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ECONOMY

Mexican shoppers add \$1B to Tucson economy

Their spending more than triples since 2001

- [Print](#) May 12, 2009, 5:08 p.m.
- [Email](#) [ALAN FISCHER](#)
Tucson Citizen
- [Comment](#) Mexican visitors' annual economic impact on the Tucson area has grown
- [Share](#) dramatically and is approaching the \$1 billion mark, according to a University of
- [Letter to Editor](#) Arizona study released last week.
- [RSS](#) "It's a huge economic driver for us here in Tucson," said Felipe Garcia, vice

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Metro Tucson reaped a \$968.7 million direct economic benefit from Mexican tourists from July 2007 through June 2008, up 245 percent over the \$280.2 million in 2001, according to "Mexican Visitors to Arizona: Visitor Characteristics and Economic Impacts 2007-2008."

Pima County reaped the largest share of their economic impact in Arizona, with more than 36 percent of the \$2.7 billion in statewide spending occurring here, the report said.

Carlos Silva, Ana Cota and their daughter, Carla Silva, 7, make the four- to five-hour drive from Hermosillo, Son., weekly to shop in Tucson.

Tucson offers a better selection of products than he can find at home, Silva said Sunday as the family prepared to enter Park Place, ranked in the study as the No. 2 shopping destination in Tucson, behind Tucson Mall.

The family's favorite stores at the mall are Old Navy, Sears and Macy's, he said. They also like to get to Tucson Mall, Best Buy, Wal-Mart and Target, he said.

Silva said he was looking for clothing for Carla and a large-screen television.

The family typically spends six to eight hours shopping per trip to Tucson, he said.

Carla said the trips are about more than shopping. The family had breakfast at IHOP to celebrate Mother's Day before hitting the mall, she said.

And her mom would be getting a nice gift at the mall, Carla said.

About 65,000 Mexican residents on average came to Arizona each day to legally work, visit friends and relatives, shop and play in 2007-08, the study says.

That comes to 24 million visitors for the year, a 4.9 percent increase over the 2001 total of 22.9 million.

Each day, visitors from Mexico spent \$7.3 million in Arizona stores, restaurants, hotels and other businesses, an increase of 213 percent from 2001.

"Over 5 percent of taxable sales in Pima County are attributed to the Mexican visitors," Garcia, of the visitors bureau, said. "It's really good for us."

The study was prepared by Vera Pavlakovich-Kochi and Alberta H. Charney of the University of Arizona Eller College of Management's Economic and Business Research Center for the Arizona Office of Tourism.

Mexican tourism "really plays a significant role," Pavlakovich-Kochi said. "Spending has occurred when our regional economy shows signs of recession. It has really offset to a degree the effect of the declining regional economy."

Mexican consumers seem to be more willing to spend during the current economic downturn than Americans, Garcia said.

"When we talk to our visitors, they don't seem to have a lot of anxiety about the economic turmoil," Garcia said.

"They don't stop spending because of what they see and read. The Mexican consumer is more used to it, better prepared, and they know things happen. They say things are bad but we'll get out of this."

More staying overnight

Local efforts to boost Mexican visitors and spending have paid off, Garcia said.

Mexican visitors who stayed here overnight jumped from 4 percent in 2001 to 16 percent in 2007-08, Garcia said.

"Overnight visitors always spend more than day trippers," Pavlakovich-Kochi said.

A Tucson tourism office in Hermosillo, Son., has helped boost the number of visitors and their spending in recent years, Garcia said.

The office sells tickets for concerts or shows at Tucson-area casinos and offers other Tucson tourism services, he said.

Lower prices and greater product selection draw shoppers from Mexico, Garcia said.

Many textile and electronic products sold in Mexico are imported from Asia, he said.

Mexico and China are engaged in a "non-declared" tariff war, which means high prices for goods in Mexico, which pushes shoppers to Tucson, Garcia said.

Growing challenges

The Convention & Visitors Bureau has increased its spending aimed at attracting Mexican visitors from \$30,000 to \$300,000 in recent years, Garcia said.

But other communities - Scottsdale, Phoenix, Tempe and Las Vegas - are also going after Mexican visitors, he said.

Maricopa County's economic benefit from Mexican visitors jumped from \$36.5 million in 2001 to \$694.2 million in 2007-08, an 1,800 percent increase.

"We're definitely ahead of the curve," Garcia said, "but there are a lot of communities that are trying to position themselves and gain market share. Here in Tucson, we know that retail is directly impacted by tourism. We cannot slow down, we cannot say we have been successful."

One area being investigated for growth is drawing visitors here from Mexico for medical services.

That includes cosmetic and elective surgery, Garcia said.

"We are working with the medical industry to develop more medical tourism into Tucson," he said.

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Ana Cota, Carlos Silva and their daughter, Carla Silva, 7, of Hermosillo, Son., arrive at Park Place mall, where they planned to shop for clothing and a large-screen television. The family makes the 4- to 5-hour trip to Tucson to shop about once a week.

MORE INFO

"They come here and they pay cash. No insurance, no billing."

A slide in the peso's value against the dollar has made it more expensive for Mexicans to shop in the U.S., so fewer customers may be crossing now.

In April, the average exchange rate was 13.3944 pesos to a U.S. dollar compared with 10.5146 in April 2008, a decline of 27 percent.

Increasingly restrictive regulations for crossing the border and more stringent entry documentation policies could pose another challenge to Mexican visitor spending, Pavlakovich-Kochi said.

Making it tougher for Mexican visitors to get here means less revenue for local merchants - something few people consider when pushing for making crossing more difficult, she said.

"The focus has really been on the border issues and the illegal immigration," she said. "This (economic benefit) has been on the back burner."

While spending by Mexican visitors may decrease from 2007-08 levels, the area will continue to reap some economic benefit, Pavlakovich-Kochi said.

"Realistically, looking at the near future, we will probably expect a decrease in total spending," she said.

"Maybe we had an extraordinary year of Mexican visitors and expenditures in Arizona. But it will continue: It is not something that will be totally erased overnight."

Cronkite News Service contributed to this report.

TOP DESTINATIONS

Where Mexican visitors to metro Tucson shopped 2007-2008.

Malls/shopping centers

1. Tucson Mall
2. Park Place
3. Foothills Mall
4. Plaza Palomino
5. El Con Mall
6. St. Philip's Plaza
7. La Encantada
8. Casas Adobes Plaza
9. Crossroads

Other stores

1. Wal-Mart
 2. Costco
 3. Best Buy
 4. Target
 5. Ross
 6. Mervyn's*
 7. Walgreens
 8. Circuit City*
 8. Marshall's
 9. Home Depot
 10. Food City
- * now closed

Metro Tucson attractions visited by Mexican tourists

1. Casinos
2. Reid Park Zoo
3. Old Tucson Studios
4. Arizona-Sonora Desert Museum
5. Other museums
6. Saguaro National Park
7. San Xavier Mission
8. Tucson Convention Center
9. Concerts/theaters
10. Colossal Cave
11. University of Arizona
12. Downtown

WHY TUCSON?

A number of factors led to an increase in local expenditures by Mexican visitors between 2001 and 2007-08, said Vera Pavlakovich-Kochi of the University of Arizona Eller College of Management's Economic and Business Research Center.

Metro Tucson saw a fourfold increase in overnight visitors from Mexico, she said.

The peso/dollar exchange rate was very favorable to Mexican visitors, who could purchase more goods for their cash, particularly in the first half of 2008, she said.

Fears of an impending peso devaluation, which occurred later that year, saw Mexican consumers increase their Arizona spending during the time of the study, she said.

And 2008 was the last year Mexican visitors were allowed to enter the U.S. before more stringent documentation requirements were enforced, she said.

\$968 million

Tucson-area expenditures by Mexican visitors in 2007-08

245%

Increase in Tucson-area expenditures by Mexican visitors from 2001 to 2008

5.2%

Portion of taxable sales Mexican visitors accounted for in Pima County