



NOGALES, ARIZONA

SHOPPER CAPTURE POTENTIAL



The City of Nogales retail sector allows a substantial shopper leakage to the Tucson and Phoenix metro areas that retail stores could capitalize on by locating in Nogales, Arizona. A report prepared for the Arizona Office of Tourism¹ shows that on average, more than 1,000,000 Mexican residents living within 120 kilometers of the border pass through Nogales annually on their way to shop in various shopping destinations around the Tucson and Phoenix metro areas. Each visitor spends more than \$400 per trip, resulting in combined total sales of nearly \$450 million dollars, with \$330 million dollars in Tucson alone. New mall and retail developments can take advantage of this opportunity to locate in Nogales, AZ.



The City of Nogales, Arizona is the economic heartbeat of Santa Cruz County. As the county seat home to around 20,000 residents, the City's daytime population grows to more than 65,000, including an estimated 35,000 Mexican workers and shoppers from cities and towns close to the border along Mexican Federal Highway 15, part of the Canamex Corridor. Nogales, Magdalena, Imuris, Santa Ana, Cibuta, and Cumpas are some cities and towns in the Mexican State of Sonora that are home to the nearly 400,000 residents along this major Mexican federal highway that use one of the three ports of entry located in Nogales, including the expanded 20 lane Mariposa Port of Entry currently being remodeled.

Mexican shoppers who bypass Nogales for the Tucson and Phoenix metro areas show shopping trends by the stores they frequent most often. *Of all car travelers, more than two-thirds visit some type of mall*, like the Tucson Mall or Park Place Mall in Tucson and the Arizona Mills Mall in Phoenix. Other popular places to visit that are not in the Nogales retail marketplace include **Costco**, **Target**, and **Best Buy**. Mervyns, which has ceased operations since the time of this study, was also a popular shopping destination. A discount store like **Kohl's**, **Marshall's**, or others could fill this void. The chart on the right shows the percent of car travelers shopping at each of the popular locations in both the Tucson and Phoenix metro areas.

Customers to Tucson and Phoenix are willing to spend considerably more on their shopping trips than they spend in Nogales, Arizona. If even a portion of the shopping amenities in Tucson were found in Nogales, then Mexican shoppers within a close proximity of the border could save the costs of traveling to Tucson or Phoenix and spend that money on more goods purchased in Nogales, Arizona. Shoppers could save the costs of food, hotels, and \$40 shuttle or \$20-\$30 roundtrip gasoline cost to drive to Tucson, which means more spending power at stores in Nogales, Arizona.

The City of Nogales has an opportunity for new mall and retail store development like those mentioned above to successfully locate within the Nogales City limits. Locations along Mariposa Road and adjacent to the new Mariposa Port of Entry are available. *Call us at 520-287-6571 or visit www.nogalesaz.gov/Retail/.*

Nogales Arizona Estimated Daytime Population	
Residents	20,000
Commuters	10,000
Mexican Visitors	35,000
Total	65,000

Border Mexican Shoppers to Tucson/Phoenix Passing Nogales	
Annual Shoppers	1,000,000
Money spent per shopper	\$400-\$450
Shopper capture potential	\$ 450,000,000

Where Mexican Visitors Shop	
Tucson Area	Phoenix Area
Tucson Mall	70%
Park Place Mall	57%
Costco	30%
Target	25%
Best Buy	23%
Arizona Mills Mall	86%
Costco	28%
Target	27%
Metrocenter Mall	24%
Best Buy	21%

¹ 2008. Pavlakovich-Kochi & Charney. *Mexican Visitors to Arizona: Visitor Characteristics and Economic Impacts, 2007-08*. Prepared for the Arizona Office of Tourism by the University of Arizona Eller College of Management Economic and Business Research Center. http://azot.gov/documents/Final_Mexican_Visitors_to_AZ_2007_08_report.pdf. This report was generated by the City of Nogales City Manager's Office and gathers pertinent information from that study to measure the impact of Mexican visitors and shoppers on Nogales, Arizona from towns and cities along Mexican Federal Highway 15 less than 120 kilometers from the border.