



CASE STUDY: MEXICO

CONSTRUMEX: FACILITATING REMOTE HOUSING INVESTMENTS FOR US-BASED MEXICAN MIGRANTS

Summary

Construmex, an initiative of Mexican construction and building giant CEMEX, was launched after the company's success with Patrimonio Hoy, a socially minded business initiative targeted at low-income consumers. Since its inception in 2001, Construmex has helped more than 14,000 Mexican migrants in the United States build, buy or improve a house in Mexico—for themselves or their families. By becoming an intermediary between Mexican migrants in the United States and their



designated contacts or beneficiaries in Mexico, Construmex increases the efficiency and effectiveness of housing investments. The case examines Construmex's challenges serving low-income markets and the innovations required to solve them, including the variety of partnerships necessary for executing a commercial transaction initiated in one country and closed in another. From 2002 to 2006, Construmex generated \$12.2 million from construction material sales. Since late 2005, 200 houses have been sold, and 23percent of Construmex clients are women.

Positive Outcomes for the Poor

- Migrants gain control of the final destination of their housing investments through remote sales of construction materials and houses.
- Migrants save time and money compared to traditional ways of transferring funds.
- Beneficiaries' homes are more durable and safe due to professional design and planning assistance.
- More efficient transfers of Migrant Clubs' community donations.
- Migrants establish a credit record in the United States.

Positive Outcomes for the Business

- By the end of 2006, Construmex had been contacted by 67,000 potential customers and had received orders for construction materials from 18,000 customers.
- In 4 years, Construmex had generated US\$ 12.2 million in sales.
- In that time, Construmex had sold 200 houses.



- Through its market research, Construmex identified and opened a new market segment and had increased its sales office in the US from the initial 1 to 7.

Key Constraints

- *Market information:* Construmex lacked information about Mexican migrants within the United States, who did not have as much liquid savings as Construmex previously anticipated.
- *Knowledge and skills:*
 - Clients lacked knowledge on design, optimization and construction of housing methods.
 - Mexican migrants had a low awareness and negative opinion of companies trying to access migrants (due to bad experiences).
- *Access to financial services:* Lack of financing options for Mexican families to build their own houses.

Key Strategies

- *Invest in removing constraints:*
 - Construmex provided clients with technical assistance from experts, shared the distribution network of local cement retailers with another subsidiary of Cemex, and made use of that subsidiary's existing detailed database of building methods in different regions of Mexico.
 - Construmex developed a cash-to asset product that allowed remittances to act as instalments for a house.
- *Leverage the strengths of the poor:* Construmex hired Mexican migrants and sponsored cultural functions as a way to get to know the community.
- *Combine resources and capabilities:* Construmex worked with Mexican Consulates in the United States and Migrants' Clubs to access relevant information and gain trust.
- *Engage in policy dialogue with governments:* Construmex became part of the government's matching programme where every cent sent by a migrant towards a community development project was matched 3 times by the government for the same project.



Strategy Matrix

		Strategies					
		Construmex	Adapt Products and Processes	Invest in removing market constraints	Leverage the strengths of the poor	Combine resources and capabilities with others	Engage in policy dialogue with government
Constraints	Market information						
	Regulatory environment						
	Physical Infrastructure						
	Knowledge and skills						
	Access to financial services						

Opportunities and Challenges for Scaling Up

- Construmex’s main challenge is reaching a much larger scale while creating and maintaining financial sustainability.
- The opportunities to strengthen Construmex impacts include raising the engagement of key actors (CEMEX salespersons and construction materials’ local distributors) as well as enhancing word of mouth among clients’ beneficiaries in Mexico as a way of promotion.
- Migrants and their families would benefit from the provision of construction guidance and supervision in Mexico as an additional service.