

# Latin American Migrant Markets In North America “Ethnic and Nostalgia” Products

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One productive sector that has fallen behind in Latin America and the Caribbean is micro-, small and medium-sized companies. Given the growing gap between this sector's economic performance and that of large companies, the market for so-called “nostalgia” and “ethnic” products opens up an opportunity. A place can be carved out in the migrant markets taking shape in the world, particularly in the United States, the main destination for Latin American migration.

This opens up possibilities for Latin American economies. On the one hand, it is an incentive for producing and exporting goods and services that are being lost at home because of emigration. This will help create jobs and also recover traditions and productive processes and technologies native to our countries, as well as get support for innovating and preserving traditional products, revitalizing national, state, municipal, regional, local and community customs and traditions. This can be part of an effort to maintain and recover original identities as one of the many responses to the globalizing effects of the world economy, which tends to harmonize consumption and production patterns.

On the other hand, it opens up the possibility for certain goods and services to be distributed, sold and even-



Selling Mexican food in Los Angeles, California.

Danny Moloshok/REUTERS

tually produced by Mexican immigrants in the United States itself. This could happen if they set up their own micro-, small and medium-sized businesses, thus creating an extraordinary source of legal job creation and the possibility of exporting to Canada. It would also make it possible to disseminate the enormous, diverse culture of Latin America and the Caribbean in the framework of a growing process of “Latin Americanization” of U.S. society and its economy.

## WHAT ARE “ETHNIC” AND “NOSTALGIA” PRODUCTS?

According to the UN's Economic Commission for Latin America and the Caribbean (ECLAC), “nostalgia” products are the

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goods and services that are part of consumption habits, culture and traditions of different peoples and nations.<sup>1</sup> The term comes from the idea that the social groups that emigrate—and I would add here those who migrate to other parts of their own country—tend to miss certain products that are part of their daily lives and are hard to find in their new homes.

“Ethnic” products are those associated with a country but that, abroad, are consumed both by nationals of that country and other parts of the population and that, in a certain sense, have managed to penetrate larger markets. This definition seems too general to me. I would add that these kinds of goods and services have other attributes and specificities, among them their autochthonous nature, including the meaning of “national” belonging. In this context, “national” alludes to lifestyles transmitted socially and not only concepts like “race” or “people,” but also other “ethnic characteristics” like a social group’s religious and linguistic specificities, the pigmentation of the skin, national or geographical origins, a socially transmitted lifestyle, etc.<sup>2</sup> In short, these are goods and services without which Latin American migrants cannot—or find it very difficult to—continue their consumption patterns, customs, traditions and forms of social reproduction. Along with other factors, this makes up their historic, cultural, regional, local and community identity and even that of their families.<sup>3</sup>

In terms of what the ECLAC study terms “other groups of the population” that consume ethnic goods, it is possible that it is referring not only to Latin American migrants, but also to groups of very diverse origin who have assimilated certain consumption patterns linked to these kinds of Latino-origin goods and services. I am referring to foreigners who have come to our countries as tourists or for business reasons, and also to segments of the destination-country population who have contact and relations with Latin Americans and for that simple reason, become potential consumers of these goods and services. This is the case of the North American market.

Thus, I would like to make it clear that not all nostalgia products are ethnic products, but that all ethnic goods and services are a product of nostalgia, since they make it possible to mitigate migrants’ pain and melancholy.

This gives us an idea of the importance of the so-called ethnic and nostalgia markets, not only in terms of their economic size, but also the scope of the concept both at home and abroad.

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#### WHICH ONES ARE THEY?

They are goods aimed at highly differentiated markets. As such, even though they have to comply with sanitary and phytosanitary norms, they are free from what could be understood as international quality standardization. By their very nature, they do not require sophisticated technological—much less costly—innovation. If anything at all, the biggest innovation can be in their color, some of the materials used and in their design and packaging. One interesting innovation, however, would have been finding new target markets or new niches to “attack.”

In general, the ECLAC study considers that one of the virtues of some of these products is precisely that they are produced by craftsmen and craftswomen; so, if the changes needed to comply with norms, particularly health norms, are introduced, they could occupy an important market niche in the United States—and I would add, the entire world. Other products are made using industrial processes with a heavy dose of craftsmanship. Examples are alcoholic beverages like tequila, mescal, *bacanora* or even canned *pulque*, which has taken decades to be commercialized because it is a naturally fermented beverage that does not keep very well.

Products come from different sectors of the economy and some are derived from the trade between Mexico and the United States and Canada, our NAFTA partners. Among them are those from the food, beverage, furniture, crafts and clothing sectors; others are derived from music, iconography, and different festivities (both popular and religious). But nostalgia products also include detergents, soaps and even multinational soft drink brands made with cane sugar instead of yellow-corn fructose, giving them a different flavor from those made in the U.S.

The potential for these goods and services is in the possibility that owners of micro-, small and medium-sized businesses could move into the ethnic and nostalgia markets with an attractive offering that could overcome the restrictions of what has been called the Bioterrorism Act, focused on

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specific foods and pharmaceuticals.<sup>4</sup> In the case of the latter, the restrictions would apply to natural products utilized in our region for healing, nutrition, rituals and/or everyday uses, such as the coca leaf, essential since ancient times in the daily life of countries like Bolivia and Peru.

#### SIZE OF THE U.S. AND CANADIAN LATINO AND MEXICAN MARKETS

The Latino market in the U.S. and Canada has been expanding, particularly since the region's economic-financial crisis in the early 1980s.

For this reason, the Hispanic —or Latino, as it is also known— population has grown in the United States until it is now the largest ethnic minority. Our migrants, both documented and undocumented, make up a market with a higher growth rate than that of the U.S. economy itself, even in times of recession.

The Hispanic market is estimated at more than 42 million; this community is about 30 percent larger than the entire population of Canada and would represent the fifth-largest economy in the Americas after the United States, Canada, Mexico and Brazil.<sup>5</sup> In 2005 alone, its gross domestic product was about US\$700 billion, almost the size of Mexico's annual GDP for that same year. It is estimated that between 68 percent and 72 percent of the U.S. Hispanic market is made up of Mexicans and so-called Mexican-Americans, who are Mexico's greatest potential market for ethnic and nostalgia products: this segment is estimated at about 30 million people, the equivalent of about 30 percent of the total population of Mexico.

This community represents not only potential as a market, but also, part of its U.S. income is sent to Mexico as remittances, which currently exceed US\$20 billion a year, and in 2008 came to about US\$25 billion. This makes Mexico the world's third-largest destination for remittances after India and China. This is more than the earnings from tourism and

oil sales; unfortunately, it is not used for funding production, but just becomes part of the household expenditures of migrants' relatives.

This important mass of resources could be used for local productive projects to supply the U.S. market with ethnic and nostalgia products by creating micro- and small companies, and even medium-sized companies. Remittances could also be used to fund production cooperatives and community companies based on systems that have been developed in our country and used to commercialize different products like organic coffee, which in Chiapas has allowed thousands of peasants and smallholders to sell their coffee at prices above the national average and position it in increasing quantities and prices on the international market.

Migrants' impact does not stop there. It has turned into the driving force of growth and economic development in several states of the United States, particularly those with high Hispanic and Mexican migrant populations like California, Arizona, Texas and Illinois, an influence that has expanded to other states like North Carolina. Eighty-five percent of the Mexican migrants in the U.S. live in those five states, although another five have high concentrations, and in eight counties, Mexicans make up more than 50 percent of the population. One exceptional case is Huntington Park in Los Angeles County, where 97 percent of residents are of Mexican origin.

According to Mexico's foreign trade bank (Bancomext) figures, in 2006, there were more than 2.1 million Latino-owned establishments in the United States with sales of over US\$218 billion. Of these, about 612,000 are firms in California and 358,000 in Texas.

There are fewer Latino migrants in Canada, but their number is still significant: 850,000, of whom 110,000 are of Mexican origin.<sup>6</sup> Mexicans make up less than 10 percent of all migrants from all countries and are concentrated in six cities: Toronto, Montreal, Vancouver, Edmonton, Calgary and Ottawa. By province, Ontario is home to almost 25 percent of Hispanic migrants; Québec to 10 percent; British Columbia, a little over 5 percent; and Alberta, 2 percent. The entire Hispanic community has about Can\$100 million in purchasing power a year. About 2,500 Hispanic-owned businesses are registered in Canada in different sectors, mainly food distributors; travel agencies; consultants, lawyers and accountants offices; restaurants; workshops, etc. Many other people are part of temporary farm worker programs. Overall, the number of Hispanic migrants in Canada is on the rise, and in the

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case of those from Mexico, they are increasing by 20,000 a year on average, a growth of between 10 percent and 15 percent. Recent visa restrictions levied by the Canadian government on the entry of Mexicans will probably not significantly slow this important flow of migrants.

#### MICRO- AND SMALL-BUSINESS ETHNIC PRODUCTS ON THE NORTH AMERICAN MARKET?

The figures cited give us an approximate idea of the size of the market for ethnic and nostalgia products in North America.

In the case of Mexico, the issue deserves special attention since every year, emigration to the United States comes to more than 400,000, a figure calculated during the Vicente Fox administration (2000-2006), which created almost no jobs.

Despite the precariousness of the conditions Mexican migrants endure in the U.S. economy, their average annual income is more than double Mexico's average annual per capita GDP. Most are undocumented and work as agricultural laborers, as domestic servants, in construction or are employed by wholesalers who take advantage of their situation to pay very low wages and not sign them up with social security.

My proposal is that in the United States itself, micro-, small and medium-sized businesses be set up, created and headed by documented Mexican migrants who have even become U.S. citizens, to be able to commercialize, distribute, produce and generate ethnic and nostalgia products and services destined for the Hispanic market, but also for the broader U.S. market and migrants from other places. This would allow these companies—among them the producers—who would be importing raw materials and semi-prepared products from Mexico, to be able to produce goods and services and commercialize and distribute them completely legally.

In other words, it would be possible to employ undocumented Mexican migrants, who could be hired by legal firms owned by documented migrants. The aim would be to fos-

ter changing the employees' status, allowing them access to social security and the possibility of legalizing their migratory status. This is particularly important given that there is little expectation that the United States and Mexico will reach a comprehensive immigration agreement. These companies would also become exporters of these products to Canada and other markets.

#### FINAL THOUGHTS

The critical economic straits of the Latin American and Caribbean countries forces increasing numbers of their inhabitants to seek a better quality of life abroad. This means that the migrant market is a considerable source of income, by no means negligible for micro-, small and medium-sized firms with the business profile capable of satisfying it.

Beyond the interest in serving a specific market, this would also make it possible to preserve our historic cultural identity through the reproduction of consumption and production patterns. Nevertheless, this effort can have a projection beyond our borders in a process that we could call the "Latin Americanization" of the societies where these products can open up a niche.

The cultural wealth and diversity of our peoples are widely recognized the world over. The challenge for Latin Americans—and particularly Mexicans—is to take over those markets and make them grow. ■■■

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#### NOTES

- <sup>1</sup> ECLAC, *Pequeñas empresas, productos étnicos y de nostalgia: oportunidades en el mercado internacional. Los casos de El Salvador y México* (Mexico City: LC/MEX/L.589, December 26, 2003), p. 4.
- <sup>2</sup> J. Gould and W. L. Kolb, *A Dictionary of the Social Sciences* (New York: The Free Press, 1969), p. 243.
- <sup>3</sup> According to UNESCO, the ethnic group, insofar as it is a concentration of complex, socially assimilated elements, is to a great extent subordinated to social life and can only be understood as a function of the social dimension. No ethnic group can exist without society. The ethnic group defines a natural group of mesological origin characterized by its own historical, language and cultural properties. The notion of ethnic group has the privilege—or advantage, if you will—of apprehending a people in its entirety, or, better said, in the diverse modes of unity of which it is capable. Salustiano del Campo et al., *Diccionario UNESCO de Ciencias Sociales*, vol. 2 (Barcelona: Planeta-Agostini, 1987), p. 841.
- <sup>4</sup> This is the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, better known as the Bioterrorism Act, passed in the United States in June 2002.
- <sup>5</sup> Carlos J. Bello Roch, *El mercado de Norteamérica* (Mexico City: Bancomext, 2006). In some cases, the ratios and comparisons are by the author.
- <sup>6</sup> *Ibid.*