bus</i>	\$80	
<i>Airplane</i>	\$2,038	

\*Estimated regional expenditures are for the years 2001 for Arizona, 2001-2002 for California, and 2003 for Texas.

Source: CBEST's analysis of Mexican visitors' studies.

\$200 per trip and bus travelers spending around \$80 per visit. To arrive at annual expenditures of Mexican shoppers, survey estimates of per-visit expenditures are projected on crossing statistics. These projections are then synthesized with findings from other studies along with the educated guesses of economists and local business leaders. For Arizona, it is estimated that Mexican shoppers spend around \$1 billion a year. In California, these expenditures

Table 11-4

MEXICAN SHOPPERS' SPENDING AS A PERCENT OF TAXABLE SALES	
	Estimates
Arizona	
Cochise County	5.9%
Pima County	3.8%
Santa Cruz County	47.3%
Yuma County	12.4%
San Diego, California	7.0%
Texas	
Cameron County	16.6%
El Paso County	12.7%
Hidalgo County	10.1%
Webb County	19.4%

Source: CBEST's analysis of Mexican visitors' studies.

range from \$1.6 to \$3 billion and they exceed \$3 billion annually in Texas (Table 11-3). These amounts make an important contribution to local economies. This contribution varies considerably depending on the county's location and economy size. For example, Mexican visitors' expenditures as a percentage of taxable sales amount to 7% in San Diego, while the same figure jumps to almost 50% in Santa Cruz County in Arizona (Table 11-4).



## *Shopping Traits of Mexican Shoppers*

An assessment of the shopping traits of Mexican visitors to the South Texas border region revealed that they exhibited a very high level of brand loyalty, were very price- and quality-conscious, and had especially favorable views of U.S. products in terms of their technological advancement, price competitiveness, high quality and variety of choices (Vincent et al., 2003). Similar findings were reported for Mexican shoppers from Baja California who pointed to prices, variety and quality as their main reasons for shopping in the U.S. (Sierra López and Serrano Contreras, 2002; San Diego Dialogue, 1994).

### **HOW TO BETTER CATER TO CROSS-BORDER MEXICAN SHOPPERS?**

A better understanding of the characteristics of cross-border Mexican shoppers is the first step in helping retailers and border businesses better capture this market segment. Toward this end, an in-depth comprehensive study should be conducted at main locations along the U.S.-Mexico border. While few studies exist at the regional level, consistent research and data collection methodology are essential to more reliably evaluate the impact of Mexican shoppers on U.S. border communities.

Other efforts should be directed at enhancing the quality of the crossing experience through investment in border infrastructure. This can help facilitate the growth of cross-border trade at both the individual and commercial levels by decreasing long wait times and, consequently, increasing the volume and frequency of crossings<sup>14</sup>.

Border initiatives are another issue requiring attention from local communities. Given the highly political nature of border-related issues, the area is bound to be host to a constant influx of border initiatives from the U.S. and Mexican governments. In many instances, such initiatives

can be misunderstood at the local level. Given the serious economic ramifications of misconceptions surrounding governmental programs on cross-border trade, it is imperative that the Mexican public in border areas be properly informed on border initiatives. While the federal government may be responsible for education campaigns, local governments, city officials and businesses on the U.S. side should also engage in such campaigns and should coordinate with their counterparts on the Mexican side.

Mexican shoppers are an important element in the retail industry along the U.S.-Mexico border. Such a role is bound to increase in importance given the population growth rates along the border as well as the positive outlook for the Mexican economy over the next five years.

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For more information on CBEST, please visit [www.c-best.org](http://www.c-best.org)

<sup>14</sup>The CBEST study points to an hour as the maximum amount of wait time for more than half of the respondents, with excessive wait times resulting in less frequent visits for around 70% of visitors.