Construmex: Facilitating Remote Housing Investments for US-based Mexican Migrants

Prepared by • Loretta Serrano (Mexico)
Sector • Construction
Enterprise Class • Southern MNC
Summary

Construmex is one of CEMEX’s vanguard social initiatives. It was launched following the company’s experience resulting from Patrimonio Hoy, a preceding low-income market and socially minded business initiative. Since its inception in 2001, Construmex has helped more than 14,000 Mexican migrants in the United States improve, build or buy a house for themselves or their families in Mexico. By playing an intermediary role between the Mexican migrant in the US and their designated contact or beneficiary in Mexico, Construmex helps to increase the resource efficiency and effectiveness of the intended housing investment. This case examines Construmex’s challenges and innovations serving low-income markets, as well as the variety of partnerships necessary for successful commercial transactions that are opened in one country and closed in another.

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 US.

Key Barriers

- Initial overconfident approach of Construmex in entering the new low-income market.
- Construmex’ lack of understanding and knowledge of migrants’ needs, aspirations and preferences.
- Low level of trust from potential clients who had previously been subjected to abuse and fraud by commercial opportunists.
- Housing investments were unaffordable for a significant proportion of migrants.
- Migrants’ relatives initial and occasional rejection of Construmex.

Key Innovations

- Construmex comprehensive service offered
  - Remote sales of construction materials and houses
  - Provision of financing mechanisms
  - Optional professional design and planning assistance
  - Real estate and mortgage services

- Development of a “Hybrid Value Chain” with multiple partnership arrangements including:
  - Collaboration with Mexican Consulates for promotion of Construmex services and execution of market research
- Grassroots alliances with Migrant’s Clubs for trust development and brand recognition
- Authorization of the Mexican Social Development Ministry as an official and legitimate channel for transferring migrant associations donations from the US to Mexico

Opportunities and Challenges for Scaling Up

- Construmex’ 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.