

COVID-19's Impact on Businesses and Consumers in Latin America

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[Businesses](#)

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Latin America and the Caribbean account for 2.2% of confirmed coronavirus cases worldwide, according to Johns Hopkins University (roughly 17,700 people as of March 31 data updated hourly), but businesses and consumers have already started feeling the impact of the virus as governments attempt to contain the pandemic and mitigate potential economic downturns. Here's what you need to know.

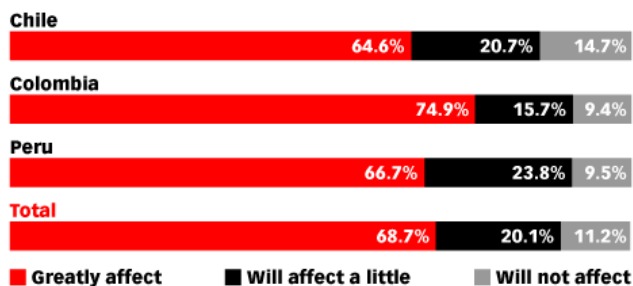
Businesses

The arrival of the coronavirus in Latin America sent shock waves across businesses. Since Brazil reported its first confirmed case on February 26, the country's currency lost more than 20% of its value. Amid growing concerns over US job losses and controversy surrounding President Andrés Manuel López Obrador's response, the Mexican peso tumbled 1.8% to a new historic low of MXN24.86 per US dollar as of March 22.

In Chile, Colombia and Peru, more than two-thirds (68.7%) of business executives surveyed by DNA Human Capital from March 12 to 16 said they believe the coronavirus will greatly affect their company's bottom line in the long term. The three countries make up one-quarter (25.3%) of confirmed coronavirus cases in Latin America.

Business Executives in Chile, Colombia and Peru Who Believe the Coronavirus Will Affect Their Company's Bottom Line in the Long Term, by Level of Effect, March 2020

% of respondents in each group



Note: n=3,028
Source: DNA Human Capital, "COVID-19 en las empresas"; eMarketer calculations, March 18, 2020

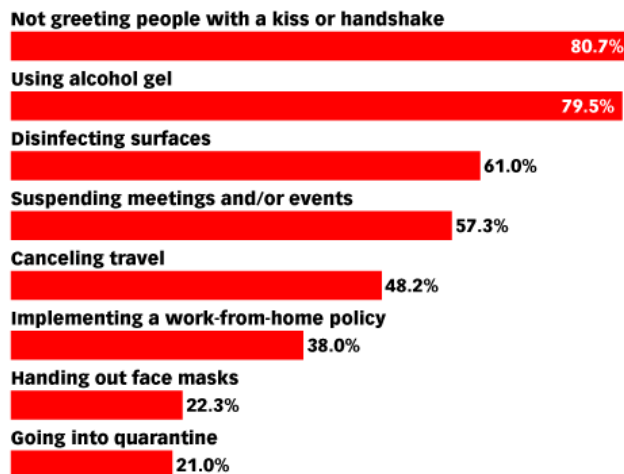
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DNA Human Capital's survey also found that business executives in Latin America are taking several preventative measures. Roughly 80.7% of respondents have stopped greeting people with a kiss or handshake, 57.3% have suspended in-person meetings and events, 48.2% have canceled travel and 38.0% have implemented a work-from-home policy.

Preventive Measures Their Companies Have Taken Against the Coronavirus According to Business Executives in Latin America*, March 2020

% of respondents



*Note: among those whose companies have taken preventative measures against the coronavirus; *Chile, Colombia and Peru
Source: DNA Human Capital, "COVID-19 en las empresas"; eMarketer calculations, March 18, 2020*

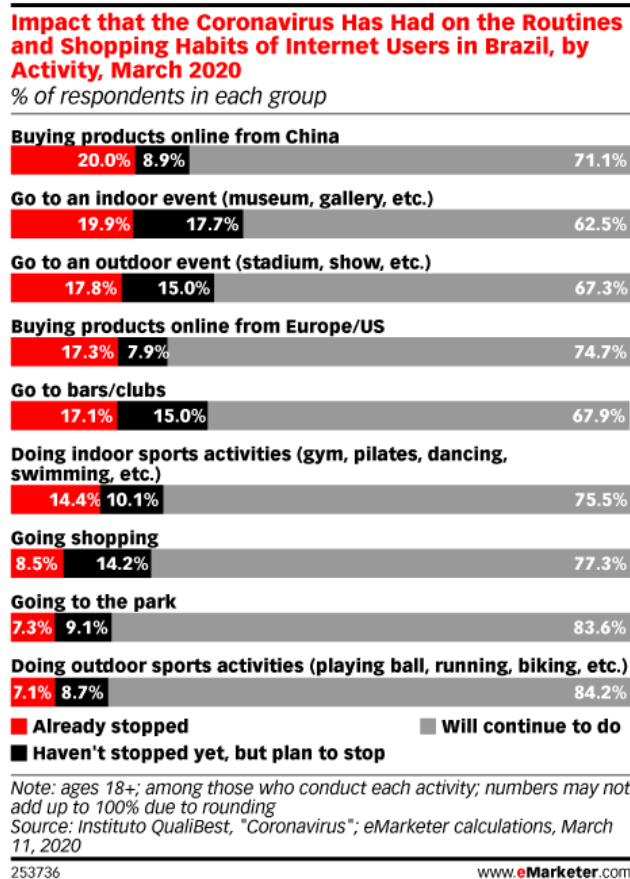
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Ecommerce companies like MercadoLibre are also experiencing changes. In response to the pandemic, quarantine policies and growing consumer demand for basic necessities, the company announced that it would waive its fees for sellers of basic necessity products through the end of March. MercadoLibre stated, "This will impact commissions on more than 21,000 vendors that are currently selling over 252,000 basic cleaning, personal hygiene and non-perishable food products" in Latin America. Since the publication of this article, MercadoLibre has reported that its pharmacy and home and laundry sales in Mexico rose 114% and 403%, respectively.

Consumers

In Brazil—home to 26.4% of confirmed coronavirus cases in the region—the pandemic has quickly disrupted internet users’ routines and shopping habits. A March 2020 study conducted by [Instituto QualiBest](#) found that 20.0% of Brazil’s internet users stopped buying products online from China. Nearly as many stopped going to indoor (19.9%) and outdoor events (17.8%).



Brazil is Latin America’s largest retail ecommerce market, so this change in behavior is impacting cross-border ecommerce, namely for merchants selling their goods and services on platforms like [AliExpress](#), as consumers opt to purchase from domestic players in the near term.

As the situation in China slowly improves, merchants selling their products on Alibaba’s marketplaces remained optimistic about business opportunities and consumer usage for the remainder of the

year, despite delivery delays, tight cash flows and declines in orders and customers.

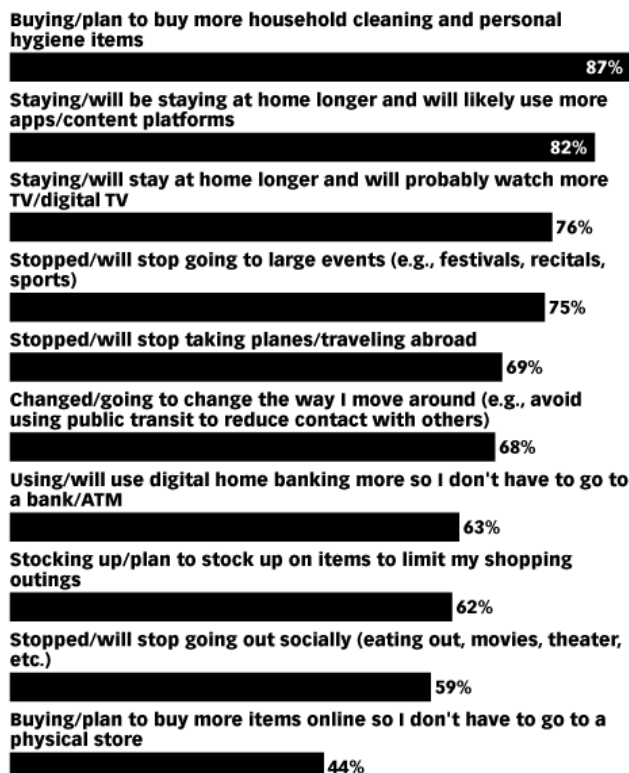
“We are constantly monitoring the situation and implementing initiatives to support merchants and small businesses on our platform,” said Ken Huang, head of Latin America for AliExpress at Alibaba Group. “Some deliveries might be affected, but we are working hard to minimize any inconvenience to our customers in Brazil and elsewhere in the region.”

In Argentina, fear and uncertainty surrounding the coronavirus continue to mount. Even before Argentina announced a mandatory quarantine from March 20 through April 12, internet users had quickly started altering their routines and shopping habits.

According to a survey fielded by [Kantar](#) between March 12 and 14, 87% of internet users in Argentina ages 18 to 65 said they were buying, or planned to buy, more household cleaning and personal hygiene items. Some 44% of respondents said they were buying, or planned to buy, more items online to avoid going to a physical store.

How Has the Coronavirus Changed the Routines and Shopping Habits of Internet Users in Argentina?

% of respondents, March 2020



Note: ages 18-65

Source: Kantar, "La reacción de los argentinos ante el Coronavirus" as cited in press release, March 16, 2020

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"It's very likely that ecommerce will continue to grow as consumers stop letting reasons like not being able to see or touch the product be a deterrent against making a digital purchase," said Sebastián Corzo, creative domain leader at Kantar.

For companies already selling online, this situation can be an opportunity as long as they can ensure logistical efficiency. "Now is a time to be close to the consumer and keep your promises as a company," Corzo said. "That's why it's key to make sure your shipments arrive in a timely manner with shipping fees that are not too costly for customers."

In fact, B2C ecommerce sales in Argentina have sustained consistent, double-digit growth year over year despite equally debilitating double-digit inflation. According to the [Argentine Chamber of Ecommerce](#)

(CACE), Argentina B2C ecommerce sales grew 75.5% in 2019—reaching a market worth ARS373.84 billion (\$6.82 billion).

Top 10 Fastest-Growing B2C Ecommerce Categories in Argentina, 2019

% change vs. prior year

1. Cosmetics and perfume	118.3%
2. Car and motorcycle accessories	111.6%
3. Food, beverage and cleaning products	111.0%
4. Materials and tools for construction	109.1%
5. Sports	97.8%
6. Apparel (excluding sportswear)	97.8%
7. Appliances	96.5%
8. Items for children	91.7%
9. Home products (furniture, decoration)	91.3%
10. Office supplies	83.7%
Total	75.5%

Note: total B2C ecommerce sales=ARS373.84 billion; includes VAT
Source: Cámara Argentina de Comercio Electrónico (CACE), "Estudio Anual Comercio Electrónico 2019" conducted by Kantar TNS and sponsored by OCA, March 5, 2020

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While travel and tourism made up the greatest share of B2C ecommerce sales (21.6%), CACE's figures indicated that food, beverage and cleaning products were the third-fastest-growing product categories online, growing at 111.0%, just behind car and motorcycle accessories, and cosmetics and perfumes, at 111.6% and 118.3%, respectively.

It's unclear how long the pandemic will last, but it is imperative for brands to be "present and act with agility in a sensitive and empathetic way," Corzo said. Now more than ever, companies must focus on the needs of consumers, who are anxious and nervous in the face of uncertainty.

For more insight on the current situation in Latin America, watch the video below. You can find a Spanish version [here](#).

***Analyst Note:** eMarketer remains committed to providing as much up-to-date information as possible so your company can take immediate action during these uncertain times. Over the coming weeks, we will continue to closely monitor the coronavirus situation in Latin

America and revise our regional forecasts accordingly—especially as we analyze how substantial the pandemic will be on the regional and global economies in the long term.