



*Opportunities for crossborder marketing
along the U.S.-Mexico borderland region*

Why The BorderLands/La Frontera?

- Markets don't stop at borders
- Already certain level of market integration, blending of consumer tastes, shared media, shared product awareness...and it's growing
- 10 States
 - 4 on U.S. side (20M...56% of U.S. Hispanic pop. [2001])
 - 6 on MX side (17.7M...17.4% of MX pop. [2003])
- Marketing to the borderlands opens strategic opportunities: marketing in Mexico, CAFTA, FTAA

Why The BorderLands/La Frontera? (2)

- Already part of "U.S." market: border crossings
 - 250+ million crossings across SW border annually
 - 60% are Mexican citizens
 - Most of remainder are US citizens: majority either "naturalized" or U.S.-born Hispanics
 - Banco de México estimates (2002)
 - \$3.6 billion spent annually by Mexican visitors to Southwest U.S. border region (66% of trips for shopping, 14% for family visits)
 - \$2.5 billion spent by U.S. visitors to Northern Mexico (31% trips for shopping, 37% trips for family visits)

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BorderLands: Breaking Perceptions (1)

Market (metro/DMA)	Hispanic HH	U.S. Rank	Add'l MX metro HH (2000)
Los Angeles	1.9 million	1	NA
Miami-Ft. Lauderdale	613,620	3	NA
Chicago	413,628	5	NA
Harlingen-Weslaco-Brownsville	268,602	10	+242,668 (Matamoros/Reynosa)
San Diego	213,871	12	+295,897 (Tijuana Metro)
El Paso	211,731	13	+274,822 (Ciudad Juárez)
El Centro/Calexico/Yuma	53,415	35	+214,495 (Mexicali/SLRC)

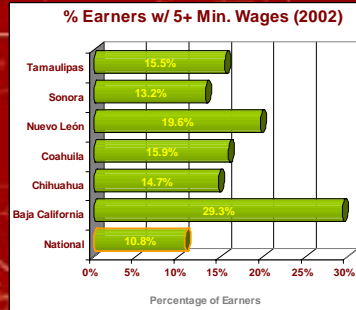
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BorderLands: Breaking Perceptions (2)

- Consumer Demand in MX..?
 - Perception of poverty...
 - However, workers in MX border states earn above national average (5+ minimum wages)
 - For instance: 43% of Baja California HH earn 5+ MW vs. 23% nationally
- Wages only part of story
 - 4.3 persons/HH, and 1.7 earners/HH
 - "Remesas": \$1B+ in 6 MX border states (3.5-4.3% of HH)



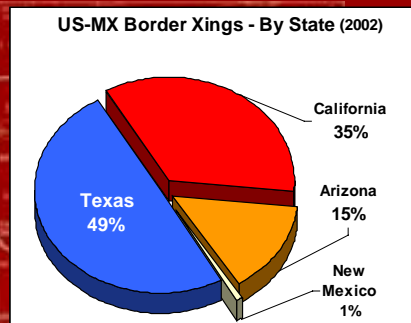
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BorderLands: Breaking Perceptions (3)

- 21 million people cross the US-MX border legally/month
- Perception of many U.S. Hispanic marketers: Mexico = "Hispanic"
 - Mexicans don't consider themselves "Hispanics"



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BorderLands: Spanish Speakers

- For those with Spanish-language marketing programs...

- 14.7M Spanish speakers in 4 US border states
- Another 17.7M Spanish speakers in 6 MX border states



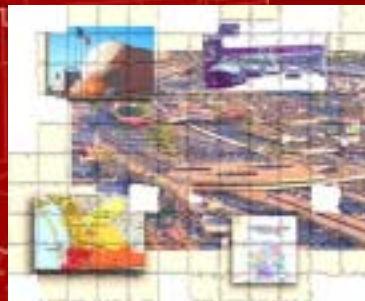
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Case Study: Border Value\$ San Diego-Tijuana

- Project by CBA (funded by SD regional economic development group & private sector) to estimate economic impact of crossborder shoppers
- Approach: "mosaic" of survey and secondary data
- Final report in Fall 2003
- Some initial results today



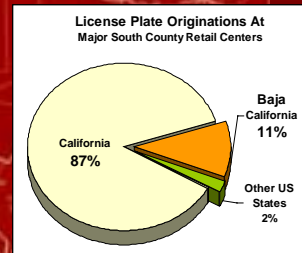
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Border Value\$: Baja License Plate Census

- First step in "mosaic"
- Proportion of Baja CA-plated vehicles at 7 major retail centers in South San Diego County
- Simple – but useful – indicator, although not "perfect" (given # of CA-plated vehicles in Baja CA)
- Of the nearly 35,780 cars:
 - 11% were from Baja California
 - 2.2% from other US states
 - 0.4% from other MX states



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Border Value\$: Phone Survey of Retailers (1)

- Phone survey of randomly selected retail stores in South San Diego (n=125; 12 mi. from border); 10+ employees; only owners or store managers
- Question: Estimate the % sales made by customers from Baja California
 - Average: 34.8% (concentrated in southern area)

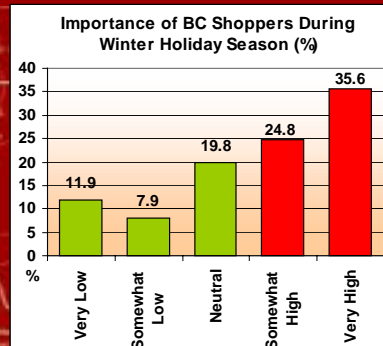
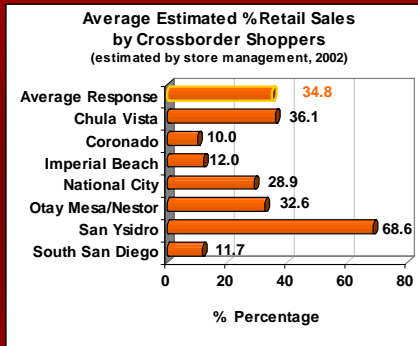


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Border Value\$: Phone Survey of Retailers



- High % of sales in border communities...especially important during Winter Holiday Season (60.4%)
- Question of Perceptions: From Baja California...or Hispanic?

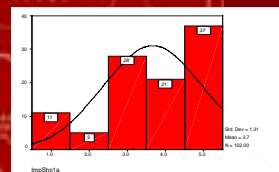
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Phone Survey: Importance of BC Shoppers

- "On a scale from 1-5, how would you rate the importance of BC Shoppers to your overall sales?"
- 57% responded "Somewhat High" (21%) or "Very High" (37%)
- Only about 16% responded "Somewhat Low" (5%) or "Very Low" (11%)
- Highest ratings came from San Ysidro (4.7), Otay/Nestor (4.1), west Chula Vista (4.1)



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