

Brazil E-Commerce Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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Report description:

The Brazilian e-commerce market is expected to register a CAGR of 10.23% during the forecasted period 2022-2027. Brazil is Latin America's largest economy and the fifth largest country by land and population. It is the world's fourth-largest internet market, with 150 million internet users out of a population of more than 209 million. Furthermore, with 130 million active Facebook users, Brazil is the third most popular social media site globally.

Key Highlights

Brazil is attracting the attention of savvy businesses worldwide, thanks to a large consumer market eager to purchase international goods and services and a young population that embraces foreign culture. E-commerce giants like AliExpress and Light in the Box are heavily investing in this sector since it is cheaper for Brazilian customers to buy from these international websites than from local stores, owing to the higher rates local stores must charge due to the hefty taxation costs they face. Cybersecurity is still a worry, especially when it comes to online fraud. Because most Brazilians do not have foreign credit cards, international transactions can be difficult for locals and visitors.

While using credit cards in hotels and tourist attractions is reasonably straightforward, the same cannot be said for online purchases. Many Brazilian websites do not accept international credit cards, making it difficult for people to pay for services like food delivery or movie tickets online.

Despite its ongoing expansion, the Brazilian eCommerce industry can be tough to traverse without a local presence due to issues with customs, taxes, shipping, customer service, the reverse process, and cross-border payments. Any sellers should be familiar with the local consumer rules that apply to any purchase made in Brazil.

The COVID-19 outbreak is responsible for the massive increase in online purchasing. Most Brazilians received pandemic relief via digital wallets, giving millions access to online businesses for the first time. The Southeast region of Brazil, which includes Sao Paulo and Rio de Janeiro, remains the most important sales region in the country. Last year, it contributed 51 percent to the

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expansion of e-commerce.

Brazil E-commerce Market Trends

Rise in Internet Penetration

E-commerce in Brazil has been steadily increasing in recent years. The quantity of orders, which increased 15% in 2021 compared to 2020, has driven the growth in cross-border trade. Customers who shop on international websites are more likely to buy more. Brazilian e-commerce sales are primarily concentrated among the younger population. The South and Southeast regions have the most significant sales concentrations, reflecting the country's high internet and resource penetration.

With increasing internet usage rates (Brazil is the world's fourth most connected country, with over 120 million online users), e-commerce in Brazil has all it needs to expand even more in the coming years, and merchants from all over the world can take advantage of this opportunity.

Furthermore, in Brazil, mobile is increasing at an exponential rate. According to research conducted by an e-commerce news outlet in Brazil, 41 percent of online stores are prepared to sell via e-commerce. Smartphone sales account for roughly 10% of total sales for 384% of online retailers.

In Brazil, mobile payments are assisting the growth of e-commerce. For example, Google recently released an API that allows Android users to pay with only a few clicks using payment information stored in their Google accounts. The Pay with Google API now enables local payment methods thanks to its integration with EBANX, expanding the product's variety in Brazil and fueling mobile shopping fever.

B2C E-commerce is growing in the Brazilian market

After two years of lockdown restrictions, online shopping in Brazil has grown and is now more mobile-oriented. One of the largest e-commerce markets in Latin America has risen to the occasion and turned the COVID-19 outbreak into a profitable, using home-delivery options. In 2021, its online shopping revenue amounted to 161 billion Brazilian reais, more than twice as much as in 2019 and nearly 30% more than in 2020.

Sales through mobile devices - m-commerce - generate most of Brazil's e-commerce revenue, a trend to increase shortly. As the protagonists of these changing times, the major players in this industry benefited from the coronavirus pandemic, and now the competition is tighter than ever.

In early 2022, Mercado Livre - was Brazil's most visited e-commerce website. Americanas.com, formerly controlled by B2W Companhia Digital before the firm merged with Americanas S.A. in July 2021, ranked second, while the Brazilian operation of OLX placed third. Just behind was Magazine Luiza, a traditional B2C retailer founded in Sao Paulo. This long-established company had the largest online gross revenue among retailers in Brazil in 2020.

MagaLu, as it is known, keeps adjusting its core business according to customer demands. In 2021, online sales accounted for more than 70 percent of Magazine Luiza's retail sales, but they did not add up to half of the company's sales before the pandemic. The top online marketplaces for Brazilian consumers to purchase products that U.S. companies should consider for Business-to-Consumer (B2C) sales are Amazon, Mercado Libre, Magalu, Shopper, Aliexpress, and B2W (Americanas, Submarino, and Shoptime). The growth in cross-border trade has been driven by the number of orders, which in 2021 have grown 15% compared with 2020. Shoppers who make purchases on international websites purchase more.

Brazil E-commerce Market Competitor Analysis

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The level of rivalry in Brazil's e-commerce market is high due to many market players. The number of local and global brands in the e-commerce market has increased competition. Apart from Amazon, Apple, etc., some retail brands, like Magazine Luiza, already enjoy a considerable presence in physical retail and are gearing up to enter the e-commerce market, further intensifying the overall rivalry between players. Some key players in the Brazilian e-commerce market are Amazon, Shopee, and Americanas.

May 2022 - The central bank of Brazil has granted Shopee, the Singaporean shopping app, permission to operate as a payment institution. Shopee can handle prepaid payment accounts in which funds have been pre-deposited.

November 2020 - Apple has introduced an industry-leading new developer program to help small companies and independent developers accelerate innovation and move their businesses forward with the next generation of revolutionary apps on the App Store. The new App Store, Small Business Program, will help the vast majority of developers that offer digital goods and services on the store by lowering commissions on paid apps and in-app purchases.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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