

# E-commerce in the Americas

Market Overview



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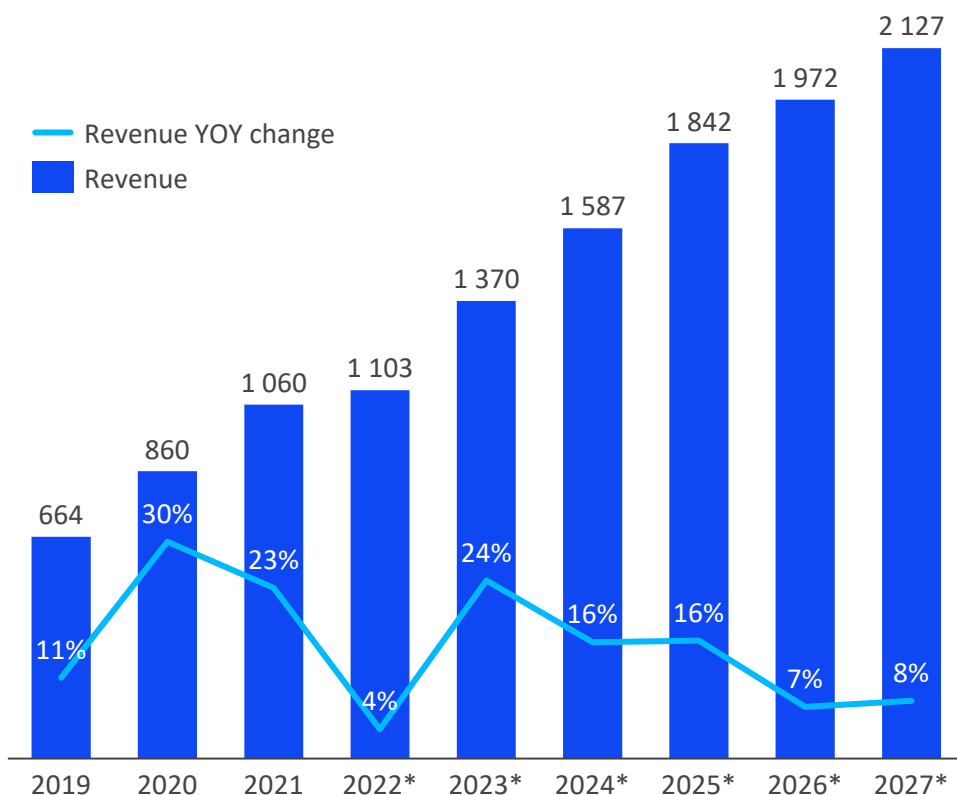




# Americas Overview

# Despite the drop in revenue growth during 2022, the e-commerce market is expected to reach USD 2.1 trillion by 2027

## Americas Total e-commerce Market Size (Billions, USD)



Sources: Statista, World Economic Forum, UNCTAD; \* Projection (November 2022)

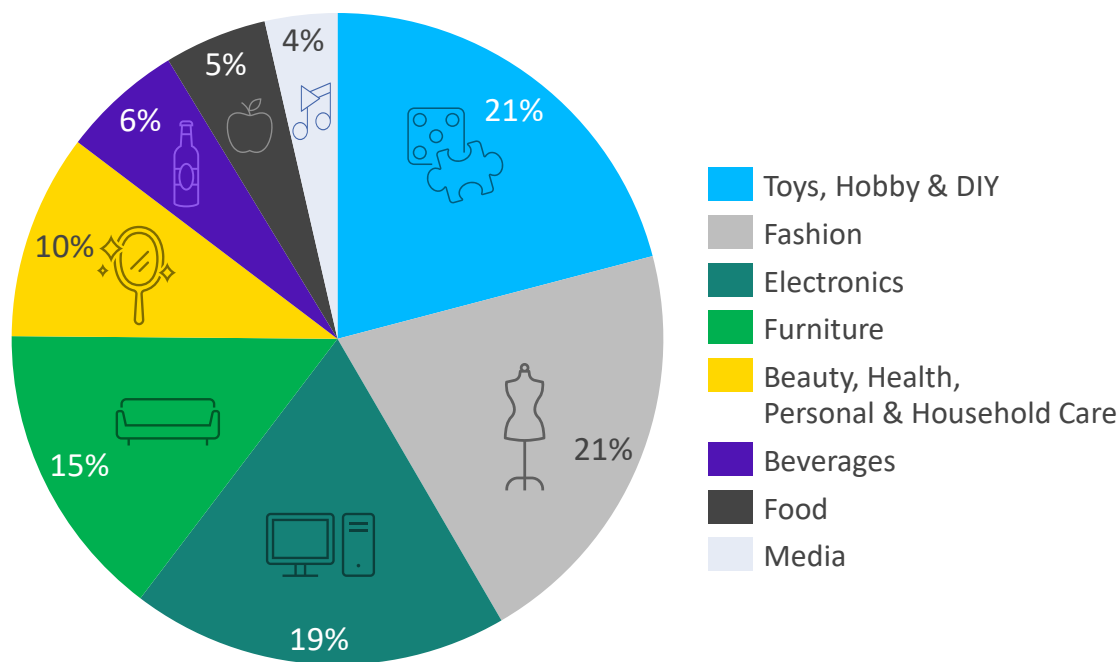
## Overview and Scope of this Report

- Due to **COVID-19 lockdowns**, businesses and consumers increasingly “went digital”, providing and purchasing more goods and services online, **raising e-commerce’s** revenue growth rate from **11%** in **2019** to **30%** in **2020**
- E-commerce market revenue in the Americas is projected to reach **USD 1,103 billion** by the end of **2022**. Despite this, the YoY **growth rate** is expected to be only **4%**
- The **drop in growth** in **2022** can mainly be explained by **supply chain issues** and **inflation**, driven by the conflict between Russia and Ukraine, financial challenges, and trade disputes
- The e-commerce sector is expected to become the new source of growth in retail, growing into an almost **USD 2,127 billion** market by **2027**. The growth rates are supported by e-commerce companies adapting to new market trends aimed at meeting customers’ needs for convenience or enhanced experiences
- **The United States, Canada, Brazil, and Mexico** cover 94% of the total market size

# Toys, Hobby & DIY, and Fashion were the largest contributors to the e-commerce market revenues in 2021

By 2027, fashion is expected to have the largest market share in the region

Americas e-commerce revenues by product category (%), 2021



## Top Sectors and Categories

- **Toys, Hobby & DIY, Fashion, Electronics, and Furniture** were, by revenue sales, the main products in the Americas in 2021
- In 2021, the region's top product categories by number of users\* were
  - **Toys, Hobby & DIY** with 274.4M users,
  - **Fashion** with 337.5M users,
  - **Electronics** with 351.5M users, and
  - **Furniture** with 161.7 M users
- The sector with the highest **average revenue per user** in 2021 was **Furniture**, with **USD 0.97 thousand** per user
- **Fashion** is expected to have the largest **market** share in the region by **2027**, with a forecasted revenue of **USD 445.6 billion**

Sources: Statista; \* Users are considered as unique accounts that purchased at least one product.

# The US, Canada, Brazil, and Mexico remain the largest e-commerce markets in the Americas

Amazon is a prominent player in all four key markets

## Key Insights across the Americas



The **United States** is the **second largest market** for e-commerce globally, with a revenue of USD 862.4 billion in 2021, only behind China.

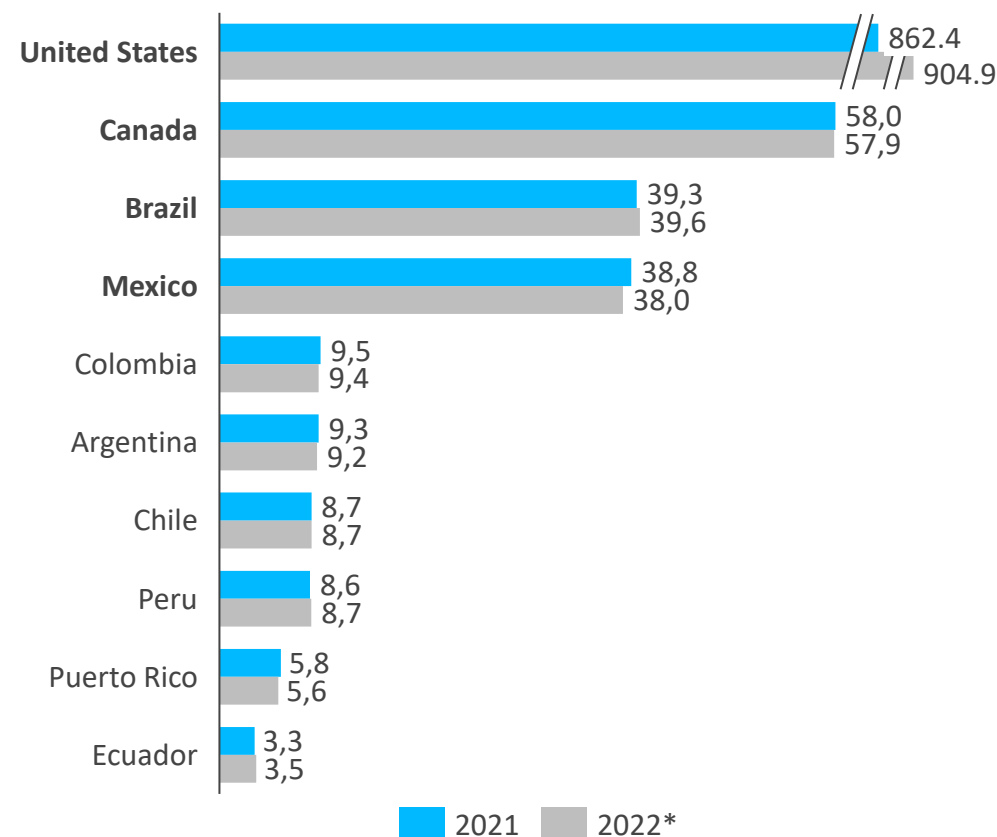


The countries in the Americas that will experience the greatest growth in the e-commerce market over the next few years are **Argentina, Brazil, and Mexico**, with a CAGR (2022-2027) of 19.6%, 19%, and 17.8%, respectively.



**Amazon** is a dominant player in the e-commerce market throughout the Americas, with a strong presence in all four major markets in this region.

## Total Revenue (Billions, USD)



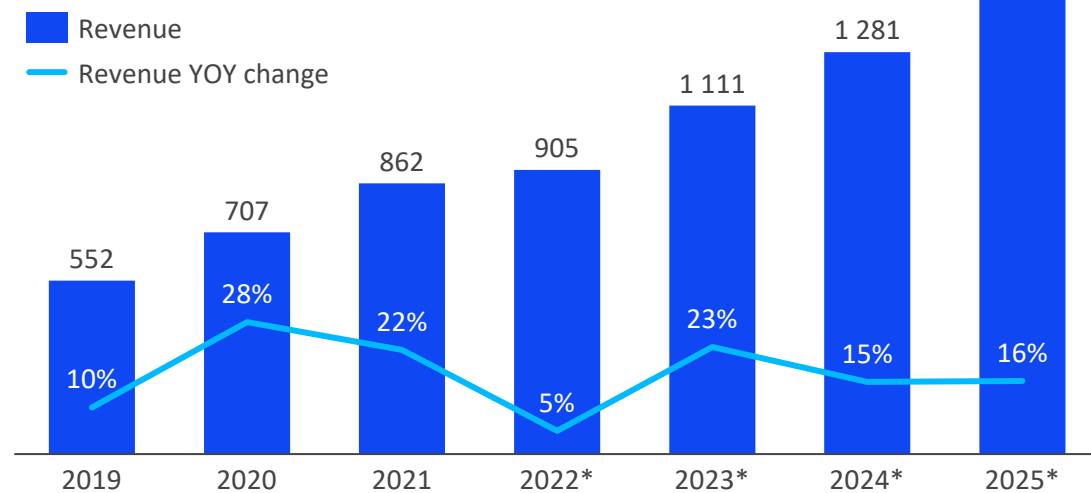
A black and white photograph of a person's hands working on a desk. The person is wearing a dark sweater with white cuffs. Their hands are positioned over a desk cluttered with papers, a laptop, a coffee cup, and other office supplies. The background is slightly blurred, showing more of the desk and office environment. A blue gradient banner is overlaid on the bottom half of the image, containing the text 'Country Snapshots'.

# Country Snapshots



# The United States is the largest e-commerce market in the region, contributing around 80% of the total revenue

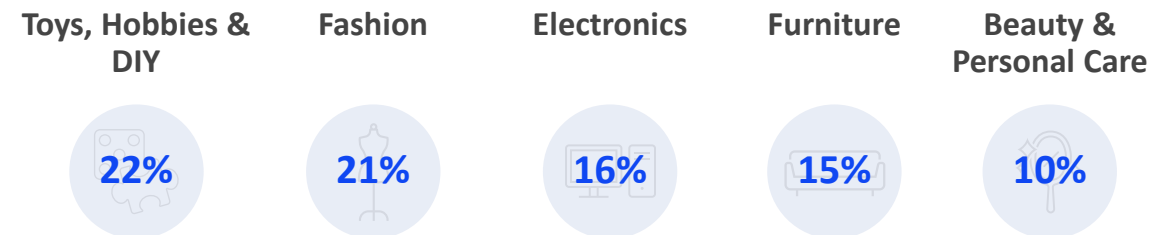
## Market size (billions USD) and forecast








- The United States is the **largest market** for e-commerce in the Americas, with a revenue of USD 862.4 billion in 2021
- E-commerce revenue is expected to show a **compound annual growth rate** (CAGR 2022-2027) of **14.6%**
- Amazon** stands out as the **leading player** in the United States, reporting more than **double the revenue** of its closest competitor, **Walmart**

Sources: Statista, ecommerceDB; \* Projection (November 2022)

## Main products by revenue, 2021



## Main players, 2021

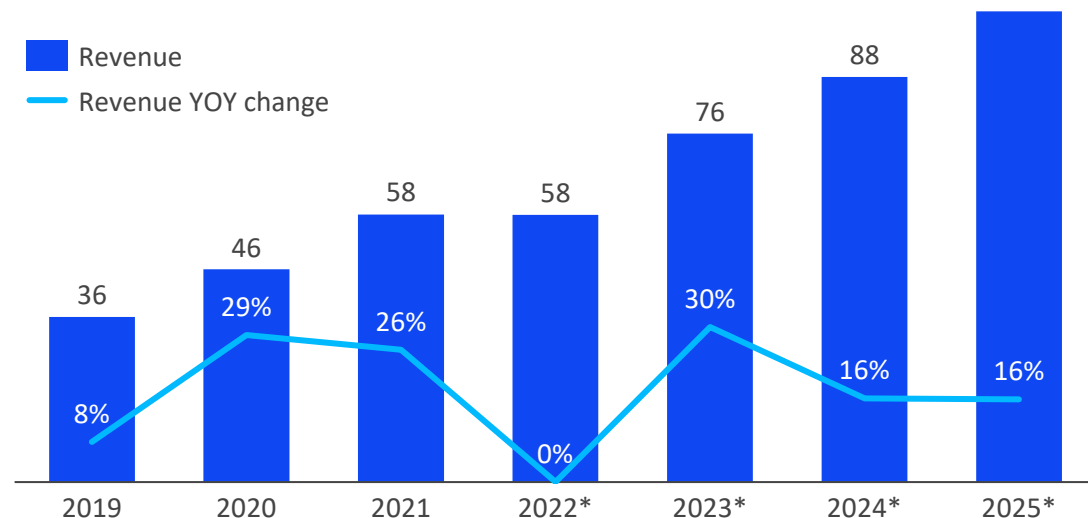
Company		Revenue (Billions, USD)	Main products (share in %)
Amazon		\$125.84	Electronics & Media (55%)
Walmart		\$46.45	Electronics & Media (25%)
Apple		\$26.14	Electronics & Media (100%)
Target		\$19.77	Toys, Hobby & DIY (30%)
Home Depot		\$18.39	Furniture & Appliances (68%)



# After a year of flat sales, Canada's e-commerce market is projected to grow 30% by the end of 2023

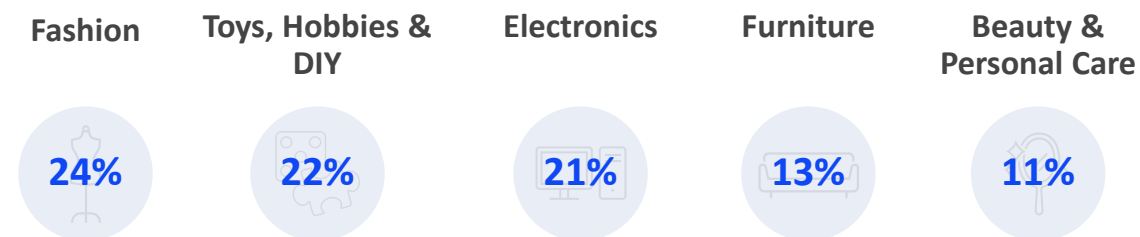


## Market size (billions USD) and forecast








- Canada is the **second largest market** for e-commerce in the Americas with a revenue of USD 58 billion in 2021
- Revenue is expected to show an **annual growth rate** (CAGR 2022-2027) of **15.3%**
- The **main players** in **Canada** are **similar** to those in the **U.S.**, but with **lower revenues**. Amazon Canada's reported revenue was less than 10% that of the United States

## Main products by revenue, 2021



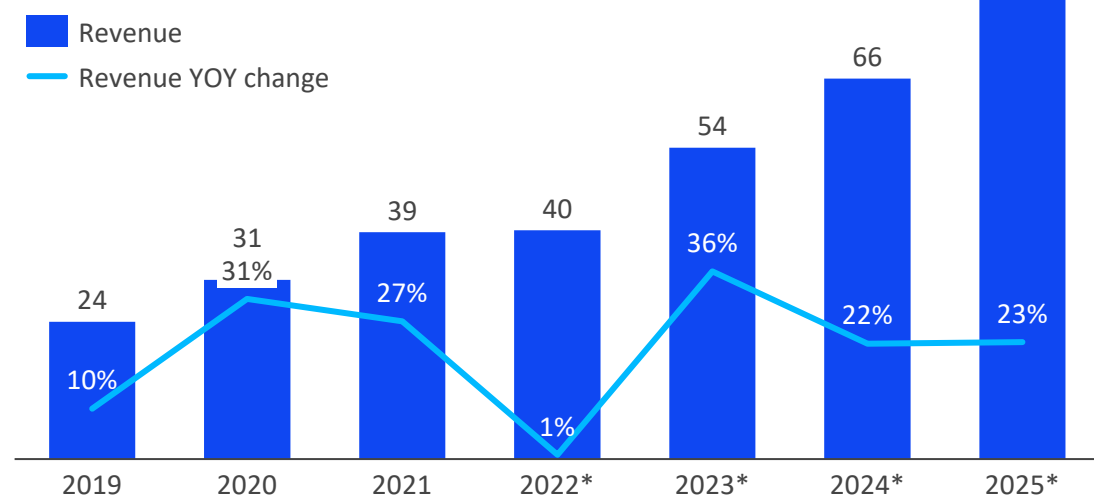
## Main players, 2021

Company		Revenue (Billions, USD)	Main products (share in %)
Amazon		\$9.81	Electronics & Media (55%)
Walmart		\$3.77	Toys, Hobby & DIY (28%)
Costco		\$2.26	Toys, Hobby & DIY (50%)
Apple		\$1.78	Electronics & Media (100%)
Home Depot		\$1.54	Furniture & Appliances (68%)

# Brazil has one of the highest growth opportunities in the region, with a forecasted CAGR of 19%

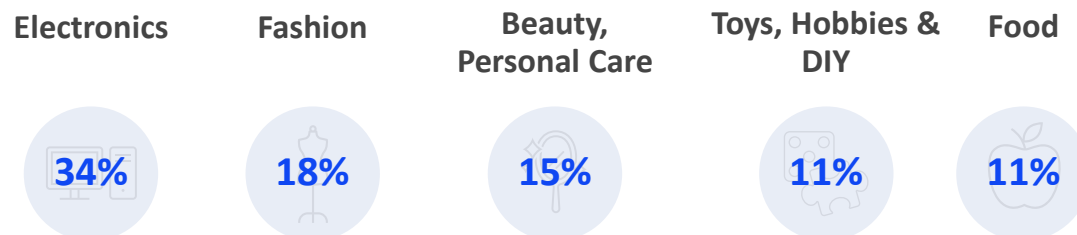


## Market size (billions USD) and forecast



- Brazil is the **third largest market** for eCommerce in the Americas, with a revenue of USD 39 billion in 2021
- Revenue is expected to show an **annual growth rate** (CAGR 2022-2027) of **19%**
- Apart from Amazon, all the other **main players** in Brazil are top **retail stores** in the country. Electronics & Media stands out as the top-selling e-commerce product category in Brazil

## Main products by revenue, 2021



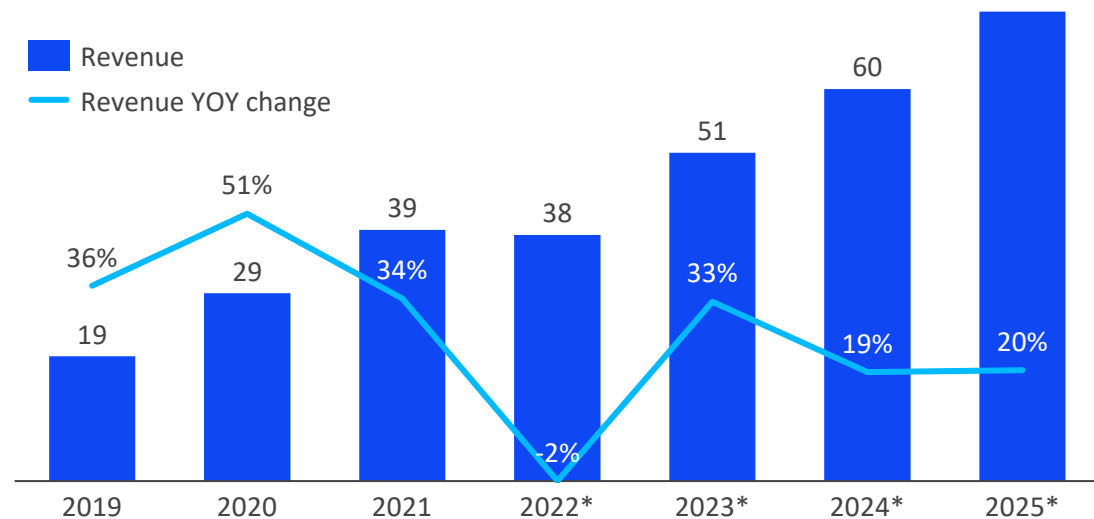
## Main players, 2021

Company	Revenue (Billions, USD)	Main products (share in %)
Magazine Luiza 	\$3.19	Electronics & Media (33%)
Casas Bahia 	\$2.18	Furniture & Appliances (36%)
Americanas 	\$1.96	Electronics & Media (33%)
Amazon 	\$1.79	Electronics & Media (55%)
Extra 	\$0.65	Electronics & Media (38%)

# Mexico has witnessed significant growth in the past few years, with e-commerce figures doubling between 2019 and 2021

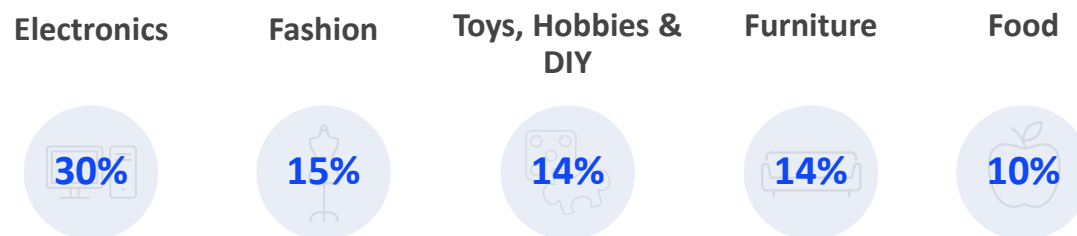


## Market size (billions USD) and forecast



- Mexico is the **fourth largest market** for e-commerce in the Americas, with a revenue of ~USD 39 billion in 2021
- Revenue is expected to show an **annual growth rate** (CAGR 2022-2027) of ~**18%**
- Chinese fast-fashion retailer **Shein** has positioned itself as a **key player** in the Mexican market due to **fast-fashion trends**, **low prices**, and their big investment in **advertising** in the country

## Main products by revenue, 2021



## Main players, 2021

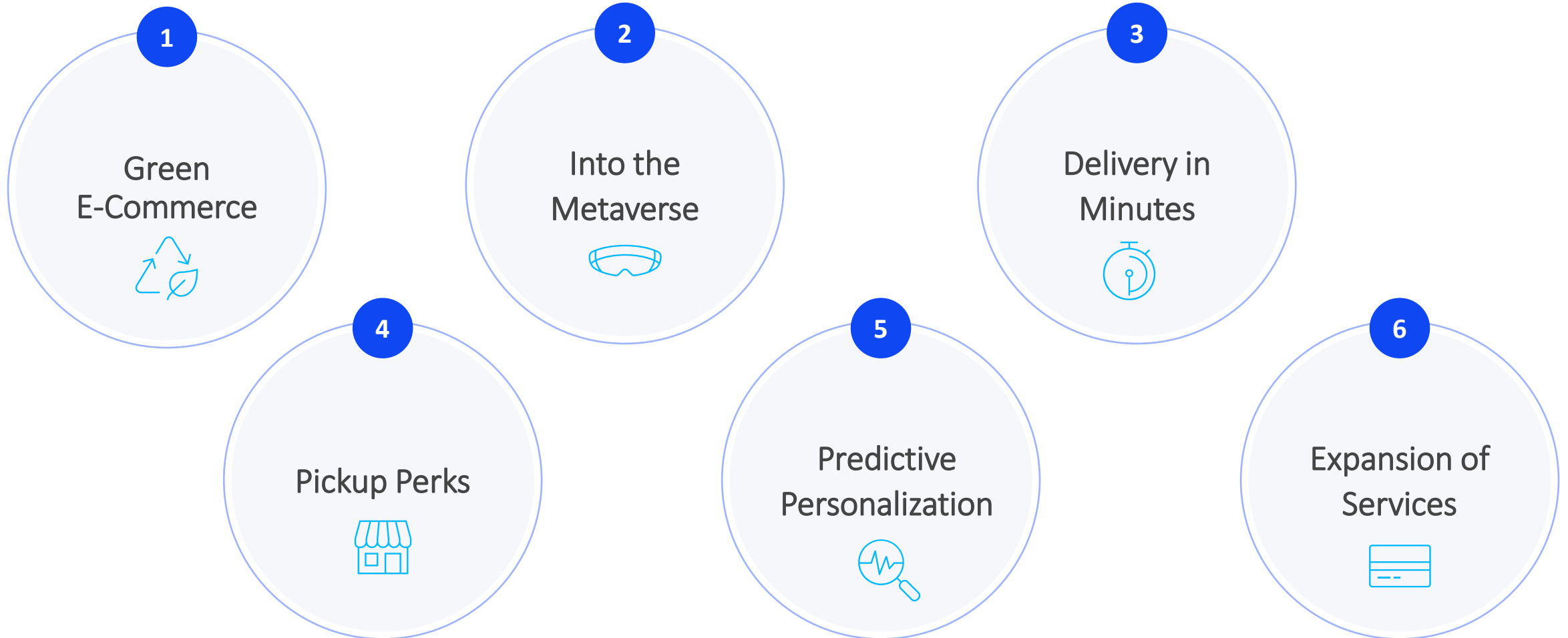
Company		Revenue (Billions, USD)	Main products (share in %)
Amazon		\$2.58	Electronics & Media (55%)
Walmart		\$0.90	Toys, Hobby & DIY (28%)
Coppel		\$0.81	Toys, Hobby & DIY (27%)
Liverpool		\$0.67	Fashion (37%)
Shein		\$0.66	Fashion (89%)



# E-Commerce Trends



# The e-commerce market has been undergoing significant changes in the past few years, with customer experience at the center



# E-commerce trends (1/3)

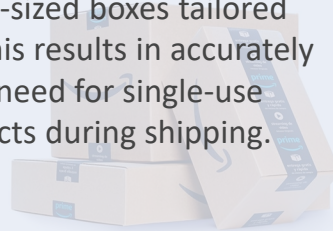
## Responsible consumption and adaptation to new technologies



### Green E-commerce

- As e-commerce became the **primary shopping channel** for many consumers after the pandemic, this channel shift has raised some **environmental concerns**
- Since January 2021, 52% of US consumers have stated that they are more environmentally conscious. Consumers are also increasingly **demanding more sustainable practices from brands**, such as **developing products with less packaging** or **with recycled packaging**

**Amazon** invested in **CMC Machinery**, a company that designs and manufactures custom-sized boxes tailored to the dimensions of the items. This results in accurately sized packages that eliminate the need for single-use plastic while still protecting products during shipping.



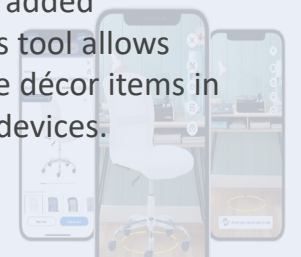
Sources: EuroMonitor, Walmart, SocialMediaToday, Reuters, Press search



### Into the Metaverse

- **Virtual commerce technologies** have the potential to take **online shopping** to the **next level**
- Companies have been using **augmented and virtual reality tools** to provide a **more immersive customer experience**, and they are now extending to the **Metaverse**
- The global AR & VR in E-Commerce market is expected to witness a CAGR of more than 25% from 2021 to 2026, with the North American market leading this growth

**Walmart**, through its mobile app, has added **Augmented Reality (AR)** features. This tool allows customers to view furniture and home décor items in their spaces while using their mobile devices.



# E-commerce trends (2/3)

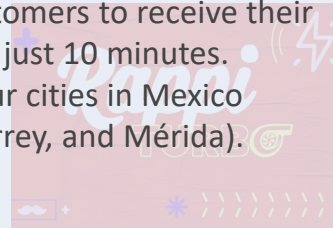
## New ways of delivery



### Delivery in Minutes

- The evolution of delivery has been marked by an increasing desire among consumers for **greater speed and convenience**
- With a lot of start-ups springing up to provide ultrafast delivery in urban centers, many city residents will soon be able to expect delivery times of between 10-30 minutes on snacks, drinks, and other convenience store fare

The delivery app **Rappi** has added a new tool called **Rappi Turbo**, which will allow customers to receive their products, as the company says, in just 10 minutes. Currently, it is only available in four cities in Mexico (Mexico City, Guadalajara, Monterrey, and Mérida).



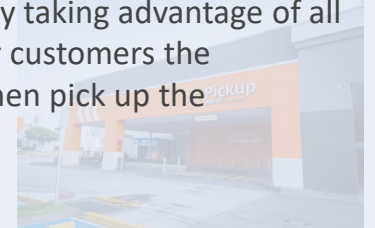
Sources: EuroMonitor, Company websites, Press search



### Pickup Perks

- Due to concerns over supply chain problems, more consumers will opt for **pickup over delivery** to ensure they receive the **products** they want **on time**
- The trend will likely be further accelerated as more retailers and foodservice operators offer incentives to consumers to choose pickup over delivery to reduce costs

Big retailers such as **Walmart**, **Magazine Luiza**, **Liverpool**, and **Costco** are already taking advantage of all the stores they own to give their customers the opportunity to buy online and then pick up the products.



# E-commerce trends (3/3)

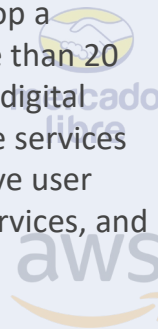
## Enhanced consumer experience and new service offerings



### Predictive Personalization

- Customer loyalty and rewards programs are evolving to meet increased customer expectations
- Most consumers are expecting that their e-commerce retailer of choice knows them well enough to offer up personalized shopping experiences
- **60% of consumers** say they will become **repeat customers** after a **personalized shopping experience**
- Fortunately, there is a greater volume and variety of **data** that **companies can use** to not only become more personal but also more predictive

**Mercado Libre** partnered with **AWS** to develop a common platform to **gain insights** from more than 20 years of **data** gathered from its marketplace, digital payments, logistics, advertising, and software services divisions. This will help Mercado Libre improve user experiences, accelerate the launch of new services, and support its regional expansion.



Sources: EuroMonitor, Amazon, Oxford Business Group,

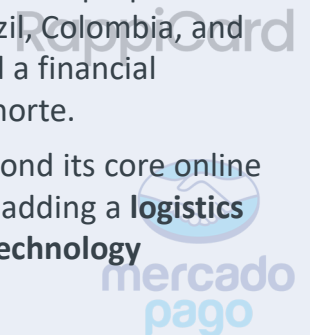


### Expansion of Services

- Some e-commerce firms in the region have **expanded** into **services** beyond purchase and delivery
- As the e-commerce market grows, companies are increasingly expanding into **other areas related to the e-commerce process**. Companies that establish their own **logistics division, financial services, and even advertising agencies** are reducing costs and adding value to their operations

In 2019, **Rappi** partnered with **Visa** to offer prepaid cards linked to its **digital wallet** in Brazil, Colombia, and Mexico. In 2021, the company created a financial services JV with the Mexican bank Banorte.

**Mercado Libre** has also expanded beyond its core online marketplace business in recent years, adding a **logistics division, a credit service, a financial technology platform, and an advertising agency**.







# Growth Drivers

# Technology adoption, along with shifts in consumer behavior, are the main drivers for the forecasted growth in the Americas



## Development of Logistics Infrastructure

With delivery having a major influence on customers' satisfaction, many players have already developed their own delivery systems. They tend to operate their own warehouses and partner with regional private carriers for first and last mile delivery.



## Integration with Fintech

Digital wallets and online payment processing systems can create new opportunities for businesses to achieve high and sustained growth.



## Latin America is Mobile-First

In Latin America, mobile purchases (59%) surpassed desktop (41%). With mobiles becoming consumers' preferred channel for online shopping, this could be a good opportunity for e-commerce players in the region.



## Large urban population

With more than 80% of the region's population living in cities, Latin America is the second most urbanized region in the world after North America. This facilitates e-commerce logistics.



## Internet Penetration

With an internet penetration of 81% across all the Americas, e-commerce has a very large number of potential customers to reach.



## Changes in online consumer behavior are likely to be permanent

The 30% market growth in 2020 is justified by consumers who started buying online more frequently during COVID-19. Consumers are likely to maintain this habit, especially as user experience continues to improve.





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