

Third-party digital marketplace expansion means major ecommerce growth for Latin American retailers

Article

Over the past two years, retail ecommerce in Latin America has experienced unprecedented growth. In 2020 alone, **sales rose more than 60%, surpassing \$100 billion**—three years earlier than we had predicted in our Q4 2019 forecast—due to COVID-19 lockdown measures. Now, although people are returning to physical stores, consumers have fully embraced buying online, paving the way for long-term growth in the region.

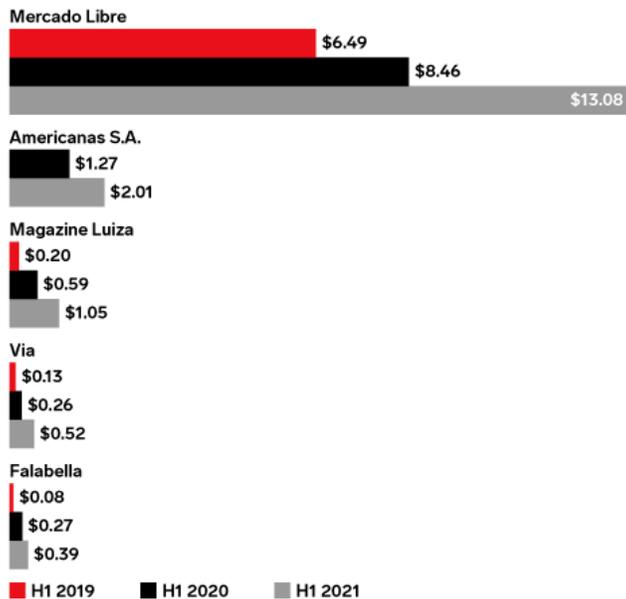
What's driving this growth?

Serving as a sort of “**virtual mall**,” marketplace websites are popular among consumers. For example, more than **7 in 10** respondents ages 16 and older in Brazil indicated that they generally make their digital purchases on **marketplace websites** like **Mercado Libre** or **Americanas S.A.**, according to a September 2021 Bornlogic and Opinion Box study.

Consumers’ interest in third-party (3P) marketplaces has become lucrative for retailers’ bottom lines. Sales on this channel continued to undergo double-digit gains during H1 2021—a continuation of the double- and triple-digit growth experienced at the onset of the pandemic.

Comparative Estimates: Third-Party Marketplace Sales* Among Select Companies in Latin America, H1 2019-H1 2021

billions



Note: numbers may vary due to rounding; *Mercado Libre's sales figures were reported in USD; sales figures for Americanas S.A., Magazine Luiza, and Via were converted at the exchange rate of US\$1=BRL5.16; sales figures for Falabella were converted at the exchange rate of US\$1=CLP792.07
Source: company financial reports for each company, as noted; Insider Intelligence calculations, Sep 13, 2021

Two factors have been key in driving 3P marketplace sales: an increase in the number of vendors selling on digital marketplaces and greater product assortment.

Latin America's ecommerce boom resulted in companies putting a greater emphasis on luring sellers to their 3P marketplaces. This has been especially true in Brazil, where players like Americanas S.A., **Magazine Luiza**, and **Via** experienced sizable increases in 2021.

Mercado Libre's number of digital sellers trumps those of Americanas S.A., Magazine Luiza, and Via. The company has zeroed in on attracting more global and local household-name brands, across multiple verticals, to strengthen its ecommerce ecosystem. This rapid expansion has resulted in official stores representing **“approximately 20% of total marketplace sales”** at the end of Q1 2021, according to Mercado Libre's CFO Pedro Arnt.

Additionally, more product variety has allowed retailers to stand out from the competition and attract and retain buyers in each of the local markets they operate. This has proved to be the case among Americanas S.A., Magazine Luiza, and Via.

Looking ahead: As players continue to ramp up their product offerings—coupled with attractive promotions and pricing—this should give them a leg up over the competition heading into 2022.

[Read the full report.](#)

Report by Matteo Ceurvels Jan 06, 2022

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