

What's Shaping Latin America's Retail Ecommerce?

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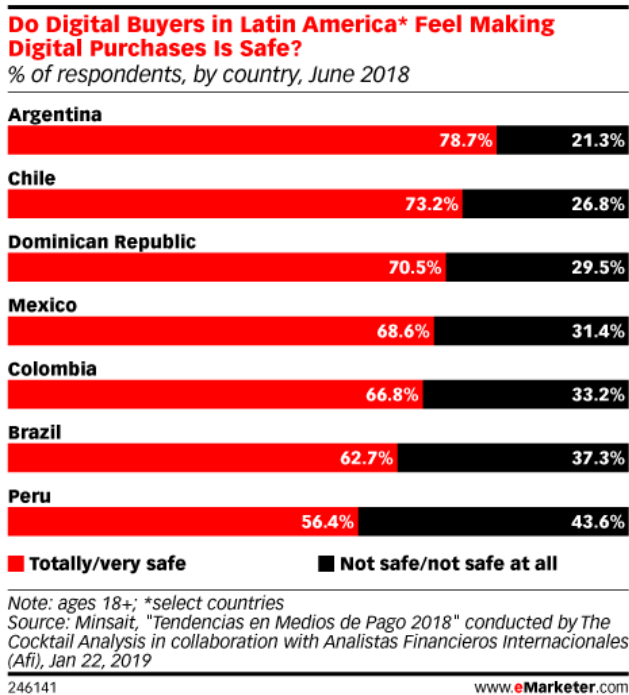


Recent technological and logistical innovations in Latin America have given rise to myriad growth opportunities for retailers to engage with consumers across digital channels and geographic areas. One critical aspect that is helping expand ecommerce is the rising trust consumers have in making transactions online.

Consumers in Latin America have resisted ecommerce for years, doubting the security of their personal data and payment information and a lack of trust in the sellers’ website or platform. Retailers responded by improving their security measures.

"We've seen that many of the region's leading ecommerce players are still working to break down barriers and facilitate access to a population that does not have the traditional means to [pay for] online purchases," said Marcos Guijarro, managing director of Mexico at performance media agency iProspect, who was interviewed for our recent report, "**Latin America Ecommerce 2019: Mobile to Capture More than One-Third of the Regional Market.**" "This translates into facilitating offline payments for online purchases and providing rechargeable payment methods for those people who do not have a bank account or want to use their traditional payment methods for fear of possible fraud."

These efforts have been effective, according to June 2018 data from The Cocktail Analysis in collaboration with Analistas Financieros Internacionales (Afi). On average, more than six out of 10 digital buyers felt safe making digital purchases. The most- and least-comfortable digital buyers were in Argentina (78.7%) and Peru (56.4%), respectively.



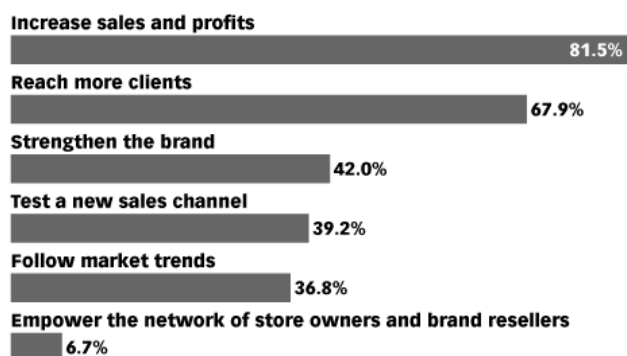
Marketplaces are also driving ecommerce forward.

“Marketplaces have taken on an important role and will consolidate their leadership in 2019—especially for technology products, mobile phones, household items and sports products,” said Patricia Salaverry, head of business development for Latin America at PayPal. If an entrepreneur is in the early stages of starting an online business, “marketplaces are an excellent way to test products in the market.” At the same time, they can also complement businesses’ traditional sales channels for cash-strapped entrepreneurs.

Olist’s September 2018 survey echoed similar sentiments. Among the 75.4% of retail professionals in Brazil that sell products and services on digital marketplaces, 81.5% said their companies did so to increase sales and profits, while 67.9% said it helped them reach more clients.

Why Do the Companies of Retail Professionals in Brazil Sell Their Products/Services on Digital Marketplaces?

% of respondents, Sep 2018



Note: among the 75.4% of retail professionals who sell their products/services on digital marketplaces

Source: Olist, "vender em marketplaces: diagnóstico e tendências no Brasil" sponsored by GhFly, Gorila App, Konduto, NeoAssist, Plugg.To, Preço Certo, QuantoSobra and Vindi., Dec 3, 2018

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“Consumers in Brazil tend to connect better with [marketplaces] since it is easy for them to find products in the same place,” said Magno Lima, head of innovation and digital at Serviço de Proteção ao Crédito (SPC Brasil), Latin America’s most comprehensive database of credit information about individuals and legal entities.

The same Olist survey revealed that 90.5% of retail professional’s companies sell their products and services on Argentina-based, digital marketplace MercadoLivre vs. 72.7% that did so on locally-based B2W Digital.

Similar trends exist in Mexico. “Marketplaces are revolutionizing the way in which retail is being purchased online” said Daniela Orozco, research manager at the Asociación Mexicana de Venta Online (AMVO), a digital retailer association. “National retailers are modifying their business models in order to compete with large multicategory sites that have had an important contribution to the market.”

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