

Public Transportation Infrastructure and Consumer Prices: Chain Stores, Street Vendors and Mom and Pop Stores

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Abstract

Improving public transport infrastructure changes local market conditions and market access. In this paper, I examine the impact of the construction and operation of Mexico City's Bus Rapid Transit (BRT) system on consumer prices in chain stores, street vendors and small family-owned (mom and pop) stores. I do so through a panel event study design. I consider construction and operation of BRT as two different phenomena; while the former is associated to street closures, the latter reduces transportation costs. I show that only mom and pop stores respond to changes in local market conditions produced by the introduction of BRT. For these businesses, construction negatively affects prices; in contrast, operation, when compared to its immediate previous period is associated with price increases. I cannot reject a null effect in chain stores or street vendors, which suggests they do not respond to local demand conditions.

Keywords: Public transport, BRT, Transport infrastructure, BRT, Consumer prices, Uniform pricing

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