

Latin America Domestic Cep Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Latin American Domestic Courier, Express, and Parcel (CEP) market is estimated to witness a CAGR of more than 5% during the forecast period (2022-2027).

In the wake of the COVID-19 pandemic, digitization began to play an increasingly important role in the region. Latin Americans are making unprecedented purchases through digital means. The current wave of increasing digitization is expected to continue. With the surge in e-commerce during the pandemic, demand has suffocated the supply chain, limiting retailers' capacity to fulfill orders and restock the inventory as quickly as customers need it. Logistics services have fresh potential to acquire consumers, the first ones in the post-COVID phase, with the reviving of international commerce.

Between January and May 2021, Mexico remained the United States' top commercial partner, with 14.7% involvement and the expectation of increased imports, exports, and, potentially, commercial services, with logistics being among the most desired. In April 2021, Mexico became the United States' first business partner in terms of goods exchanges only, without including services. Mexico accounted for 14.7% of total merchandise exports and imports in the fourth month of the year, ahead of Canada (14.2%) and China (13.3%).

The e-commerce market in Mexico is strong and growing stronger, with revenue estimated to reach USD 21 billion by the end of 2021 at an annual growth rate of 3.8% and projected market volume to reach USD 24 billion by 2024. With internet penetration currently at 74% and with more than 45% of the population aged between 25-54 years old, there is scope for even more growth. The most popular category for online shoppers in Mexico is currently Electronics and Media (USD 6.42 billion), then Fashion (USD 5.2 billion).

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Growing Opportunities in Brazil to Drive the Market

Many businesses began expanding their logistics operations to take advantage of the CEP's potential for quick expansion. DHL, for example, has been growing throughout the region and investing in new technology to increase the efficiency of its supply networks. Brazilians are well-known for being among the first to accept new technology. A flourishing digital goods and services industry already exists in the country. Brazil is a fertile ground for digital goods, and it is also the region's most competitive market. The significant growth of e-commerce in 2020 is attributable to the shift of consumption from physical stores to the digital realm, which resulted in more than 17 million Brazilians having their first online buying experience, a 23% increase.

The domestic postal traffic in Mexico amounted to approximately 285.4 million items handled in 2020. This represented a decrease of around 20.5% in comparison with the number of items transported a year earlier. The Mexican Online Sales Association estimated that the domestic eCommerce business was worth USD 15.8 billion in 2020, up by 81% from 2019. In 2020, 50.7 million Mexicans used eCommerce, up by 9% from the previous year. Food delivery was the most popular online transaction in 2020, followed by fashion and beauty products. Purchases from online pharmacies and supermarkets climbed by 41% and 40%, respectively.

In 2021, Brazil experienced robust growth in e-commerce sales by 48.4% when compared to 2020, as consumers adopted online shopping in a greater proportion. In November 2021, e-commerce represented 17.9% of retail sales, a huge record since January 2018. Also, in 2021, the most popular e-commerce categories were equipment and supplies for the office, IT, and communication, with more than 43% of sales, followed by furniture and appliances, apparel, etc.

E-commerce Driving the Market

E-commerce in Argentina is emerging in the Latin American region, as the retail e-commerce sector saw a significant growth of more than 79% in 2020. Brazil and Mexico are driving Latin America's e-commerce sector. Brazil has the largest share of e-commerce in Latin America, and the market was worth USD 19.6 billion in 2020, comprising 53.5% share. In 2021, more than 188 million people opted to shop online in Latin America. Online shoppers are expected to spend more over time. The average online user spending in 2021 accounted for more than USD 220.

Rising internet penetration is driving the market. In 2021, internet penetration in Latin America was at 71%, and smartphone penetration was at 69% of the total population. Penetration rates are higher in urban areas. Brazil was the leading country, with more than 165.3 million internet users in January 2022, followed by Mexico and Argentina. In 2022, Mexico's internet users made the highest e-commerce purchasing, as more than 64% of internet users purchased consumer goods via e-commerce platforms. Also, more than 39% of people order groceries via online stores.

Latin America Domestic CEP Market Competitor Analysis

Latin America Domestic CEP Market is fragmented in nature with a mix of global and local players. This makes the sector highly competitive. Some of the strong players in the country include Brazil Post, Sky Postal, Kuehne Nagel, Kerry Logistics, and DHL Express. Many businesses began expanding their logistics operations in order to take advantage of the CEP's potential for quick expansion. DHL, for example, has been growing throughout the region and investing in new technology in order to increase the efficiency of its supply networks. Brazilians are well-known for being among the first to accept new technology. A flourishing digital goods and services industry already exists in the country. Brazil is a fertile ground for digital goods, and it is also the region's most competitive market.

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