

The Disappearing Mexican Shoppers

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In North America, cross-border shopping and tourism has long been important to businesses on both sides of the U.S.-Mexico border and on both sides of the U.S.-Canada border. Whether the reason for the visit is to shop for merchandise, to take advantage of a favourable exchange rate, to visit attractions unique to the foreign market, or just to enjoy the ambiance of the foreign market, business generated in the foreign market by such visitors provides a variety of economic benefits, including the creation of jobs, for those who live and work in that market. Unfortunately, a weakened economy at home is one reason for a decline in the desire to partake in the pleasures associated with such foreign travel. However, political action can also have repercussions.

The recent attempt by the Arizona government to address the presence of illegal immigrants from Mexico in the state by subjecting anyone who “looks like” they are from Mexico to questioning has led to a decline in the number of legal visitors traveling to the state. Even though the courts have limited the breadth of the state illegal-immigration enforcement law passed in April 2010, the number of cross-border visitors to the state after the signing of the law is down 17% for the same period a year ago (Wagner, 2010), representing a decline in the number of daily visitors by about 12,500. Another factor that may have contributed to the decline is the warning issued to Mexican citizens by their government about traveling to Arizona (Wagner, 2010).

California, Arizona, New Mexico, and Texas all share a border with Mexico. During the time period when Arizona faced a 17% decline in lawful visitors from Mexico, the other three states, where there is no illegal-immigration law issue, the number of legal land-entry visitors declined by less than 7% (cf. Wagner, 2010).

Overall, there are a number of factors that can be contributing to the decline in cross-border traffic. In fact, the decline associated with Mexico has been evident for a number of years (Wagner, 2010). In 2007-2008, the number of legal land-entries from Mexico involved almost 209 million individuals; during the following year, before the Arizona law became an issue, a 10% decline was evident (Wagner, 2010).

The economic impact of legal visitors to Arizona from Mexico is significant. In 2007-2008, the 24 million legal visitors from Mexico accounted for around \$2.7 billion in sales for the local businesses (e.g., stores, restaurants, and hotels) and supported the existence of approximately 23,400 jobs that depend of such business (Wagner, 2010). Specifically, Tucson and Pima County benefitted to the tune of about \$1 billion in business from such visitors, with Phoenix and Maricopa County ranking second in terms of economic benefit, with about \$694 million in business obtained from this market (Wagner, 2010).

A stationary store in Nogales that depends on visitors from Mexico had to deal with a 70% decline in business (Wagner, 2010) over time. The owner of the store attributes the decline primarily to the recession, but he also blames politicians for contributing to the situation (Wagner, 2010). A fashion retailer in the area attributes the decline in the number of visitors from Mexico to the new immigration law and to the longer time it takes to cross the border into the U.S. (Wagner, 2010). Mexicans consider the law to be discriminatory in nature, resulting in their becoming angry based on the way they are being treated (cf. Wagner, 2010).

Focus: Cross-border shopping; immigration; external environment: CERTS (competition, economic, regulatory, technology, social [cultural, political]); product/service; market segmentation; demographics; target market; demarketing (general, selective); demand state: no demand, negative demand, full demand, faltering demand, irregular demand, latent demand, overfull demand, unwholesome demand; balance of trade: surplus, deficit; derived demand; discrimination; attitude; attitude-behaviour model; international trade; import; export, marketing mix.

Questions:

1. Define each of the concepts identified in the above list. [Note: not all concepts may be relevant to the case.]
2. What was the nature of the original illegal-immigration law passed by Arizona? What aspects of the law were upheld by the court? What aspects were deemed unacceptable to the court? Why did Arizona pass such a law in the first place? Would you have passed such a law? Explain. What alternative approach could have been used to deal with the concern with illegal immigrants from Mexico?
3. What aspects of the CERTS external-environment acronym apply to this case? Explain.
4. What demand state(s) applies (apply) to this case?
5. Why is it good for a country to encourage foreigners to visit the country? When visitors from another country spend money in the country which they are visiting, do such transactions refer to imports or exports for that country? Explain.
6. Explain how the concept of market segmentation applies to this case.
7. When a firm uses market segmentation and target marketing, the resulting marketing mix normally, by the very nature of the marketing mix, repel consumers from other segments

- (e.g., fashions based on gender, size of consumer). With respect to the immigration law passed by Arizona, did the law appropriately segment the market? Explain.
8. Explain how the concept of demarketing applies to this case. Be sure to make specific reference to the concepts of general and selective demarketing.
 9. How do the expenditures of a visitor to a country impact the balance of trade for that country? Explain.
 10. How does the concept of derived demand apply to this case? Explain.
 11. How does the concept of discrimination apply to this case? Explain.
 12. In what does the attitude-behaviour model apply to this case? Explain.
 13. What would the Mexican immigration issue be or not be of concern to California, New Mexico, and Texas? Explain. Why did these states not pass a law to deal with the issue? Why would the other U.S. states be or not be concerned with having a law to control the entry of illegal Mexican visitors to the individual state?

Source. Wagner, D. (2010, August 6). Drop in legal Mexican visitors hurts southern Arizona. *The USA Today*. Retrieved from http://www.usatoday.com/news/nation/2010-08-06-fewerlegals06_ST_N.htm