


# THE WORLD'S FAST-GROWING ECOMMERCE MARKET: PART TWO

INTERVIEWS & INSIGHTS WITH RETAILERS IN LATIN AMERICA

November 2021



Latin America's surge in ecommerce activity gave rise to an even faster acceleration of retail ecommerce sales than previously expected. This year, the region will continue to hold its No. 1 spot as the world's fastest-growing regional retail ecommerce market before ceding it to the Middle East and Africa in 2022. In the second of a two-part series, we have partnered with digital commerce platform VTEX to curate this collection of interviews among regional executives to highlight how the pandemic accelerated Latin America's rapid embrace of ecommerce, what trends lie ahead, and why this matters to global business leaders.

# MEET THE LEADERS



## **Cristian Serrano**

### **Ecommerce General Manager, Americas Region, Tekmovil**

Serrano has been involved in the worlds of digital and ecommerce since 2008. In this role, Serrano oversees the digital commerce management of Tekmovil's brand portfolio including, but not limited to, Xiaomi and Bang & Olufsen's official stores and marketplace across the Americas region.

*Interviewed on July 15, 2021*



## **Cristóbal Donoso Alliende**

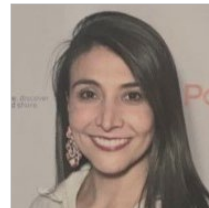
### **Head of Ecommerce, Forus**

Donoso Alliende has spent the past 10 years of his career managing a wide range of outdoor brands at Forus. In his current role, Donoso Alliende oversees the fulfillment of each brand's strategy and is responsible for achieving target sales goals and investments, both online and off.

*Interviewed on September 3, 2021*

#### **INTERVIEW METHODOLOGY:**

The executives we interviewed for this report were selected by VTEX, among its client base, because their expertise helps to clarify, illustrate, or elaborate upon the data and assertions pertaining to Latin America's retail ecommerce ecosystem.



## **Diana Cardona**

### **Latin America Ecommerce Manager, Payless**

Cardona's nearly decade and a half of working at Payless has provided her with extensive experience in managing various aspects of the retail lifecycle, with a particular focus on supply chain management, retail fulfillment, as well as ecommerce and omnichannel planning, structuring, and execution.

*Interviewed on September 23, 2021*



## **Roger Zapata Buenfil**

### **CIO, Calimax**

Zapata Buenfil has spent the past 23 years of his career serving as the chief information officer (CIO) at Calimax, a chain of supermarkets located in Baja California, Mexico. Prior to joining Calimax, Zapata Buenfil worked at Santa Isabel supermarkets and San Francisco de Asís supermarkets.

*Interviewed on July 14, 2021*



## **Simone Sancho**

### **Director of Digital, Omncommerce, and IT, Grupo Uni.co**

Sancho is in charge of the digital ecosystem and omncommerce structure for Imaginarium and Puket, two companies part of Grupo Uni.co. Prior to Grupo Uni.co, Sancho spent over five years leading Sephora's digital transformation in Latin America.

*Interviewed on September 24, 2021*

# OVERVIEW

**The pandemic delivered a particularly hard blow to Latin America's retail industry. Even though shoppers are returning to physical stores, ecommerce has now become a new way of life for regional consumers. As such, retailers need to adapt to an ever more omnichannel future and ensure that all touchpoints on the path-to-purchase provide consumers with the most seamless shopping experience possible—both online and off.**

As brick-and-mortar stores remained shuttered, ecommerce quickly became the channel of choice for many consumers in Latin America. In turn, retailers quickly shifted their attention toward online sales channels to keep pace with consumers' growing appetite for online shopping.

In 2019, before the onset of the pandemic, retail ecommerce represented just 4.9% of the region's retail sales. By the end of 2020, its share had nearly doubled to 9.0%, surpassing the \$100 billion mark for the first time. This happened three years earlier than we expected in our pre-pandemic Q4 2019 forecast.

This year, for the first time, ecommerce sales will represent more than 10% of total retail sales in each of the three countries we break out. This share will be highest in Argentina, at 12.1%—more than triple its pre-pandemic share—followed by Mexico (11.0%) and Brazil (10.1%).

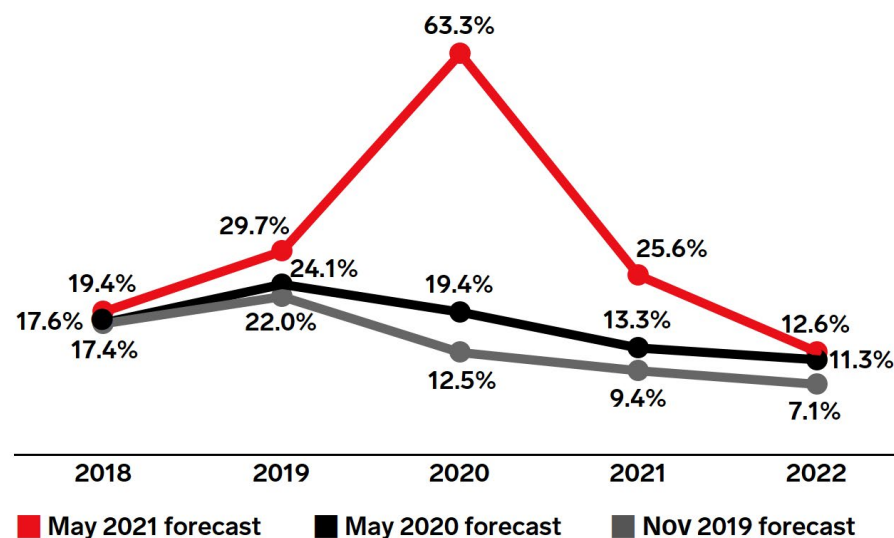
Latin America's surge in ecommerce activity gave rise to an even faster acceleration of retail ecommerce sales than previously expected and prompted us to make several upward revisions.

2021's growth of 25.6% is nearly triple the 9.4% growth we estimated in our pre-pandemic November 2019 forecast and nearly double the 13.3% growth in our May 2020 forecast. Latin America's impressive growth will also make it the fastest-growing region in 2021 before ceding it to the Middle East and Africa in 2022.

Among the 32 markets we track, Brazil will be home to 2021's fastest-growing retail ecommerce market worldwide, at 26.8%—a mere 0.2 percentage points behind India's 27.0% growth. Despite its precarious macroeconomic environment, Argentina will rank fourth, at 26.0%, followed by Mexico in fifth, at 21.1%.

## How Has the Forecast for Retail Ecommerce Sales Growth in Latin America Changed? 2018-2022

% change



*Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling, and other vice goods sales*

Source: eMarketer, May 2021

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# COVID-19: THE GREAT ECOMMERCE CATALYST FOR RETAILERS AND CONSUMERS IN LATIN AMERICA

**As government-mandated lockdowns forced retailers to close their brick-and-mortar stores, many businesses quickly pivoted to a new digital reality. We asked our experts to comment on how the political and economic fallout from the coronavirus pandemic helped accelerate ecommerce adoption in their country and/or company.**

## ■ Tekmovil's Cristian Serrano, ecommerce general manager, Americas region

The economic fallout from the pandemic has been hard for many companies in Mexico. With the vaccine rollout, the physical world is slowly beginning to reopen, but things are still challenging. Despite its negative impacts, the pandemic represented a boom for ecommerce, where we saw four or five years' worth of growth within just six months.

The COVID-19 situation has been one of the most successful acquisition campaigns for the digital industry, overall. There are a lot of opportunities that we see on our end, especially since the consumer mindset is completely different from what it was 18 months ago. Consumers are more used to ecommerce and are continuing to make online purchases. This is very promising for the future of the retail industry.

## ■ Forus' Cristóbal Donoso Alliende, head of ecommerce

It was a very difficult time for our company when the pandemic hit in Chile. Given that 80% of our business was brick-and-mortar, we were faced with several challenges once the government orders forced us to close all our stores. From one day to the next, we essentially lost 80% of our business.

At that point in time, ecommerce only represented around 3% to 4% of our total sales. After seeing how ecommerce was gaining traction [in light of the store closures], there was a big push from within the company to prioritize it. After putting many resources into scaling our ecommerce operations, we achieved five years' worth of sales within

10 months. Currently, our ecommerce business represents around 30% of total revenues.

## ■ Payless' Diana Cardona, Latin America ecommerce manager

The pandemic is still bringing a lot of challenges to us, as a region. All the lockdowns and restrictions dramatically affected in-store traffic and consumers' purchasing power.

From an ecommerce perspective, the pandemic took us by surprise. Our new CEO arrived in late 2019 with a clear ecommerce strategy. We had some plans in place, but nothing could prepare us for what 2020 had in store. One of the biggest challenges was figuring out how to integrate the wide array of digital sales channels into one seamless [user] experience.

Consumers are now more cautious. We can tell that they want to be more informed about products and are hunting for more discounts [due to the economic situation]. Given our regional footprint, no two countries are the same. There are many differences, but overall, the pandemic gave consumers the push they needed to finally take a "risk" in making a digital purchase for the first time. The whole process has been a great learning experience.

## ■ Calimax's Roger Zapata Buenfil, CIO

The pandemic came to change our lives in general, not only in Mexico, but throughout the world. As a supermarket company focused on the northwestern part of Mexico, we border San Diego, California. This means that people here buy a lot from the US.

With the border closed, consumers could no longer cross into the US to make purchases. Instead, they turned to local providers like Calimax. This, in turn, forced us to nearly double the number of US products available for purchase in our stores and product catalogs. Currently, 30% of our products are of US origin, up from 10% to 15% prior to the pandemic.

In terms of ecommerce, we had already been taking steps to digitize our business. Once the pandemic hit, however, it dramatically accelerated our pivot toward ecommerce and underscored the need to scale our digital operations. We essentially had to do in two months what we planned to accomplish in two years. That's how quickly we had to embrace ecommerce.

To put this into context: Prior to the pandemic, home delivery [grocery] sales made through our telephone service brought in around MXN\$300,000 [\$15,000] per month. After integrating new sales channels such as WhatsApp, email, Facebook, Instagram, and our own mobile app, monthly revenues soared to MXN\$5 million [\$250,000]. This exponential growth occurred during March to July 2020. Within just three months, we grew from MXN\$300,000 to MXN\$5 million [\$15,000 to \$250,000] per month—a rate of nearly 1,600%.

#### ■ Grupo Uni.co's Simone Sancho, director of digital, omncommerce, and IT

Brazil is currently facing a very challenging political and economic environment. Combined with the pandemic, it's been a huge disaster for the country as a whole. At the same time, it also had a significant impact on the digitalization of Brazil's population. People essentially went to bed in an analog world and woke up the next morning in a digital one. It was an impressive shift in consumer behavior that's here to stay.

2021 started with more challenges than 2020. The retail industry was ultimately able to survive because of Brazil's huge internal market. Government aid certainly helped keep consumption afloat. Beyond the political and economic factors, we also saw a consolidation of players within the local market.

Conversely, there was an uptick in the number of international players entering the Brazilian market. This inevitably increased user acquisition costs since there are more players competing for consumers' hearts and wallets. Digital marketplaces had a lot to do with this surge in growth [and will continue to move ecommerce forward in the months ahead].

## Top 10 Countries, Ranked by Retail Ecommerce Sales Growth, 2021

% change

1. India	27.0%
2. Brazil	26.8%
3. Russia	26.1%
4. Argentina	26.0%
5. Mexico	21.1%
6. UK	20.5%
7. Philippines	20.0%
8. China	18.5%
9. Vietnam	18.0%
10. US	17.9%
Worldwide	16.8%

*Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling, and other vice goods sales*

*Source: eMarketer, May 2021*

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# DEMOGRAPHIC CHANGES FUEL DIGITAL BUYER GROWTH IN LATIN AMERICA

**Beyond Latin America's bustling urban economic hubs, it is also important to note that ecommerce is not just for urban and/or affluent consumers. Rather, it is inclusive of consumers across all socioeconomic classes who have been equally as eager to take part in the digital economy. We asked our panelists to comment on the demographic trends that have fueled digital buyer growth at their companies over the past few months.**

## ■ Tekmovil's Cristian Serrano

With [the] physical world closed, everything changed for consumers. One of the trends that caught our attention in Mexico was the high number of unbanked consumers. Many people have informal income and expenses and do not have access to a debit card—much less a credit card. When we decided to offer consumers the ability to pay for their online purchases in cash [at convenience stores], interest in this payment method soared, increasing around 40% to 50%.

Presently, orders placed with this payment method have a completion rate of 55%, up from 20% to 30% prior to the pandemic—meaning that the consumer actually went to the convenience store to pay for the order in question. This has allowed us to acquire new consumers across a wider range of different socioeconomic classes and give them access to the digital economy.

## ■ Forus' Cristóbal Donoso Alliende

Once COVID-19 hit, the biggest change we noticed was the uptick in mobile traffic to our website. It was as if everyone moved to mobile, regardless of age or gender. As we began to analyze the numbers, we started to come across a sizable number of first-time buyers [on our ecommerce site].

Though many people do miss the in-store shopping experience, that's the beauty of this new age of ecommerce: Consumers have a choice.

For that reason, we need to work on our omnichannel initiatives so that customers can shop however they please.

## ■ Payless' Diana Cardona

For those customers located outside the urban centers and our physical stores, we found that they were interacting with us frequently across all of our customer service channels to get a better understanding about how the ecommerce process works. Many inquired about the ways in which we protect their privacy, our returns and warranties policies, how they will receive the product, etc.

In turn, this growing interest among consumers outside the major metropolitan areas also posed many challenges for us on the fulfillment side. To solve this, we are continuing to partner with key last-mile players that have access to more remote areas in each of the countries we operate.

Social commerce is also becoming more relevant. It's not only being used for making purchases, but customers are turning to social media to get informed about products they're interested in or to find inspiration. Consumers want a real-time connection and communication with us, and as they become more demanding, we have to be very careful about the things we say [on social media]. It's not just about promoting products on social media—rather, it's about providing transparent communication and a seamless customer experience throughout every stage of the consumer journey.

## ■ Calimax's Roger Zapata Buenfil

One of the biggest changes we noticed was the rapid migration of people using our telephone service to social media. Much of this growth was directed toward WhatsApp, email, Facebook, Instagram, etc. Once our mobile application was released to the public, the vast majority of WhatsApp and email [inquiries/orders] moved over to the mobile app. Today, more than 60% of our total orders are made via the mobile app.

## ■ Grupo Uni.co's Simone Sancho

Mobile internet usage in Brazil has soared in recent years. This challenged companies to be mobile-first, since it was the main way in which consumers accessed the internet. Among the different socioeconomic classes, classes C [middle] and D/E [middle-to-lower-class] used to be the biggest group of mobile-first users in Brazil. Once the pandemic hit, we noticed an uptick in older users accessing the digital economy [for the first time] through their smartphones, mobile apps, and marketplaces.

Mobile's share of ecommerce sales is also moving fast, growing from 20% to around 70%. This shift was accelerated during the pandemic because people were glued to their smartphones. For example, 96% of all weekend traffic to our website came from smartphones on Fridays, Saturdays, and Sundays. This shift in consumer behavior completely changed our strategy. The mobile-first strategy was used five years ago; today, it's mobile-only.

## Coronavirus Impact: Urban\* Internet Users in Colombia Who Have Made a Digital Purchase, by Socioeconomic Class, May 2019 & Sep 2020

% of respondents in each group

### Lower class



### Lower middle class



### Middle class



### Affluent



### Total



■ May 2019 ■ Sep 2020

*Note: May 2019 n=1,016; Sep 2020 n=993 ages 18-70; in the past 3 months; \*Barranquilla, Bogotá, Bucaramanga, Cali, Cartagena, Manizales, Medellín, and Pereira*  
*Source: Brandstrat, "Shopper en la Nueva Normalidad: Hábitos de compra y consumo del consumidor colombiano en la nueva normalidad en el canal E-Commerce," Oct 22, 2020*

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# HOW BRANDS ARE PREPARING FOR THE Q4 HOLIDAY SHOPPING SEASON

**The end-of-year shopping season during Q4 is one of the most important times of the year for many retailers' bottom lines. We asked our experts to weigh in on how their companies are preparing for this year's upcoming holiday shopping season.**

## ■ Tekmovil's Cristian Serrano

We start planning for every commercial period 120 days before they happen. Since shopping periods like Buen Fin, Black Friday, and Christmas only happen once a year, this ramp-up allows us to take time to understand what happened during the past year, and what we need to do differently this time around. We also run our forecasts with different expectations since it's important to understand that we will not see the same, explosive growth as last year, obviously.

The other things we are considering right now are consumers' expectations. Consumers are becoming more demanding and expect retailers to have a very seamless path-to-purchase, a frictionless payment process, and fast delivery times. We are currently working on creating all the necessary landing pages and SEO tactics needed for these special events. To scale up our last-mile operations, we are trying to get more people into our warehouses to speed up the time it takes to pick and pack products.

## ■ Forus' Cristóbal Donoso Alliende

My best advice for Q4 is to give yourself plenty of time to plan and prepare. These two factors are key in ensuring that companies have all the right processes in place to meet growing consumer demand. Since traffic to our website is very high during these key shopping holidays, any minor problem can quickly escalate into a much bigger one. We need to be extremely prepared, and for that, we need time.

## ■ Payless' Diana Cardona

The last three months of the year are very important to us [in Colombia] since they include key shopping holidays like Día sin IVA [Day without VAT tax], Black Friday, and Christmas. To ensure a successful Q4, planning and communication are key.

Operationally, we need to be prepared with sufficient inventory, have enough staff on hand to handle customer service inquiries, and ensure that the way we communicate our prices and offers [is] abundantly clear to the consumer.

We only have one day to turn web traffic into an actual purchase. Therefore, we need to be very aligned across all areas of our business to provide a great customer experience. Otherwise, consumers won't waste any time trying to figure things out. If it's not clear, or easy to use, they'll simply take their business to a competitor instead.

## ■ Calimax's Roger Zapata Buenfil

We are preparing by ensuring that we have additional inventory on hand. This isn't just because of the usual increase in consumption behavior we see during Q4; rather, it's because we are expecting a third wave of the pandemic—as is the case in many cities around the world. It's possible that there may be fewer deaths in this third wave, but it is likely to make consumers reluctant to shop in physical stores again.

Additionally, we are also working on improving our last-mile delivery efforts to ensure that clients' orders arrive at their homes in under four hours. Our goal is to complete orders within two hours, but we are continuing to work toward that.



## ■ Grupo Uni.co's Simone Sancho

Many retailers in Brazil went into 2021 with greater expectations than 2020. However, 2021 has proven to be a much more challenging year due to sourcing issues, the entrance of Asian players into the Brazilian market, and higher [user] acquisition costs. Retailers also have a lot of unsold merchandise in stock that they need to offload.

Q4 will be a very competitive time since everyone is planning to offer discounts. We are preparing to be aggressive with our promotions and discounts, since everyone else plans to do the same. There is no way to compete in this environment without price discounts and more offers.

We are anticipating these strategies because time is money. People will be bombarded with offers from all over, and you have to be aggressive if you want to stand out and differentiate yourself from the competition.

## Retail Ecommerce Sales in Brazil, by Shopping Holiday, 2018-2020

*billions of Brazilian reals*

	2018	2019	2020
Black Friday	2.60	3.21	4.00
Christmas	2.54	2.80	3.70
Father's Day	2.09	2.52	3.50
Mother's Day	2.11	2.51	3.70
Children's Day	1.97	2.44	2.40
Valentine's Day	1.77	2.29	4.10
Single's Day	-	2.01	2.50
Consumer Day	0.22	1.20	1.40
Cyber Monday	0.37	0.41	0.50

Source: Ebit|Nielsen, "Webshoppers 43ª Edição" in partnership with Bexs, March 25, 2021

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# THE FUTURE OF SHOPPING IN LATIN AMERICA WILL BE ‘PHYGITAL’

**In a post-pandemic world, research indicates that shopping will become a hybrid, “phygital” experience of digital and in-store shopping among consumers in Latin America. We asked our experts to comment on how their companies are thinking through their omnichannel strategies, both from a marketing and operational standpoint.**

## ■ Tekmovil's Cristian Serrano

Nowadays, shopping has become one [hybrid] experience. That's why we've made it a priority to ensure that all of our processes have bidirectional communication between the consumer and brand. We are very focused on our omnichannel strategy and are working hard toward instilling a seamless customer experience across all our channels.

In the near-term, [Latin America's] retail industry is going to shift and turn into more of a showroom style. We should expect to see stores with more open spaces and less inventory as they focus on storing the majority of their merchandise in warehouses.

In doing so, retailers will be able to provide customers with a great user experience in terms of touching the product or combining the in-store experience with the digital by having an interactive screen that they can touch. If, for whatever reason, there is a lack of inventory, the consumer can go to the screen, pay for the product, and have it shipped directly to their home.

## ■ Forus' Cristóbal Donoso Alliende

We are currently working through our omnichannel strategy right now. In order to create an optimal shopping experience, we first need to better understand who our consumers are and what it is they want. If an omnichannel strategy doesn't respond properly to these two key factors, it will not be successful. For that reason, we are analyzing all we can about our customers in order to craft the best experience possible for them.

## ■ Payless' Diana Cardona

The omnichannel future is very important to us. It is also challenging at the same time, given the number of decades that we've exclusively been a brick-and-mortar company. Regardless, a seamless experience is key to a successful omnichannel strategy.

It no longer matters where customers interact with us. We need to ensure that all our products, promotions, policies, and warranties are all aligned across every consumer-facing channel, be it online or off. From the operational side, integrating inventory and systems to support these different channels is crucial, and that's something that we're working toward now.

## ■ Calimax's Roger Zapata Buenfil

The pandemic forced us to ramp up our omnichannel efforts. Our goal was to ensure that our [product] offerings were the same, regardless of wherever consumers made their purchase. They will also be given the same level of attention and customer service, be it in the physical store, online, via mobile app, or through our telephone service. These investments in our technological resources allowed us to get closer to the customer and make their purchasing process much easier with us.

The challenge now is to be more efficient in our last-mile efforts. We currently deliver customers' orders within one to four hours. We would like to fulfill them within a maximum of two hours. To do this, we are entering the next stage of our operational efficiency by opening our first dark store. This store will be exclusively used to fulfill orders made online or through social media and will allow us to have picking specialists, be more efficient in our operating costs, and have a better assortment of products.

## ■ Grupo Uni.co's Simone Sancho

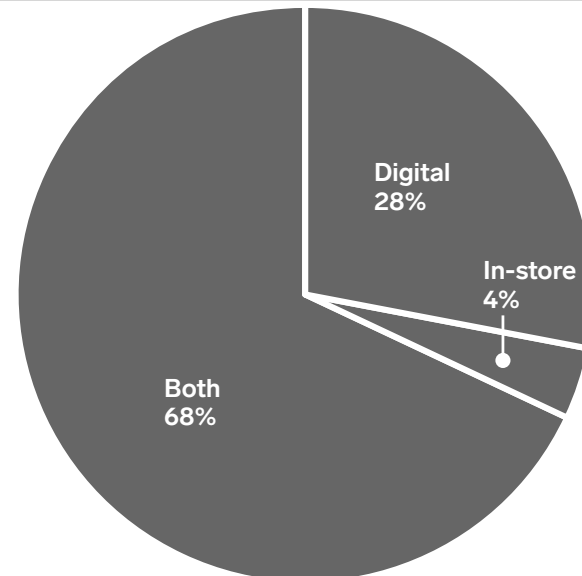
When I arrived at the company two years ago, my challenge was to transform its 30-year history as a traditional retailer and bring it into the digital age. By 2018, we understood that our retail operation wasn't strong enough without digital.

We decided that as a company with more than 400 stores, digital's main purpose wasn't to sell directly to the consumer. Rather, it would be used as a platform to showcase the brands to consumers, capture their attention, and bring those consumers to our ecosystem—regardless of which channel they would ultimately use to complete their purchase, be it in-store, online, or a combination of the two.

By 2019, our omnichannel experience was well-connected and more than 30% of total sales came from our digital operations. This was a significant milestone for us at the time, since very few companies [in Brazil] had such a high percentage of their sales coming from ecommerce. Once the pandemic hit, we essentially had five years' worth of ecommerce growth within just five months.

## Internet Users in Mexico Who Will Continue to Make Digital vs. In-Store Purchases After the Coronavirus Pandemic, Nov 2020

% of respondents



Note: n=1,209 ages 18+

Source: Asociación de Internet.mx, "Estudio de percepción de usuarios: Buen Fin 2020" conducted by Estadística Digital, Dec 3, 2020

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# FORGET COMMODITIES: LATAM IS BECOMING THE WORLD'S PRIMARY DIGITAL SERVICE PROVIDER

This article was contributed and sponsored by **VTEX**.



**Mariano Gomide de Faria,**  
Founder and Co-CEO, VTEX

**Latin America is still seen as a commodities exporter for many out there, and this stereotype reflects a lag in our thinking. To explain Latin America's economic shift, I will begin with a story from my home country, Brazil.**

*What does the arrival of Coca-Cola vending machines in Latin America have to do with the region's digital commerce transformation?*

Twenty-five years ago, hyperinflation caused the prices of goods to change every day. Coca-Cola vending machines couldn't update prices daily, so there were none in Brazil. The high inflation rates pushed for a monthly update of the hardware for vending machines to receive more money than initially expected, as the currency quickly devalued. The elevated cost of capital also made it challenging to keep inventory for a long time.

Now we see vending machines throughout Brazil and Latin America. The region currently experiences a healthy inflation baseline, sustainable interest rates, and attracts and owns venture capital firms, private equity firms, and growth funds. Aside from the political instability, the region proves to be a robust ecosystem for tech startups, including the financial, retail and logistics industries.

The Nordics are the world's most admired sailors, known as skillful navigators because of their history sailing through treacherous seas and locations. We see a similar type of complicated setting in Latin America's business environment. Nowhere else might you find such a complex mix of

tax, merchandising, and cash flow operations alongside a need for multiple fulfillment centers, delivery facilities, carriers, payments, and much more.

This adversity in Latin America has generated a resilient group of digital companies, managed by ultra-adapted executives who are flexible in response to the many unpredictable obstacles that exist in their countries.

*Latin America is transforming digital commerce by developing creative engineering.*

Every year, Latin America adds [more than 250,000 engineers](#) to the global market. As a result, the region (along with the Asia Pacific market) grows its pool of software developers way faster than the markets in North America and Europe, Middle East, and Africa.

Big tech companies and global retailers are considering Latin America as the source of digital services. Latin America is home to \$16 billion USD worth of startups that are attracting, hiring, and developing talented creative engineers at a rapid pace. Uber did not choose to establish a tech hub in the region by chance.

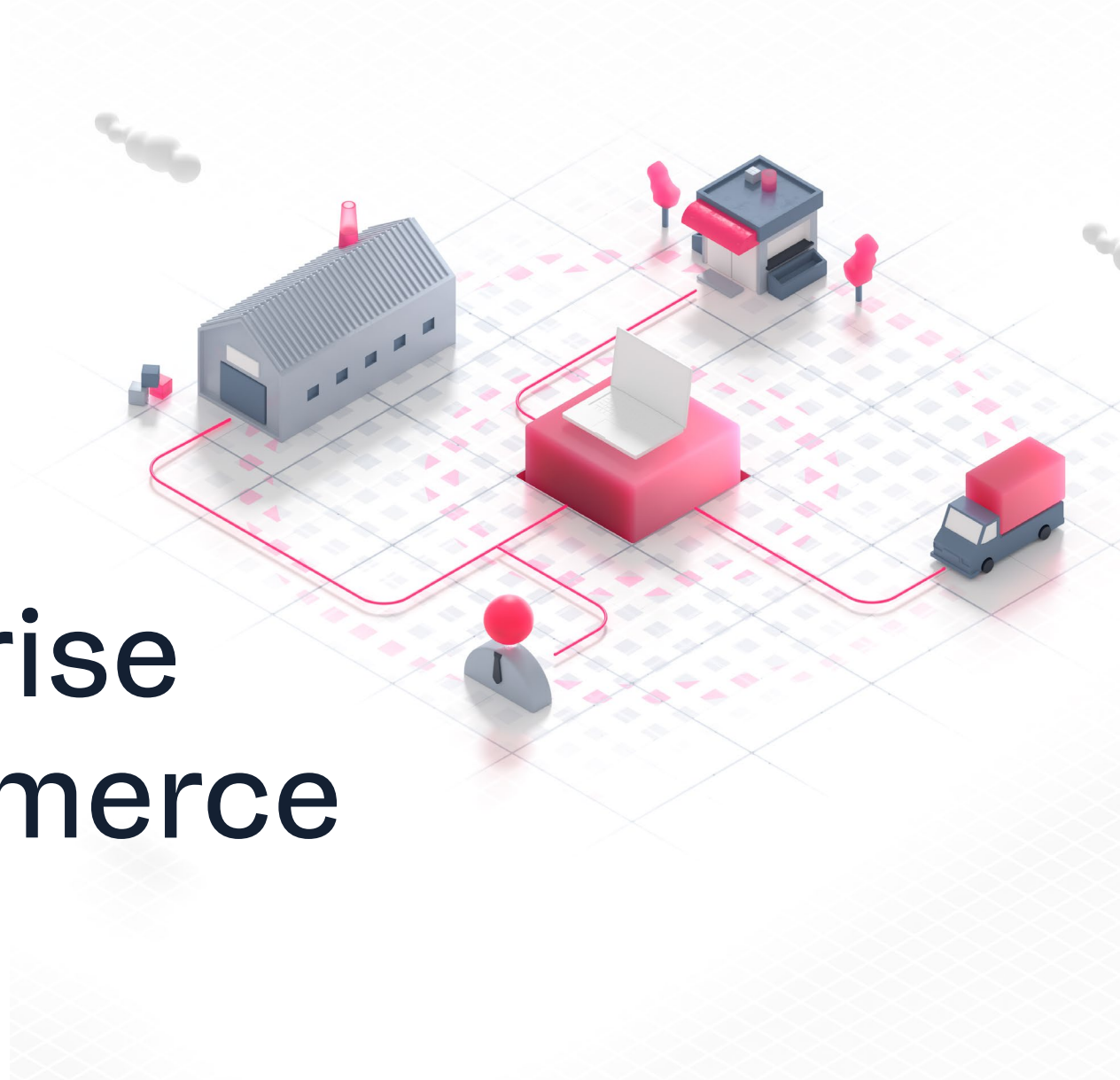
Latin America is creating a spinning wheel—a fertile soil for developing the world's creative engineering talent pool—and empowering the region to sell digital knowledge at a competitive price point. It is a self-fulfilling prophecy in which mature companies have no choice but to rely on Latin America. The markets in Europe, Middle East, and Africa and the Americas cannot offer a significant talent pool knowledgeable in software and digital transformation for the same competitive prices as Latin America.

If you travel to France for the food, attend Italian fashion shows, and hire information technology leaders from India, I invite you to shift horizons in your search for digital service providers. When it comes to Latin America, you may want to look for a digital service provider instead of looking for commodities.





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# HOW MARKETING BUDGETS AND MESSAGING SHIFTED TOWARD DIGITAL FORMATS

**The events of 2020 served as a catalyst for consumers' accelerated, increased use of ecommerce, social media, and digital video in the region. In turn, advertisers quickly shifted ad spending dollars toward digital formats to keep pace with these changes. We asked our panelists to discuss how their company's marketing efforts and messaging have changed throughout the pandemic.**

## ■ Tekmovil's Cristian Serrano

We try to be very careful with the types of messages we put out into the world, but the truth is that they didn't change all that much since we were already very conscious about what we were saying well before the pandemic. Our company also started to support more causes and help people in need. This was not done from a marketing standpoint—rather, it was part of our company's goal to make a greater difference in the communities we serve.

In terms of formats, we started testing new types of content [to grow our brand awareness] instead of only running pure performance campaigns. We understood that people were spending much more time in their homes and had more free time to do other things.

We began to create product tutorials that enabled consumers to better understand how to use our products in their everyday lives. We also ran free webinars that showcased the ways in which our products could improve their work meetings with our headphones, for instance. These new initiatives yielded positive results for our business and helped grow consumer interest in our products.

## ■ Forus' Cristóbal Donoso Alliende

We represent several outdoor brands, and normally the messaging centered around: "Go outside," or "go to the mountain." With the pandemic, you could no longer say things like this. For that reason, we pivoted our messaging to something more hopeful: "Remember

the good times outside, but don't worry, they're coming back soon." With this type of messaging, we wanted to bring our brands closer to the consumer.

Over the past 18 months, we saw certain channels perform better than others. Google and Instagram are both very strong in Chile. Instagram is especially useful when you are looking to showcase everything about the brand.

Audience segmentation also became incredibly important to us in understanding how our campaigns were performing among different demographic segments on each of these channels. If you work better to understand the nuances of each audience segment and channel, the overall performance of the campaign will be much better.

## ■ Payless' Diana Cardona

The pandemic forced us to be more careful with our ad dollars and the return on those investments. As such, we have been migrating more of our marketing budget toward digital. This has also been a challenge given the relevance of social media. Digital marketing is not just about posting something. Rather, it's about leveraging content to connect with our consumers' changing lifestyles. In our case, this would primarily be women and children—two groups whose lives have been dramatically impacted by the pandemic.

## ■ Calimax's Roger Zapata Buenfil

Since the government's messaging regarding the pandemic did not respond to the concerns of society, private companies had to take on this role instead. Our messaging during the first three to four months of the pandemic was centered around putting our customers' safety first—since one's health is the most important thing. This included communicating the number of safety measures and new technologies implemented in our stores, such as temperature checks upon entering the store and self-checkout.

In terms of our marketing strategy, everything changed. Our print media

buys were reduced by about 15%. Instead, we shifted our spending toward radio, TV, and—most importantly—social media and digital channels to reach our customers. Digital proved incredibly useful [not only] in [interacting] with our current customers, but also in [acquiring] new ones [who tended to be much younger in age]. What we have been able to accomplish through social media and digital channels is here to stay. There is no turning back.

## ■ Grupo Uni.co's Simone Sancho

The rapid pivot from traditional to digital has forced us to forget the past and embrace the new. Right now, we are living through the era of smart marketing. It is no longer an option for brands to not be present on social media. However, they need to be strategic with the types of things they post on social media. Brands need to build a story with key opinion leaders so that they can effectively position and connect with a broader range of consumers.

It's also important to be aware of new types of media and formats. For example, understanding and accepting that TikTok is a hit [in Brazil] is crucial. But again, it's not simply a matter of putting yourself on TikTok or paying someone to talk about your brand; it's about engaging a particular community and putting the consumer at the center of your brand.

## Digital Ad Spending Share in Latin America, by Country, 2021

% of total media ad spending

Mexico	54.1%
Brazil	43.0%
Chile	42.9%
Colombia	41.6%
Argentina	35.3%
Peru	28.4%
Other	38.0%
Latin America	43.2%

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes SMS, MMS, and P2P messaging-based advertising*

*Source: eMarketer, March 2021*

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# RETAIL ECOMMERCE IN LATIN AMERICA WILL CONTINUE TO EVOLVE IN 2022 AS NEW TRENDS TAKE HOLD

The arrival of the pandemic pushed ecommerce growth forward at an unprecedented rate. With so much change in such little time, a plethora of new trends are beginning to take hold. We asked our retail experts to share the trends they are most excited to see play out in 2022.

## ■ Tekmovil's Cristian Serrano

I describe myself as a customer experience enthusiast. The ability to not only meet but exceed consumers' expectations is what excites me most. The rise of ecommerce in Latin America has created the need to be more consumer-centric and plan with the consumer at the center of everything. Ecommerce is a never-ending project, and I am excited to see what awaits us in 2022.

## ■ Forus' Cristóbal Donoso Alliende

I am really excited about live commerce. In fact, Forus conducted its first live commerce streaming session in August, and the company was very happy with the overall process. Since the live commerce feature is integrated into our VTEX platform, we saw an uptick in the number of people looking at our products and buying directly from us [during and after the streaming session].

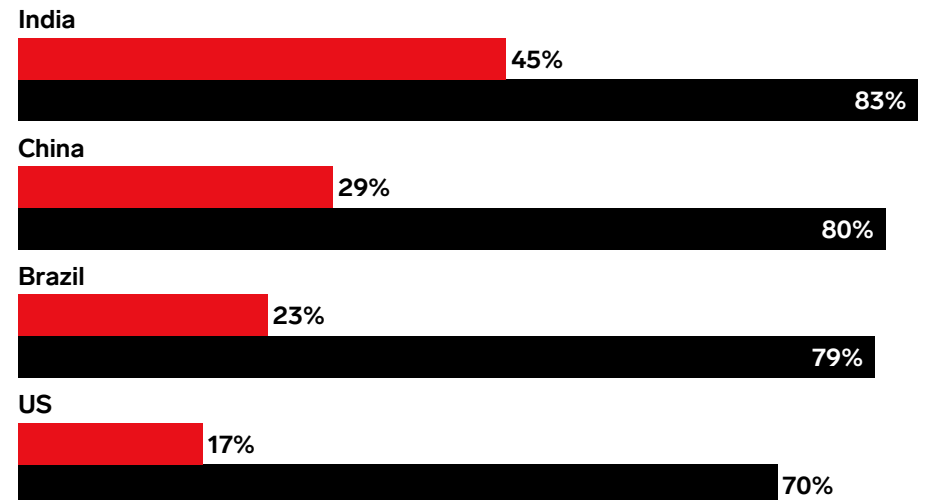
The overall experience was amazing—not just from a sales perspective, but for the customer too. After the live session, customers told us that they loved this concept and got a lot of good information out of the session. We are pushing this initiative very hard at the moment and are ideally looking to host one per week. We think that is an important trend right now in Chile and are excited to further develop it here.

## ■ Payless' Diana Cardona

Payment methods have been a major challenge for Latin America's retail ecommerce ecosystem. Since not all of our customers have a bank account at a traditional financial services institution, we need to get more creative in our ability to offer nontraditional payment methods like

## Internet Users in Select Countries Who Frequently Watch Livestreams of Influencers and Are Likely to Buy Products From Influencers They Follow, Sep 2020

% of respondents



■ Frequently watch livestreams of influencers

■ Likely to buy products from those influencers

Note: among those who frequently watch livestreams from influencers they follow on social media

Source: GlobalWebIndex, "Connecting the Dots," Dec 1, 2020

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digital wallets and cryptocurrencies.

The use of these nontraditional payment methods is something that I am excited to start implementing [into our ecommerce strategy]. I am thrilled that the ecosystem is solving these pain points by creating unique solutions like these.



## ■ Calimax's Roger Zapata Buenfil

Our omnichannel strategy has provided us with new customer data to work with. I am excited to begin our big data project where we are going to gain better insights into our clientele through the use of customer data and artificial intelligence. This is the part that I find most interesting since it will enable us to better predict what our customers are going to do and identify the ways in which we can both anticipate and satisfy their needs.

## ■ Grupo Uni.co's Simone Sancho

I am very excited about the future of social commerce, especially given the amount of power that social media platforms wield in influencing the types of products we buy. However, the social movement is not just about shopping—it's about creation. People are no longer interested in buying products; they want to buy the story of the people behind those products. This is a very big change that I am starting to see take hold in Brazil.

As such, I challenge our teams to understand that we are no longer the masters [of our products]; we are simply the tools. We have other masters, and they can be found on social media. Rather than creating a new collection by ourselves, I encourage our teams to invite people to co-create with us. That way, we can ensure that we are creating a product that consumers will definitely want to purchase afterward.

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