



CROSS-BORDER SHOPPING A North American Perspective

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Abstract: This paper examines the place of cross-border shopping in the context of tourism between Canada and the United States and the implications that this has for the role of shopping as a generator of tourism. A review of the relationship between shopping and tourism is followed by an examination of the sudden increase in cross-border shopping in North America of the 1980s, and the public and private sector responses. This surge of Canadian cross-border shoppers resulted in a significant increase in the travel deficit for Canada and attracted political, legislative, economic, and social reaction. Models are proposed as aids to understanding the role of cross-border shopping in tourism. **Keywords:** shopping, cross-border, North America, tourism.

Résumé: Le magasinage transfrontier: une perspective de l'Amérique du Nord. Cet article examine le rôle du shopping transfrontier dans le contexte du tourisme entre le Canada et les États-Unis ainsi que les implications pour le rôle du shopping comme phénomène générateur du tourisme. Un examen du rapport entre le shopping et le tourisme est suivi d'une étude de l'intensification brusque du magasinage transfrontier en Amérique du Nord dans les années 80 et la réaction de la part des secteurs public et privé. L'afflux des clients transfrontiers canadiens a mené à une augmentation du déficit de tourisme pour le Canada et a provoqué des réactions politiques, législatives, économiques et sociales. On propose des modèles pour aider à comprendre le rôle du shopping transfrontier dans le tourisme. **Mots-clés:** shopping, transfrontier, Amérique du Nord, tourisme.

INTRODUCTION

Traditional definitions of a tourist normally include the element of travel on a temporary basis, involve crossing an international border, and frequently involve the element of pleasure as a purpose of the trip (Burkhart and Medlik 1974; IUOTO 1968; Murphy 1985). The definitions do not include reference to shopping as a motivation for, or an essential purpose of, tourism. However, it appears clear in the North American context at least, and probably also in Europe, that shopping can be a powerful motivating force in the decision to under-

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take a cross-border trip. There are strong indications that under some conditions shopping is the primary motive, if not the only significant one, in the decision to make such a trip.

This proposition in itself is not new. Humans have made shopping trips since specialization in production took place in prehistoric times, and those living in remote locations often had to travel considerable distances, sometimes involving overnight stays and crossing international borders. What is new, however, is the fact that shopping is becoming an ever increasingly important element in trips which are primarily of a leisure or tourism nature. This trend reflects the increasing emphasis on consumption in modern society, and the importance which the acquisition of material goods has assumed in many peoples' lives (Featherstone 1991; Shields 1992). It is not the purpose of this paper to discuss this trend, although it will be referred to again in the discussion. Rather, it is the role of shopping in tourism and leisure which is of concern. (This paper regards tourism as a form of pleasure travel; business and other forms of travel that are not primarily pleasure-oriented, whether they involve shopping or not, are not considered here.)

Jansen-Verbeke notes that the role of shopping in leisure time has changed greatly, and that "a series of interconnected social, economic and cultural trends are creating new behavior patterns and new demands" (1990a:4). These trends include major changes in family and lifestyle, increased mobility, changes in urban form, and changes in the nature of shopping itself. Shopping is no longer a simple everyday activity undertaken to acquire the daily necessities.

Lesser and Hughes (1986) categorized shoppers into seven types (active, inactive, traditional, service, dedicated, price, and transitional) and described some characteristics of each. Active shoppers are those who enjoy shopping, with price being a major consideration in the purchase of goods, whereas inactive shoppers do not express much enjoyment or interest in shopping. Similarly, traditional shoppers do not show much enthusiasm for shopping; they do it merely to get by. Service shoppers demand a high level of in-store service, and price is not always a consideration in the purchase decision. Dedicated fringe shoppers are devoted to catalogue shopping as opposed to shopping in person in stores. Price shoppers are those who always compare prices and search most diligently for good deals. Transitional shoppers generally have no interest in searching for low prices; they buy whatever is available.

Many people view shopping as a way of fulfilling part of their need for leisure and tourism. It is clear that for many people, this type of activity is a form of recreation and provides enjoyment and even relaxation (Bussey 1987; Gratton and Taylor 1987). Nonessential shopping is especially viewed as a leisure activity, whereas shopping for essential goods is often considered laborious (Martin and Mason 1987). Recent research offers a great deal of insight about shopping as one of today's leading recreational activities (Chubb and Chubb 1981; Jackson 1991; Jansen-Verbeke 1987, 1991; Johnson and Mannell 1983; Prus and Dawson 1991; Roberts 1987; Ryan 1991). Many of those interviewed by Prus and Dawson in southern Ontario considered shopping one of

their most enjoyable recreational activities as it helped them escape from their daily routines, a finding echoed in a study of leisure activities in England (Jansen 1989).

Shopping has become a major leisure activity in part because the setting for shopping has become much more leisure oriented, as malls and other shopping centers continue to add amenities for customers such as food outlets, fitness studios, skating rinks, cinemas, and swimming pools (Martin and Mason 1987). The widespread distribution of shopping malls, especially in North America (Kowinski 1982) has meant that many people have easy access to such facilities. The appearance of supermalls such as West Edmonton Mall has served to blur the distinction between shopping and leisure places even further, as such facilities are openly aiming at leisure visitors as well as shoppers (Hopkins 1991; Jackson 1991). Roberts (1987) also attributes much of the rapid growth of shopping as a leisure activity to the establishment of pedestrian-only streets.

If it is accepted that shopping has now become a leisure activity of considerable significance, it is not surprising that it should also be an important element in tourism. Indeed, shopping has long been an important tourist activity in many destinations. The importance of shopping as one of the oldest and most important aspects of tourism has often been addressed and several researchers have concluded that for many visitors no trip is complete without having spent time shopping (Hudman and Hawkins 1989; Keowin 1989; Prinsky 1977). Actually, Kent, Shock and Snow (1983) have shown that shopping is often the most popular tourist activity in many destinations.

Brown, in his review of tourism and symbolic consumption, talks of tourism as an essential form of consumptive behavior, but argues that "traditional models that have been used to examine and predict consumer behavior are inappropriate for the study of tourism as symbolic consumption" (1992:64). He feels that it is necessary to delve deeper into the reasoning behind tourist shopping, as the behavior is not related necessarily to rational decision making as in normal purchasing. In particular, in the context of the purchase of souvenirs, he quotes Gordon that "people feel the need to bring things home with them from sacred, extraordinary time or space" (1986:36). Such items may not necessarily be particularly sacred, except to the purchaser, although they may be extraordinary. Kurosawa notes somewhat cynically that "no-one ever went broke underestimating the taste of the trinket buying traveller" (1992:62).

There is little doubt that when he/she is a tourist, a person's shopping and purchasing habits often vary considerably from their normal pattern at home (Stansfield 1971). The transformation of shopping into a hedonistic activity is encouraged in many tourism locations by the nature of the shops, the hours and days of opening, the range of goods available, and the general ambience of such sections of resort communities. The unique and distinctive pattern and location of specific shops and services catering to the tourist in many resorts is a distinguishing feature of such communities and is identified by the term Recreational Business District, to differentiate the area from the traditional Central Business District of most urban centers (Stansfield

and Rickert 1970). The concept of establishing distinctive shopping areas for tourists has continued in more recently established destinations. Getz (1993) discusses the planning of tourist shopping villages as tourism attractions, and the creation of duty free shopping centres at virtually all major airports and cruise ship ports is further evidence of the propensity of tourists to purchase goods during their travels.

Increasingly, however, the range of goods purchased by tourists is broadening and no longer consists just of souvenirs and necessary personal items forgotten in packing. This now includes items such as clothes and major electronic goods. Retail stores are now an important part of the infrastructure in many destinations (Hudman and Hawkins 1989; Pearce 1989), and as the use of self-catering accommodation continues to increase, the amount of grocery shopping by tourists will also increase.

SHOPPING AS TOURISM

The discussion has so far focused upon shopping as one activity undertaken as a part of tourism, rather than as the primary reason for tourism. Jansen-Verbeke (1990a, 1990b) has noted the difficulty in defining leisure shopping and how it becomes a leisure experience and resolving whether shopping areas can be defined as tourism resources. While acknowledging this problem, it is reasonable to argue that the desire and need for shopping is an appropriate motivation for tourist travel, comparable to the need and desire to sunbathe, for example. As already noted, shopping provides a form of relaxation, an escape from normal routine, and an element of challenge. Such attributes match closely the two fundamental forces Iso-Ahola suggests as the motivation for leisure and recreation, namely, seeking and escaping. Escaping refers to leaving behind one's routine environment, such as work and other responsibilities or personal problems, for the purpose of achieving some kind of satisfaction. Seeking refers to the pursuit of perceived benefits such as relaxation, pleasure, or a learning experience by engaging in leisure/tourism activities. Iso-Ahola also suggests that it is useless to try to separate escape and seek forces because tourism can be generated by both the need, to avoid something and the need to seek something (Iso-Ahola 1982).

In a similar vein, Crompton concluded that, for most people, the basic tourism motivation is a break from the normal routine or a type of escape (Crompton 1979). Dann (1981) has defined these basic forces as push and pull factors. Push factors are those things that cause people to want to escape, while pull factors are those perceived rewards that a destination can offer. In the context of shopping and tourism, the push factors can be viewed as the relative unattractiveness or over-familiarity of the home shopping environment, and the pull factors the attraction of new and perhaps unvisited shopping opportunities which may offer a range of items not available in the home area.

Tourism attractions are those events, places, or features that draw visitors from near and far. An attraction must be interesting and pleasurable enough to sufficiently motivate people to travel for the purpose of experiencing it. For example, the Louvre may satisfy the needs of

art enthusiasts, while a trip to Hawaii may be fulfilling to those who enjoy beaches, warm climates, and cultural experiences. If the opportunity to shop can motivate people to travel by serving their needs and providing enjoyment, then it too may be regarded as a tourism attraction.

Lundberg presupposes the possibility that the urge to shop may be as much a human instinct as the nesting behavior in some animals (Lundberg 1990). Many people find it very pleasurable to hunt bargains, to spend, and to go somewhere different. This is especially true if going somewhere different entails traveling abroad, as this adds intrigue and fascination to a trip. Many people find it attractive to experience cultural differences, spend foreign currency, and eat exotic foods. Shopping abroad is popular, as there is often a different and more alluring selection of merchandise than can be found in the shopper's home community.

Butler (1991) outlines a six-hierarchy order of tourism attractions by their geographic sphere of influence and appeal: attractions with global appeal; global but appealing to only certain groups; places with national appeal; places that attract visitors in conjunction with other attractions; regional attractions; and local attractions. He suggests that shopping areas as tourism attractions can be ordered in a similar fashion. For example, Hong Kong and Paris feature global shopping which appeals to most tourists; Venice (for glass) and Bangkok (for gems) are global centers whose specialized items appeal to only some tourists. Attractions for shoppers at the national level include such places as Harrod's in London and West Edmonton Mall in Canada. Major shopping malls may draw visitors from abroad, but generally only in conjunction with other attractions. On the regional scale, shopping attractions may include malls which are less well-known than West Edmonton Mall. For example, the malls in border communities like Port Huron (Michigan) and Niagara Falls (New York) attract visitors from neighboring regions, both in the United States and Canada. Finally, local shopping attractions consist of department stores, malls, grocery stores and other retail establishments that draw people from the local area.

One study conducted in Amsterdam examined how a major shopping area serves as an attraction to many types of visitors (Jansen 1989) and a study by Dilley, Hartviksen and Nord (1991) demonstrated how shopping centers in Duluth (Minnesota) are the most important attraction for visitors from nearby Ontario. Keowin (1989) noted the importance of shopping opportunities to Japanese tourists in Hawaii and modeled the tourist propensity to buy while on holiday. It is reasonable to argue from these examples that shopping opportunities themselves can often function as attractions and that shopping can be the primary purpose of tourism travel (Ryan 1991).

Cross-Border Shopping

It is against this background discussion of the role of shopping in tourism that attention is focused on one particular aspect of shopping and tourism, the phenomenon of cross-border shopping. This particu-

lar activity is not a new element in travel. As Jansen-Verbeke comments, "Shopping tourism in border areas is a well-known pattern all over the world and the tourist flows are changing, in intensity and in direction, according to the price fluctuations in the neighboring countries" (1990a:11). Ryan (1991) has emphasized the rapid growth of cross-border shopping in North America and Europe, and a comprehensive analysis has been written about the significance of cross-border shopping between the Republic of Ireland and Northern Ireland (Fitzgerald, Quin, Whelan and Williams 1988). Weigand (1990) notes the dimensions and characteristics of cross-border shopping tourism across the Danish-German border, and as the effects of the Maastricht Treaty further reduce the effects of customs and tariffs between members of the European Community, this activity should continue to increase in Europe.

In North America, cross-border shopping has long been a feature of both trade and tourism between Canada and the United States. Tourist traffic between these two countries is of considerable dimensions, and is dominated by automobile travel. The relative ease with which the border can be crossed, the number of crossing points and the familiarity and similarity between the two countries all facilitate the frequent movement of people between them. Over 90% of Canada's foreign visitors are from the United States. In 1970, Americans entered Canada over 37 million times, and in 1980 this had increased to over 38.5 million. However, in 1990 less than 35 million trips were made by Americans to Canada (84% of these were by car). There has, therefore, been a notable overall decrease in Americans visiting Canada since 1980, with a significant drop of over one million American visits in just one year, between 1990 and 1991 (Statistics Canada 1972-1992).

Figure 1 shows the number of trips to Canada made by residents of the United States for all types of transportation and all lengths of stay. It illustrates a notable increase in American visitors from 1980 to 1981. This has largely been attributed to the decreased value of the Canadian dollar in the late 1970s and early 1980s, which made it cheaper for Americans to travel in Canada (Chadee and Mieczkowski 1987). The rapid increase of American visitors in the mid-1980s, and its peak in 1986, appear to correspond with Expo '86 which was held in Vancouver, British Columbia. Although the 1988 Winter Olympics were held in Calgary, Alberta, no increase in American visitors can be detected. Instead, a regular decline is visible from 1986 to 1991. This is felt to have been caused in part by the economic recession, and the higher value of the Canadian dollar (approximately US85-89 cents). The notable decrease in 1991 may have been somewhat accentuated by strikes which Canada experienced throughout the summer months which slowed and at times halted the services of many government agencies, including customs and immigration offices at border crossings.

Figure 1 also illustrates the total number of 1980-1991 returns from the United States by Canadian residents for all lengths of stay and all types of transportation. The low numbers in the early 1980s has been attributed to the low value of the Canadian dollar, which made travel-

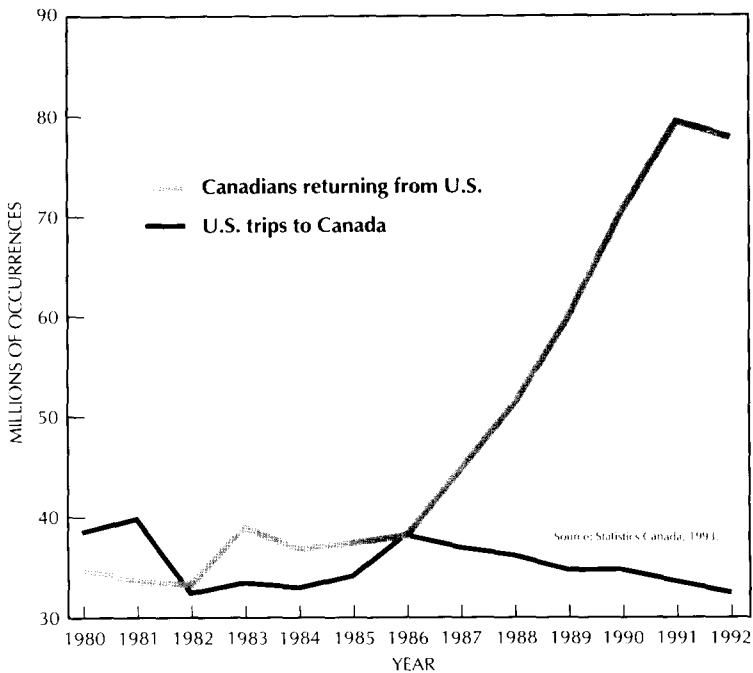


Figure 1. Canada-U.S. Cross-Border Tourism, 1980-1992

ing in this neighboring country expensive (Chadee and Mieczkowski 1987). However, as the value of the dollar began to increase and as Canadians were attracted to the United States for economic and recreational purposes, the number of departures increased dramatically, especially at the end of the 1980s and the beginning of the 1990s (Waters 1990).

In 1991, over 12 million Canadian trips of two or more nights were made to the United States by car. Over 2 million spent one night traveling by car, and over 59 million drove to the US and returned the same day. In that same year, 6.5 million Americans traveled to Canada by car and stayed more than two nights. Almost 2 million stayed one night, and almost 20 million Americans drove to Canada and returned the same day (Statistics Canada 1992). This imbalance in tourist flow between the two countries has had heavy economic impacts on the Canadian economy. Between July and September 1991, American expenditures in Canada dropped 0.4% to CAN \$1.1 billion related to the decline in Americans visiting Canada. During the same period, Canadian expenditures in the United States rose 3.5% to CAN \$2.4 billion. The relative significance of these visitation figures can be appreciated in the context of the relative populations of the two countries, Canada having approximately one-tenth of the population of the United States.

Since no actual data exist regarding how many people cross the border between Canada and the United States strictly for shopping,

cross-border shoppers are statistically defined by government agencies as those people who cross the border by car and return the same day (New Brunswick 1992; Ontario 1991); This border crossing (Figure 1)—by far the most common type of trip made by Canadians—has been in practice for years. However, since the late 1980s, there has been a phenomenally rapid and steady increase in the number of Canadians shopping in the United States. Figure 2 shows that in 1987 almost 31 million Canadians shopped in the United States; this number almost doubled to over 59 million by 1991.

Similar to the general pattern of tourist flows, there is a noticeable seasonality in cross-border shopping. Figure 3 shows the monthly number of same-day trips in 1991. The abrupt increase in March was due to the school holidays in many parts of the country and the onset of better weather. The continued growth in May and June, reaching its peak in July and August, reflects increased availability of family leisure time and better weather. But the flow decreased drastically in September, at the beginning of the school year, to rise again in October, November, and December. This final increase was almost certainly the result of Canadians doing much of their Christmas shopping in the United States.

Research has shown that the primary reason Canadians shop south of the border is that prices are generally lower in the United States, caused by lower profit margins, more retail competition, and lower taxes (London Free Press 1992; New Brunswick 1992; Ontario 1991). Other causes of heavy cross-border shopping relate to the relative strength of the Canadian dollar since 1986 (which improved Canadian

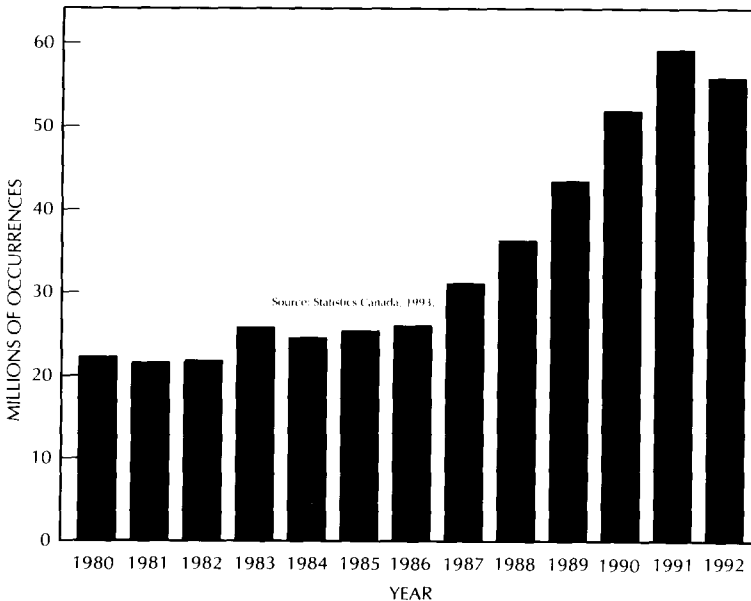


Figure 2. Number of Canadian Day Trips to the U.S. by Car

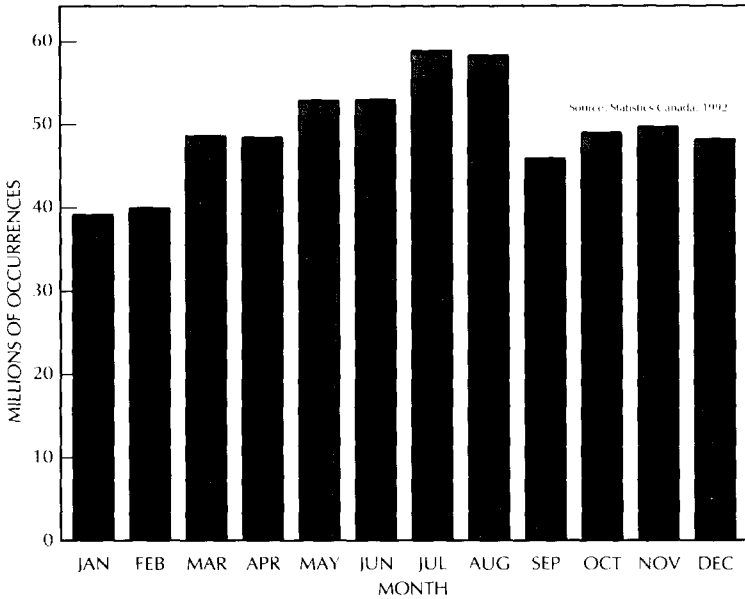


Figure 3. Canadian Cross-Border Shoppers in 1991

purchasing power in the United States), a larger variety of goods, better service, active promotion (such as special sales on shopping weekends), free amenities, and businesses accepting Canadian currency at par with the U.S. dollar—a saving of from 10 to 20% depending upon exchange rates in the period examined (London Free Press 1992; New Brunswick 1992; Waters 1990). The availability of Sunday shopping is another major consideration. One research project conducted in the United Kingdom showed that although Sunday shopping trips accounted for only 3% or 4% of all shopping trips, there was a clear demand for Sunday shopping (Wrigley, Guy and Dann 1984). An Ontario study found that 74% of that province's consumers who shopped across the border on Sunday would shop at home if stores were open that day (London Free Press 1992).

A particular attraction for many Canadians to shop in the United States has been the lack of enforcement of tax collection at the border by Canada Customs. Although rates of duty on many items have decreased since a free trade agreement was signed between Canada and the United States in 1990, Canadians are not allowed to import any taxable items tax-free if their stay out of the country has been less than 24 hours in duration. However, many Canadians discovered that they could routinely make day trips and relatively small purchases without being charged tax on them at ports-of-entry. The sheer numbers of returning Canadians, along with normal traffic at border crossing points resulted in delays of several hours if custom officials examined even a quarter of vehicles.

Media coverage has also contributed to the growth of cross-border

shopping by suggesting that all goods are cheaper in the United States than in Canada. American businesses took advantage of media promotion by conducting intensive advertising campaigns in Canadian newspapers and on Canadian television. American hotels, attempting to lure their Canadian neighbors, often offered discounted room rates that could be paid with Canadian money at par (London Free Press 1992). Malls catered to Canadian shoppers by promoting store-wide sales and accepting Canadian currency at par in many shops. One other factor that was considered to be a major influence in the increase in cross-border shopping toward the end of this period was the introduction of a value added tax, the "Goods and Services Tax," by the federal government at the beginning of 1991. This has proved to be the most unpopular tax in Canadian history, and replaced an invisible manufacturing tax on a limited range of products with a smaller but highly visible and almost universal tax. Although some authors (Chatterjee 1991) do not feel this was a major factor in the increase of cross-border shopping, the popular perception and reaction was that it was of considerable importance.

The growth in cross-border shopping from 1986 onward greatly increased the balance of trade deficit between Canada and the United States. This traffic was also felt to be one of the major reasons for an increase in lost jobs and retail bankruptcies in Canada within the past few years (London Free Press 1992). An increase of almost 91% in such events since 1987 (see Figure 3) supported this assumption. Cross-border shopping has been blamed also for millions of dollars in lost revenue for federal and provincial governments. The financial loss to the province of Ontario alone was estimated at around CAN\$600 million for 1990 and CAN\$1 billion for 1991 (Ontario 1991).

Canadian border communities have been most adversely affected by this shopping phenomenon, although the effects have been felt in all parts of Canada. According to the Standing Committee on Finance and Economic Affairs for the province of Ontario (1991), cross-border shopping was assumed responsible for the loss of over 4,000 jobs in border communities of Ontario.

In contrast to Canada, American businesses thrived on Canadian patronage as they continued to offer the selection, service, and prices that attracted their northern neighbors. Retail stores and hotels were not the only businesses that benefited from cross-border shopping; petrol was the most commonly bought item, with food as the next most frequent purchase. Other components of US tourism that benefited from cross-border shopping included local transport services, cinemas, museums, and banks. While these shoppers were contributing to the loss of revenue and jobs in Canada, they were clearly causing the creation of jobs and increases in receipts across the border (Kendall and Kreck 1992; Kreck 1985).

The spectacular and rapid rise in the cross-border shopping trips from 1986 onward assumed such dimensions and apparent severe effects that political and legislative action was felt necessary. Several ideas for decreasing the number of Canadians crossing the border to shop were proposed. Agreement to combine collection of provincial sales tax with the federal goods and services tax at border crossings

would in effect increase duty on goods being brought back into Canada, and thereby discourage cross-border shopping and raise revenues for provincial governments. The establishment of Sunday shopping, especially in communities near the border would eliminate an American advantage. Attaching smaller increases to the costs of goods as they move through the distribution channels would make prices more competitive in Canada. The establishment of more brand name outlet stores and more competition between retailers would increase the attraction of shopping in Canada (London Free Press 1992). While action has been taken in a number of directions (noted below), legislative action on the combining of tax collection has not taken place. This is in part due to philosophical and ideological differences between some of the provincial governments and the federal government, but also reflects the desires of the Canadian public, who generally did not want further restrictions (Chatterjee 1991).

In May 1992, because of the high travel deficit, and to celebrate Canada's 125th anniversary, the federal government of Canada launched a new advertising campaign to promote domestic tourism. The government encouraged Canadians to stay in their own country to experience its scenery and historical sites, and to explore its cities (London Free Press 1992). Extensive television advertising and billboards, some of them promoting shopping in Canada, were seen in many communities as part of the federal government's crusade to keep its citizens home.

Early in the summer of 1992, Sunday shopping became legal in the province of Ontario. As already mentioned, many respondents had indicated that they would stay in that province to shop on Sundays if stores were allowed to open. It remains to be seen, however, whether or not this is truly the case. This development would merit investigation to evaluate the effect of legalized Sunday shopping on cross-border shopping.

As of July 1, 1992, Canadians are required to pay a CAN\$5 handling fee to Canada Post Corporation for every parcel received from the United States through the mail, aimed at orders from mail order catalogues, as well as the federal goods and service tax and duties on parcels valued at CAN\$20 or more. Formerly, Canadians were allowed CAN\$40 worth of American mail order merchandise tax-free (York Regional Business Journal 1992).

The province of Ontario recently legalized gambling within its borders. While many people view this as a strategy for keeping Canadians at home, it is also expected to draw American tourists from neighboring states where gambling is not permitted.

Analysts have concluded that from 1992 onward, there will be a marked decrease in cross-border shopping owing to a variety of reasons: the reduced value of the Canadian dollar makes shopping in the United States more expensive; prices there have been raised significantly (even on commonly purchased goods like gasoline), whereas many Canadian retailers have reduced their prices; Canada Customs has cracked down on smuggling; the Canadian government has removed tariffs from many imported goods; and anger has diminished somewhat after more than a year of the 7% goods and services tax.

The dimensions and extremely dynamic nature of the cross-border shopping between Canada and the United States in the 1980s raises questions as to whether such activity is tourism, or is simply primarily functional shopping without a leisure or tourism dimension. This doubt is supported to some extent by the fact that the rise in participation was clearly strongly related to the relative value of the Canadian dollar compared to its US counterpart. The value of the Canadian dollar began to fall in 1992, and in March 1992 the first decline in cross-border shopping was recorded since September 1986 (Kemp 1992). This decline has continued through 1993, as has the decline in the Canadian dollar, such that at the end of the summer of 1993 it had fallen to US75 cents, from 89 cents in 1989.

However, studies would appear to contradict the view that cross-border shopping is not a form of tourism. The Canadian Chamber of Commerce reported that "The available data suggests [sic] that Canadians are not only visiting the United States more, they are also doing so with the express purpose of shopping there, and appear to be spending increasing amounts of time and money with each trip" (1992:1). It then went on to note that "Many respondents to the cross-border shopping survey say that one of their main reasons for shopping in the US is because it allows them to get away from home and experience change. The trip is a family outing and, depending on the length of stay, may even be seen as vacation" (1992:6). A similar finding was reported by Dilley and Hartviksen who, as a follow-up to their earlier study (1991), examined the effect of the free trade agreement between Canada and the United States on cross-border trips between Ontario and Minnesota. They concluded that the effect of the agreement was to "increase somewhat the number of people making trips and to increase significantly the frequency with which they go" (1993:17). However, although such a finding might suggest that the primary motivation for the increase in numbers and frequency of the trips was economic (the effect of the agreement being to reduce tariffs and duty on goods), Dilley and Hartviksen concluded that the trip was "above all a *tourist* experience" (1993:17; emphasis original). These apparently contradictory conclusions imply that cross-border shopping can be both highly rational (i.e., it responds quickly and dramatically to changes in the economic systems) and be primarily pleasure focused. This incongruity needs to be reconciled, and is discussed below.

Models of Cross-Border Shopping

In order to attempt to place cross-border shopping within the tourism system in theoretical terms, it is appropriate, therefore, to model the phenomenon. Two hypothetical models have been formulated to help illustrate the nature of cross-border shopping as tourism. They build on basic assumptions about the relationships between leisure and shopping described by Jansen-Verbeke. According to her, "the only valid indicator with respect to the leisure aspect of shopping lies in the information about the place of residence and the distance travelled to the shopping area . . . the further one travels, the more likely it is the visit has a leisure based nature" (1990b:130).

Canadians who shop in the United States can be classified by where they live in the country, how often they shop in the United States, and the types of goods purchased. Figure 4 is comprised of three zones pertaining to distance measured from the border and two triangles which pertain to frequency and value of goods, respectively. The area of the figure depicts Canada with the bottom line representing the international boundary. The narrow zone directly above the boundary is called the proximal shopping zone; it refers to the area extending approximately 50 kilometers from the border. The wider section above the proximal zone is the medial shopping zone; it refers to an area that ranges from 50 to 200 kilometers from the border. The distal shopping zone includes the rest of Canada. These distances are based on the definitions by Tourism Canada (1992) of border and non-border communities. The width of the light triangle is proportional to the frequency/number of cross-border shopping trips. The width of the dark triangle is proportional to the value of individual goods purchased on each trip.

This model represents the general pattern of cross-border shopping. It is based on the authors' observations, as well as on those mentioned in other discussions dealing with the subject (London Free Press 1992; New Brunswick 1992; Ontario 1991). It suggests that residents of the proximal shopping zone generally cross the border frequently and are willing to go for everyday, small-ticket items like gasoline, groceries, beer, tobacco products, and restaurant meals. Chamberlain (1991) found that 31% of people in Ontario border communities had shopped in the United States in the previous month, 16% of them having shopped five or more times in the same period. Levels of shopping in the United States among residents of non-border communities was less than half these levels. Consumers who live in the medial shopping zone cross the border less often and tend to buy higher-value goods. Those people who live farthest from the international boundary, in the distal shopping zone, seldom cross the border on shopping trips, but when they do, they tend to purchase big-ticket items such as clothes, appliances, and electronics.

According to this model, the farther one lives from the border the

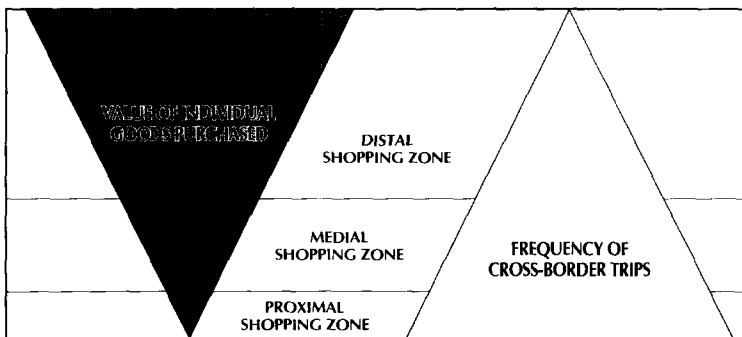


Figure 4. Characteristics of Cross-Border Shoppers

less frequently one shops in the United States, but the more costly one's purchases are likely to be. However, variations from this pattern obviously exist. For example, proximal residents are probably just as likely to purchase big-ticket items on one of their more frequent trips as are people who live in the distal zone. It is likely that when consumers from either the distal or medial zones shop in the United States, they may also dine out, purchase gas, and buy groceries.

There are two other types of cross-border shoppers not associated with this model because they live in all parts of Canada: those who shop while on a specific US vacation and those who shop by mail-order catalogue. Vacationers tend to buy small items, but may include high-value goods since their duty-free allowance increases with time spent abroad. Some mail-order shoppers may never have visited the United States, but shop by mail and telephone for the same cross-border reasons—low prices and wider selection. Classifying cross-border shoppers in this way may be useful in developing marketing campaigns by segmenting the population into specific target groups. This could be worthwhile for the Canadian government in its efforts to keep its citizens shopping at home, and for American businesses wishing to entice more Canadians to shop across the border.

It is also appropriate to attempt to determine the strength of the tourist or leisure component in cross-border shopping. Some researchers agree that people who travel abroad and return to their home country the same day are, and should be considered, tourists—they cross an international boundary and spend time and money while utilizing space and facilities in the destination area (Murphy 1985; Ryan 1991). Johnston, Mauro and Dilley (1991) have called cross-border shopping a form of tourism. They assert that this activity, as a type of tourism, is rapidly taking over the traditional recreation-type tourism in the vicinity of the US-Canadian border.

The fact that cross-border shopping experiences seasonality, as evident in Figure 3, seems to support the hypothesis that many people participate in this activity in the same manner as in other forms of leisure. If seasonality did not exist, it would imply that cross-border shopping was based purely on economic motivation and would likely continue at nearly the same rate throughout the year as people feel the economic need to shop in the United States. This model is based largely on the premise that many cross-border shoppers find this activity a pleasurable experience.

Figure 5 provides a hypothetical method for defining the degree to which cross-border shoppers may be considered tourists, based on their motivation for travel and length of stay. (As noted earlier, the motivations are based on the limited definition of tourism as a form of pleasure travel.) Each square in Figure 5 is assigned a number between one and six, each consecutive square from number 1 represents a loss of the tourism component. Those who belong to square six, although they cross an international boundary, are not considered tourists because they are motivated by economics and they return home the same day.

Square 1 represents those cross-border shoppers who stay at least one night in the United States and who are motivated by pleasure.

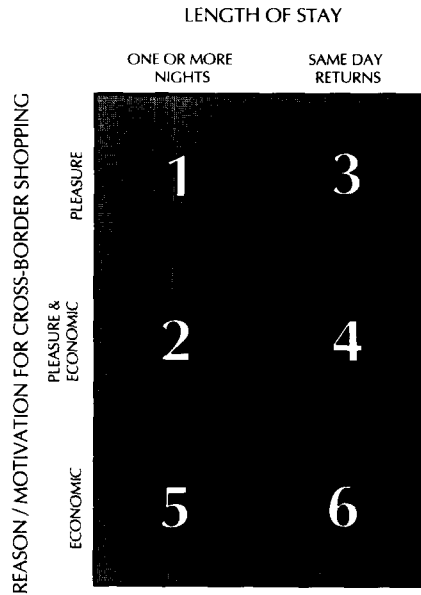


Figure 5. Cross-Border Shoppers as Tourists

This would include people who enjoy shopping for a wider selection of goods and better service. It may also include “window shoppers” and those who take time to utilize other elements of the tourism industry such as museums, hotels, restaurants, etc. Square 2 also depicts cross-border shoppers who stay at least one night and who are basically motivated by pleasure. However, perceived economic necessity plays a part in their decision to shop across the border; they prefer this because they believe that prices are much lower there than in Canada. They also enjoy the service and a wider selection of goods, and they often include other tourism activities on their trip. Consumers in square 3 are motivated by pleasure, but cross the border and return to Canada the same day. Since they do not spend a full day in the United States, they fit the definition of ‘tourist’ to a lesser degree than those in squares one and two. However, they cross an international boundary and are motivated by pleasure; therefore, they should be regarded as tourists. Square 4 includes shoppers whose trips are based on both pleasure and economics, and who return to Canada the same day. Square 5 includes those people who are motivated to travel purely for economic reasons, but who stay in the United States at least one night. These shoppers would tend to cross the border because they feel it is necessary in order to save money. They probably spend one or two nights away from Canada for the purpose of acquiring a tax-free allowance when returning home. Square 6 is representative of those cross-border shoppers who are motivated purely by economics and who return to Canada the same day. These people tend to cross the border for basic necessities, such as gasoline, alcohol, groceries, and cigarettes. People in this

group should not be considered tourists — their trip lacks both pleasure incentives and sufficient length of stay.

This model suggests the possibility that many cross-border shoppers may be viewed as tourists based on their motivation for travel and, perhaps to a lesser degree, on the amount of time they spend in the United States. It is assumed that the model would have equal validity in the reverse situation, when American residents travel to Canada to shop. In general, however, at least over the last decade, Canada has been relatively unattractive to Americans as a shopping opportunity.

CONCLUSIONS

Shopping today is obviously not the laborious activity it used to be. For many, it is one of their most enjoyable leisure-time activities, and more so for tourists. In many tourism destinations, shopping is the preferred activity and tourists often spend more money on shopping than on food, lodging, and other entertainment. Shopping opportunity can also function as an attraction. There are many places that draw visitors from near and far mainly for the purpose of shopping — in this case, American border communities.

Cross-border shopping is a type of tourism that has recently nearly overrun the traditional tourist flow between the United States and Canada. A multiplicity of causes of cross-border shopping have been noted, most of them economic in nature. However, it is fairly obvious that many Canadians who shop south of the border are motivated by both economics and pleasure. In fact, it is possible that some of them may be motivated purely by pleasure. If individuals wilfully cross the border to shop and are motivated by pleasure, or even a combination of economics and pleasure, they ought to be considered tourists. There should be little doubt that most cross-border shopping is as much a leisure activity, as it is an economic one, and that it is one tourism-generating activity that is worthy of additional attention. □ □

Acknowledgment — The authors wish to express their appreciation to Darren M. Scott and Mark and Nancy Gillham for their invaluable assistance in the preparation of this report.

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Submitted 8 December 1992

Resubmitted 17 November 1993

Accepted 13 December 1993

Refereed anonymously

Coordinating Editor: Myriam Jansen-Verbeke