

Mexico 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 Mexico e-commerce market is expected to register a CAGR of 16.8% during the period 2022-2027. The Latin American e-commerce market has recorded robust growth over the last few years, offering exciting opportunities for online retailers across various sectors. Mexico is one of Latin America's major consumer markets and is also an important e-commerce market.

Key Highlights

In Mexico, social media is widely used. The most popular social media platform is Facebook, which WhatsApp and Instagram follow. When it comes to making purchases, Mexican shoppers are heavily influenced by social media. By 2025, Conversational Commerce, or C-commerce (sales via Facebook or WhatsApp), is predicted to account for 40% of all e-commerce sales in Mexico. The Mexican eCommerce market grew by 18 percent in 2021, contributing to a global growth rate of 29%. E-commerce sales are continuing to rise. New markets are forming, and established markets have the potential to grow even more. Over the next few years, global growth will continue.

Debit cards and personal credit cards are the most popular payment methods. On the other hand, many online businesses provide payment options such as cash purchases at convenience stores.

According to the Mexican Online Sales Association, cybersecurity threats are barriers to expanding eCommerce usage, with 80 percent of eCommerce users concerned about electronic fraud and 74 percent hesitant to provide financial information online. In Mexico, the COVID-19 pandemic has accelerated the adoption of e-commerce. The Mexican Online Sales Association estimates that the domestic e-commerce business will be worth USD 15.8 billion in 2020, up 81% from 2019. In 2020, Mexico had 50.7 million e-commerce users, up 9% from 2019.

Mexico E-commerce Market Trends

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Adoption of online mode of purchasing

In Mexico, online marketplaces such as www.mercadolibre.com.mx and www.amazon.com.mx are popular. With 128 million monthly views, Mercado Libre was the most popular e-commerce site in 2020, followed by Amazon with 64 million monthly visits. Furthermore, several brick-and-mortar retailers have had great success growing their e-commerce sales. Walmart Mexico's internet sales increased by 13% in 2020, whereas Liverpool's online sales soared by 26%.

Amazon announced a USD 100 million investment in 2020 to establish two new distribution centers and 12 delivery stations in Mexico as a result of e-commerce expansion. Mexico's market expansion is likely to continue in the coming years. Product sales in Mexico have increased, particularly in categories such as hardware, cosmetics, and video games.

Another sign of market saturation is Mexico's 36 percent online penetration, which means that in 2021, 36 percent of the Mexican population will have purchased at least one product online.

International companies seek to increase their global footprint and stake a claim in the expanding Mexican e-commerce industry, increasingly targeting Mexico. Alibaba, the Chinese e-commerce powerhouse, is one such example. It is investing in the creation of 'digital communities' in each of Mexico's 32 states in order to increase online spending.

Growing B2C E-commerce segment

In 2020, food delivery led to online purchases, followed by fashion and beauty items. Online pharmacy and supermarket purchases increased by 41 and 40 percent, respectively. Debit and personal credit cards continue to be the preferred payment methods.

However, many online retailers offer payment alternatives such as cash payments at convenience stores. According to the Mexican Online Sales Association, impediments to increased e-commerce usage include cybersecurity risks, with 80 percent of e-commerce users noting concerns over electronic fraud and 74% lacking confidence in providing banking information online. An estimated 98% of online purchases are conducted through Smartphones, with two out of 10 buyers making purchases on SmartTVs. Products sold online are covered by Mexico's Federal Copyright and Industrial Property Law.

Online marketplaces such as Mercado Libre and Amazon Mexico are widely used in Mexico. Mercado Libre was the most visited e-commerce site in 2020, with 128 million visits per month, followed by Amazon, with 64 million visits per month. Additionally, some brick-and-mortar retailers have been very successful in expanding eCommerce sales.

In 2020, Walmart Mexico's online sales increased by 13%, and Liverpool's online sales grew by 26%. Due to e-commerce growth in Mexico, in 2020, Amazon announced a USD 100 million investment to open two new distribution centers and 12 delivery stations.

Mexico E-commerce Market Competitor Analysis

Mexico's e-commerce market is highly fragmented in nature. Key major players include Amazon, Shein, Walmart, MercadoLibre, and Zegna. These major players account for a considerable percentage of online sales in the region and actively participate in partnerships and product innovations to gain more market share.

July 2021 - Sam's club has announced a new feature allowing Mexico-based consumers to pay for mobile purchases. This feature can be accessed through Sam's Club application for iOS and Android. Shoppers use their smartphone cameras to capture product barcodes, showing the product's price information. Afterward, they click on the payment option to make the purchase, and the app displays a code presented to a staff member at the exit.

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December 2021 - Walmart de Mexico y Centroamerica inaugurated a new Distribution Center (Cedis) located in Mexicali, Baja California. With an investment of 986 million pesos, the new Cedis will be able to process the entry and exit of nearly 5 million boxes per month to supply Bodega Aurrera (24), Mi Bodega Aurrera (10), and Walmart Supercenter stores. (15), and thus meet omnichannel purchase orders in the states of Baja California and Sonora.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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