

Border Value\$: SD-TJ 2002



An interim “mosaic” of current economic and social indicators in the San Diego-Tijuana region from the SCEDC and CBA

The Project

- Introduction
- Project Sponsors: South County Economic Development Council, with additional support from McMillin Companies
- Goal: update “Who Crosses the Border”
 - San Diego Dialogue’s groundbreaking study (’92/’94)
 - One impact of Sept. 11th: fewer crossers
 - Had to change our approach – “mosaic” of information
- Final report in Dec. 2002 – some initial results now



Why “Border Value\$”?

- **In order to catalyze policy changes at our border...**
 - Value of commerce that crosses border
 - Value of crossborder shoppers & tourists
 - Value of time, environmental impacts waiting at that border (“how the border affects *quality of life*”)
- **Goal of “mosaic”:**
 - More than just “the border”
 - Indicators and statistically-based information for the San Diego-Tijuana crossborder market, focused on economic and social data



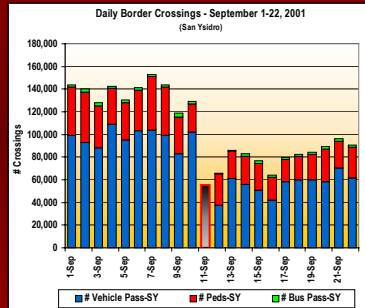
Overview of Initial Results

- **Border crossing data**
- **BLPS – Baja License Plate Survey**
- **South County Biz Phone Survey**
- **Others’ Insights into Border Value\$**
- **Implications & closing thoughts**



Initial Results: Border Crossings (1)

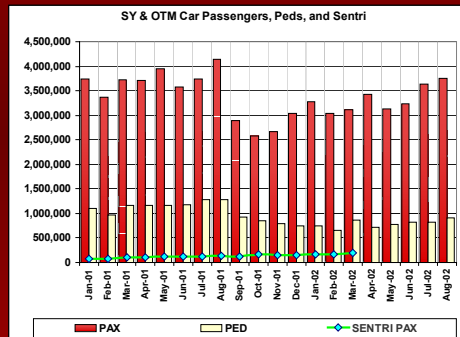
- **Fact: Sept. 11th was defining moment for our border crossing**
- **Immediate drop in individuals crossing:**
 - **SY: from 130,000 to 80,000/day on average**
- **Since: some recovery**



Border Crossings (2)

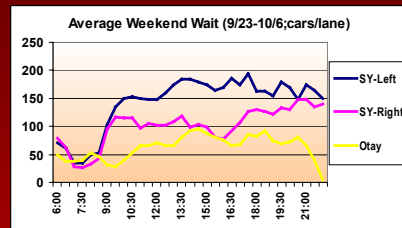
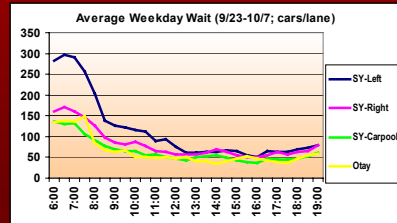
INS Data

- **1H2001:**
 - **Car PAX: 22.1M**
 - **Peds: 6.7M**
- **1H2002:**
 - **Car PAX: 19.2M**
 - **Peds: 4.6M**
- **Average of 480K fewer car passengers, and 358K fewer peds/month**



Perception of Long Border Waits: Truth?

- **Good News: On average...**
 - Weekday waits after 9am are generally less than 1 hour
- **Bad News: On average...**
 - Weekend waits at SY after 11am are generally longer than 1 hour
- ...this is the case despite a fewer total individual crossers



Source: MetroNetworks

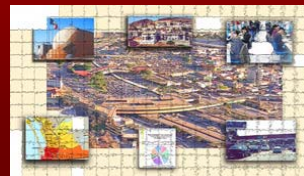
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First Step: Baja License Plate Survey (1)

- First step in “mosaic”
- Proportion of Baja CA-plated vehicles versus others
- **Advantages:** Simple – but useful – indicator, quick to obtain
- **Disadvantages:** Not a “complete” indication of cars coming from Baja California (especially Tijuana)



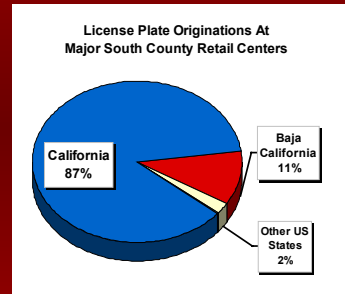
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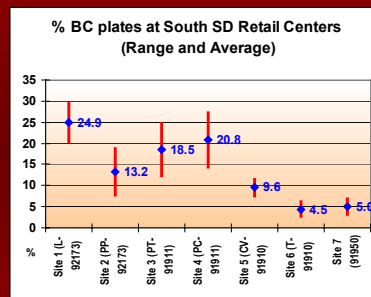
Baja License Plate Survey (2)

- **Despite the disadvantages...**
- **Surveyed 7 major retail centers in South San Diego during weekdays**
- **Of the nearly 35,780 cars:**
 - **11% were from Baja California**
 - **2.2% from other US states**
 - **0.4% from other MX states**



Baja License Plate Survey (3)

- **Some variation at each retail center**
 - **Site 1 (92173): 20.3-29.5% / 24.9% Av**
 - **Site 2 (92173): 7.7-18.8% / 13.2% Av**
 - **Site 3 (91911): 12.3-24.7% / 18.4% Av**
 - **Site 4 (91911): 14.4-27.2% / 20.8% Av**
 - **Site 5 (91910): 5.4-11.5% / 9.6% Av**
 - **Site 6 (91910): 2.8-6.1% / 4.5% Av**
 - **Site 7 (91950): 3.3-6.8% / 5.0% Av**



- **Geographic variation, but consistent conclusion: BC's still shopping**



Second Step: South County Biz Survey

- **Similar to survey conducted in October 2001**
- **More in-depth**
 - Retailers up to approximately 12 mi from border
 - More than 10 employees
 - Randomly selected
 - 104 businesses participated
 - Surveyed store managers or owners

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Results: % Sales By BC Shoppers?

- **Average: 34.8%**
- **Crossborder shopping concentrated adjacent to border...**
- **Estimated % of Sales**
 - **SY: 69%**
 - **Otay: 33%**
 - **CV: 36-39%**
 - **Ntl City: 28%**
 - **IB: 12%**
 - **Coronado: 10%**
- **BC...or hispanic?**



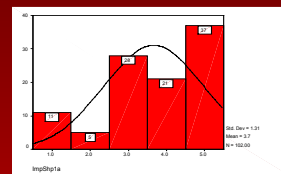
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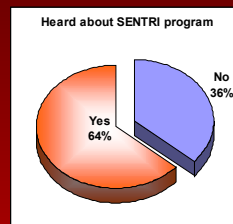
Importance of BC Shoppers?

- “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 SY (4.7), Otay/Nestor (4.1), west CV (4.1)



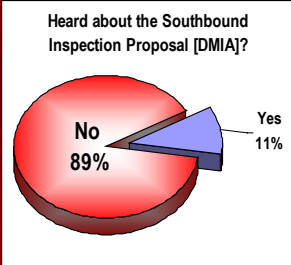
Know About SENTRI?

- “...Have you heard about the SENTRI Program?”
- **64%** responded “Yes”
- Broad knowledge of pre-screening program – possible opportunity to leverage this for Pedestrian expansion
- 60% of companies also reported they had employees using SENTRI
- Geographical concentration of “yes” responses...



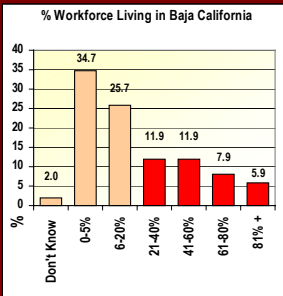
Heard About DMIA (Section 110)?

- *“...there is a proposal...to put permanent southbound inspection booths...entering into Mexico...Have you heard of this proposal?”*
- **89%** responded **“No”**
- Most respondents were surprised and expressed concern about impact on crossborder shoppers
- **DMIA: December 2002 report to Congress**



% of Workforce Living in Baja California?

- *“...Approximately What % of Your Workforce Lives in Baja California?”*
- About one-third stated **“less than 5%”**
- One-quarter stated **“between 6-20%”**
- Another one-quarter stated **between 21-60% of their employees**
- **14%** stated that more than 61% of their employees lived in Baja CA



Others' Insights About the Border

- Research includes reviewing variety of data – from both sides of the border
- For instance:
 - University of Arizona study on crossborder tourism
 - Universidad Autónoma de Baja California
 - 63% of border crossings are for purchases
 - Banco de México
 - US DOC Office of Travel & Tourism Industries
 - COTUCO



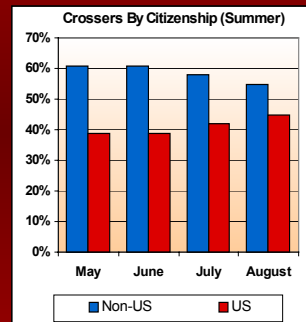
Benefits Both Sides: Tourism to Tijuana (1)

- Important to stress: NOT just to benefit San Diego
- COTUCO: US day-visitors to Tijuana generally spend \$26-\$50/person per visit
- Even more for overnight visitors
- Banxico: estimates that US visitors to Tijuana in 2001 spent over \$528M
 - \$156M spent in MXL, too



Benefits Both Sides: Tourism to Tijuana (2)

- **INS: % of US citizens crossing back from TJ increases from 39% to 45% in summer**
- **6% “tourism differential” equal to about 350,000 extra US visitors during July & Aug alone**
- **@ \$26-\$50/visitor (COTUCO) = about \$150,000-\$300,000 addtl. per day in summer**



Economic Implications...so far

- **Coming weeks: “At-Border” surveys**
- **But...even early crossborder expenditure estimates are significant:**
 - **Banxico: \$732M from TJ in 2001 (plus \$260M from MXL)**
 - **UABC: \$1.5B in crossborder purchases in 2001**
 - **“7% of Taxable Sales” Rule: \$1.7B in 2000**
 - **Initial BorderValue\$ Baja License Plate Survey: \$72-132M annually at the 7 major retail centers alone**



Closing Thought *(personal opinion)*



- **SuperBowl XXXVII**
 - Regional Task Force, Board of Directors & 10,000 volunteers
 - Est: 120K visitors, \$300M impact



- **Major Conventions in SD (April '02)**
 - 7 conventions
 - Est: 30,000 delegates, \$33M in expenditures

Border crossers spend more, and deserve at least this level of attention

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Thank You

Email bordervalues@crossborderbusiness.com to be added to announcement list for final report in December of 2002!