



A synthesis on cross-border travel: Focus on El Paso, Texas, retail sales, and pedestrian travel



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ABSTRACT

The U.S.–Mexico land border crossings are some of the busiest in the world. However, over the last several years, cross-border traffic has decreased significantly between El Paso, Texas, and Ciudad Juárez, Chihuahua, negatively impacting businesses in El Paso. The objective of this paper is to provide a synthesis of cross-border travel decision analyses, explore factors influencing that travel, and provide insights to mitigate the economic impact of travel reductions on border communities. While the paper aims to provide a broader view of cross-border travel, special emphasis is also given to pedestrians as a case study.

A better understanding of cross-border travel is critical for responding to not only the mobility needs of travelers crossing the border on a regular basis but also the needs of businesses that suffer losses in productivity and sales. The insights obtained from this study can help retailers develop business strategies and contribute to the local agencies' analysis toolbox for better managing cross-border travel, developing improved policies that ensure regional economic and environmental sustainability, and marketing cross-border travel to particular population groups, such as pedestrians. The paper provides valuable insights in the context of not only El Paso but also other U.S. border areas as well.

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1. Introduction

The U.S.–Mexico land border crossings are some of the busiest in the world, substantially contributing to the economic growth of both nations (Hochman, 2005). While Mexico is the second-leading destination for U.S. exports, the United States is the first-leading destination for Mexico exports, with an approximate total of \$400 billion dollars in bilateral trading per year (Donnelly, 2012). Of all U.S. exports to Mexico, the travel and tourism industry makes up a substantial 36% (U.S. Department of Commerce, International Trade Administration, 2011). In 2011, with 13.41 million visitors, Mexico also represented the second-highest visitor market to the United States, behind Canada, and the fourth-highest market in visitor spending, at \$9.4 billion (U.S. Department of Commerce, International Trade Administration, 2011). The U.S. Department of Commerce forecasts that Mexican visitors will increase between 3 to 5% each year, increasing over 1.5 million, or 11%, to 14.95 million by 2016 (U.S. Department of Commerce, International Trade Administration, 2014). In 2011, Mexico represented 27% of total international travelers to the United States; by 2016, even

with increased travel from other countries, travelers from Mexico will still represent almost one quarter of all visitors (U.S. Department of Commerce, International Trade Administration, 2014).

The border crossings in the El Paso–Ciudad Juárez region are among the most active along the U.S.–Mexico border. El Paso itself, as a commercial and tourist destination, is an important medium-sized metropolitan area. With a population of over 649,121 in 2010, the El Paso population grew significantly between 2000 and 2010, by 15.2% (U.S. Census Bureau, 2015). Over the same period, El Paso's sister city, Ciudad Juárez, also grew, expanding 8.4% to 1.32 million in population (University of Texas at El Paso, 2012). From a commercial perspective, with respect to both commerce and tourism, the international bridges located in El Paso offer almost direct access to Interstate 10, the southernmost west-coast to east-coast connection to nine primary interstate north–south facilities accessing the rest of the United States; intermodal port facilities including those in Los Angeles, Houston, New Orleans, and Mobile; and some of the largest U.S. population centers including Los Angeles, San Antonio, and Houston.

On the other hand, studies also indicate an important decline in cross-border travel and local business sales in recent years. Based on recent border-crossing data (U.S. Department of Transportation, Bureau of Transportation Statistics, 2014), there is a significant decrease in the total volume of travelers crossing into El Paso, particularly of personal motorized vehicles and pedestrians. These figures are a cause for

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concern for a variety of reasons, including the importance of these visitors for the local economy (Baruca & Zolfagharian, 2013; Cambridge Systematics, 2011; Texas Comptroller of Public Accounts, 1998). Retail sales in El Paso have also been recently declining, and it has been conjectured that a primary cause might be that shoppers from Ciudad Juárez are not willing to spend an inordinate amount of time waiting to cross the border (Borunda, 2011; Paterson, 2011). Wait times overall are increasing at border crossings, and these increases are having an adverse impact on the border crossings (Borunda, 2011; HLB Decision Economics, 2004a; Paterson, 2011; Preston, 2007). New technologies for identification and tolling are intended to address border wait time; yet, they can involve burdensome preplanning for users and involve ramp-up periods as technical problems are addressed and users adjust to implementation (Garcia, 2012; Paterson, 2011). The tension between national security initiatives and procedures and local cultural and commercial realities in El Paso is palpable. As indicated by Muriá and Chávez (2011), “US border authorities faced a dual contradictory challenge of ‘enforcement’ and ‘facilitation’: enforcement at the border to prevent the smuggling of undesired products and people, and facilitation of trade, business, and leisure travelers such as businessmen, tourists, and shoppers”.

Meanwhile, the full picture of influences that affect cross-border travel, and by extension El Paso's retail economy, is a complex issue demanding further clarification. This requires a more in-depth examination for a better and complete understanding of cross-border travelers. This study provides a synthesis to examine cross-border travel, explains influences on that travel, and contributes to understanding the travel behavior decisions of crossing an international border bridge, with a special focus on El Paso, Texas.

The remainder of this paper is composed of six sections and is organized as follows. Sections 2, 3, and 4 explore key characteristics that are important to explore in understanding cross-border travel. Specifically, Section 2 presents the economic importance, Section 3 discusses trip purposes associated with cross-border travel, and Section 4 reveals predominant factors influencing the decision to travel across an international border. Next, Section 5 provides background information on the analysis approaches and models utilized for examining border crossings, and Section 6 then describes the unique case of the Paso del Norte Region with a specific focus on pedestrian travel. The paper is concluded in Section 7.

2. Economic importance of cross-border travel

Understanding changes in cross-border travel trends is critical for retailers to efficiently conduct business. It can also help authorities proactively address border-crossing operations, mitigate financial losses, and encourage economic development along the border. Much of the analysis of border crossings is motivated by the economic importance of these crossings to the countries on either side of the border. Of these types of analyses, commercial freight understandably gets the bulk of attention. However, studies have also found a substantial impact of non-commercial cross-border travel on local and regional economies.

A 2004 study focused on passenger vehicles crossing the U.S.–Canadian border and their economic impact in the post-September 11, 2001, years (HLB Decision Economics, 2004b). The examination addressed only recreation, shopping, and vacation trips. Econometric simulations indicated that increased congestion and delays for these trips do constrain the growth of trip-making and result in economic output and employment losses. Notably, this study found that the losses would primarily affect the Canadian side, due to the different nature of activities occurring in each direction; the recreational and shopping activities occurring in the U.S.–to-Canada direction were assumed to redistribute on the U.S. side under a congested scenario, thus resulting in a positive impact of congestion for the United States. The study did find that the combined effects of commercial and non-commercial vehicle

congestion were negative for both countries and that reliability of travel time is a significant factor for commercial vehicles.

Another study conducted in 2006 was similarly based on economic analysis to demonstrate lost economic opportunities due to border-crossing congestion (HDR/HLB Decision Economics, 2006). The methodology related to non-commercial travel considered trips by purpose, time, destination, and sensitivity of trip purpose to border-crossing delay. In this case, this study included a four-month-long survey of 3603 cross-border travelers at the San Ysidro, Otay Mesa, and Tecate Ports of Entry (POEs). The economic impacts due to border delay in 2005 were found to be high on both sides of the border; for passenger (non-commercial) travel, the regional impacts were found to represent the bulk of the impacts because most passenger travel stays within the region.

A 2008 study updated previous studies conducted since the 1970s concerning the impact of Mexican cross-border activity on Arizona's economy (Pavlovich-Kochi & Charney, 2008). The methodology included surveying outbound Mexican visitors at four land border POEs and the Phoenix and Tucson airports. Economic impacts were assessed using IMPLAN® input–output models and were found to generally be significant, and more so closer to the border, as might be expected.

Among other related studies, The University of Texas at El Paso's (UTEP's) ongoing Border Regional Modeling Project (BRMP) is also prominent (University of Texas at El Paso, 2012). In the UTEP study, the researchers developed a model encompassing El Paso and Las Cruces on the U.S. side and Ciudad Juárez and Chihuahua on the Mexico side to forecast short- and long-term trends affecting area policy and development issues. Numerous other references mentioned throughout this paper also document the economic importance of cross-border travel, as discussed in other sections focused on particular topic areas.

3. Cross-border travel trip purposes

Generally, it has been indicated that shopping is the primary reason that Mexican nationals cross into the United States, followed by visiting family and friends, and then working.

3.1. Tourism, including retail shopping and health services

Tourism trips encompass a variety of dimensions: proximate- and long-distance destinations, one-day and multi-day excursions, single- and multi-purpose intents, recreational and non-recreational needs, and many others. While there may indeed be a number of long-distance through trips by individuals just passing through from origins and destinations outside of either border city, there is a considerable amount of crossings with both origin and destination internal to the joint metropolitan area. As demonstrated by several studies, many of these tourism trips will involve, or even be precipitated by, a retail motivation (Baruca & Zolfagharian, 2013; Ghaddar & Brown, 2005; Paterson, 2011; Pavlovich-Kochi & Charney, 2008).

Cross-border retail shopping is a significant economic sector for the border region and the State of Texas. In 2005, Ghaddar and Brown examined Mexican shoppers doing business in the United States, using existing data sources and focusing on the entire U.S.–Mexico border, bounded by a 100-kilometer buffer. They described how malls, plazas, and downtown areas have flourished in response to shopping demand from each side of the border (Ghaddar & Brown, 2005). One example is McAllen, along the border in Texas. Although the city's 2004 median per capita personal income was among the lowest in the United States, McAllen's La Plaza Mall was reported to have sales well above average among the 171 malls owned by the mall owner nationwide. This advantage is attributed to Mexican shoppers, who make up 36% of McAllen retail sales (Tubridy & Pistilli, 2006).

Cañas, Coronado, and Phillips (2006) corroborated the above findings, describing the border on the U.S. side as “actually an export industry—in most years contributing to a US trade surplus in cross-border

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