

This
Week

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Retailers Eye Number of Shoppers From Mexico**Trade: Easing Border Crossing a Key To Boosting Business**

BY JULIE POUCHER HARBIN

Keeping traffic moving through the San Ysidro Port of Entry quickly, efficiently and safely is in San Diego's best interest, say business leaders and border advocates.

James Clark, who heads up the year-old Mexico Business Center, a nonprofit business resource of the San Diego Regional Chamber of Commerce, said officials should pay more attention to Mexico, if only because of the amount of money its citizens spend here.

Alejandra Mier y Teran, executive director of the Otay Mesa Chamber of Commerce and a Tijuana resident, said if border wait times are too long, people will think twice about shopping in the United States.

She supports a San Ysidro border expansion project she believes is necessary to keep the traffic flowing into San Diego County.

"Border crossings are only going up and we are certainly maxed out with the existing infrastructure that we have," she said.

Kenn Morris, director of Crossborder Business Associates, said part of the reason people cross to shop in the U.S. is the ample availability of products.

"However, as we make it harder for people to cross northbound, there's more and more pent up demand on the southbound side and more reason for U.S. retailers to forget siting their operations in the U.S., and expand their operations in a place like Tijuana," he said. "That's a great thing for Tijuana, but what we will see is there will be fewer people crossing for shopping."

Mier y Teran, who commutes daily from Tijuana, said that over the last 10 years, Office Depot, Sam's Club, Costco, and Home Depot have opened stores in Tijuana, but shoppers still visit these stores on this side of the border.

"Sometimes they (the stores) are more accessible because they are already crossing for another reason," she said.

According to a 1994 study by San Diego Dialogue, Mexico residents make 1.5 million trips each month into the San Diego area via the Otay Mesa or San Ysidro border crossing for the primary purpose of shopping.

Tijuana residents said they expected to spend \$2.8 billion in the U.S. annually, mostly in San Diego County, for retail shopping, parking and gas, snacks or coffee, school tuition and books, medical and dental expenses, restaurants, admission tickets for events and museums, and legal, actuarial and postal services.

A phone survey in 2001 by the Universidad Autonoma de Baja California came up with a more conservative estimate for spending in the county — \$1.6 billion.

"Consistently, the surveys we've done for the South County Economic Development Council have shown that more than 55 percent of South San Diego retailers consider shoppers from Baja California as important or very important to their store's overall sales," Morris said.

Between \$55 million and \$70 million was spent by Baja Californians on 2003 Christmas shopping countywide, Morris said, with shoppers spending an average of about \$500 per household.



San Ysidro appears to be the most popular destination for cross-border shoppers, followed by Chula Vista, according to a phone survey published in 2002 by South County Economic Development Corp. and Crossborder Business Associates.

According to Israel Adato, president of the San Ysidro Chamber of Commerce, San Ysidro's economy today is about 80 percent dependent on Mexican citizens.

There are more than 450 businesses in the community, including business support services, import/export, financial institutions, hotels, motels, restaurants, duty-free shops, and specialty stores.

Adato said the 2001 opening of the 370,000-square-foot Shops at Las Americas, which features restaurants and more than 75 stores, has contributed to an overall increase in cross border traffic — except during the period following Sept. 11, 2001, when border security was tight, wait times were long, and business was down in the community between 70 and 85 percent.

Adato, who has owned a pawn shop in San Ysidro for 22 years, said he saw his business increase as a result of Las Americas traffic.

Las Americas' second phase, which will add another 189,000 square feet of retail space emphasizing high-fashion tenants, is expected to break ground in July according to a spokesperson for developer and owner JER Partners of Virginia.

The San Ysidro Village outlet store across the street, one-third the size of Las Americas, also attracts crowds from both sides of the border.

Eight miles from the border, Chula Vista depends on spending by Mexico citizens for 35 percent of its economy, said Lisa Cohen, CEO of the Chula Vista Chamber of Commerce.

"We're a drive-through community, so it's a very big impact on our community," she said.

Otay Mesa, a largely industrial area just east of San Ysidro, with only one major shopping center, gets solid retail traffic.

"We got a call from Home Depot after 9/11 when we saw the border wait times increase significantly, when people were not crossing, that their sales were going down the drain," said Mier y Teran of the Otay Mesa chamber.

The SENTRI — Secure Electronic Network for Travelers' Rapid Inspection — program, which will add another two lanes in October, makes it faster for shoppers crossing the border regularly, Mier y Teran said.

Laser visa cards, 72-hour border crossing cards that approximately 6 million Mexican citizens hold, are also popular with Mexican citizen shoppers, Adato said.

Lori Chappell, director of marketing for Fashion Valley Center about 20 miles north of the border, said several of her stores also report sizeable numbers of Mexico citizen shoppers.

Though some department stores report a lot of traffic, she said it's typically the more luxury, high-end stores that do well with shoppers from Mexico. She said the typical Mexican shopper pays cash, shops with their family, and are very seasonal shoppers — Christmas, New Year's, Mother's Day, and back-to-school.

Chappell found in a recent survey she conducted that 15 Fashion Valley stores specializing in everything from shoes to menswear to jewelry, children's clothes to jeans, said they directly target cross-border shoppers.

Fashion Valley markets itself in Tijuana during the Christmas season. The mall is also part of Shop San Diego, a shopping center group that has been working with the San Diego Convention & Visitors Bureau for the last few years to market to Mexico, she said.

Chappell has plans for Fashion Valley to do more in the Mexican market.

“I think they are a huge potential,” she said. “It’s just a matter of reaching them, and reaching them effectively is the key.”

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