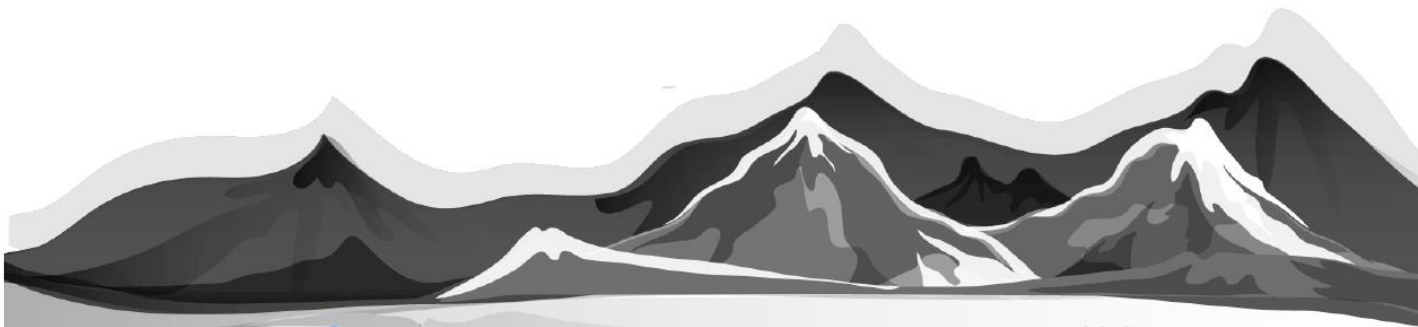


# E-COMMERCE OPPORTUNITIES IN MEXICO FOR SWISS COMPANIES



OFFICIAL PROGRAM



PARTNER



**REPORT  
E-COMMERCE OPPORTUNITIES IN MEXICO  
FOR SWISS COMPANIES**

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**Swiss Business Hub Mexico**

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## E-commerce opportunities in Mexico for **Swiss Companies**

### Executive summary

The increase in e-commerce at the international level is reshaping the way businesses operate and the interaction of consumers with it. Being epicenters of e-commerce growth, some poles like North America, where Mexico is playing an important role, has grown in rates above the international average.

One of the characteristics identified in the present study before the pandemic from different sources of information is that the accelerated growth of e-commerce in Mexico is mainly due to three factors:

1. Internet penetration in urban areas.
2. High penetration of smartphones per capita.
3. Privileged location as a hub and access platform to other markets.

**Small and medium-sized enterprises play a key role and the speed with which they jump into these trends** will be decisive, it is not as complex as companies believe, since most of them already operate on digital channels and in most cases, there is no need to make sophisticated software developments, only by taking advantage of a third-party infrastructure, technology, and channels might be suitable. Also, leading e-commerce companies are arriving in Mexico to increase the efficiency of local markets by bringing technology, experience, good practices and taking advantage of the characteristics of the country. Some sectors will **remain at the top of e-commerce, such as Transport Network companies and representative offices.**

**The B2B companies will have an important opportunity as well as logistics distribution companies that are growing considerably** after the pandemic, here the e-commerce can be favored by connecting the demand of the Mexican and US market.

The evolution we will see in the next few years is in close relationship with **omnichannel** and platform ecosystems that provide information not only about the product but about the world that the product or service supports. The Digital Boom brings growth opportunities across digital channels, with a focus on marketplaces and Social Commerce, such as WhatsApp, Facebook, and Instagram, where it is important to interact with consumers in a new scenario where the physical and digital world will be the norm.

**The present report made by the Swiss Business Hub and Horizontes Consulting shows that Mexico represents a great opportunity for the expansion of digital commerce for foreign companies derived from the size of the market, access to more than 1 billion consumers, international agreements, and the growth of digital consumption.**

## A report made by:

### THE SWISS BUSINESS HUB MÉXICO

The Swiss Business Hub Mexico is the official department of the Swiss Embassy responsible for the implementation of Swiss export strategies and the promotion of investment in Mexico. Thanks to the close relationships within the Swiss business and academic environment, the Swiss Business Hub has a select network of contacts, both in Switzerland and Mexico. Headquartered in Mexico City, the Swiss Business Hub Mexico is the local representation of Switzerland's official export promotion agency of Switzerland Global Enterprise (S-GE).

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## Introduction

This report is a contribution from the Swiss Embassy in Mexico, the Swiss Hub Mexico, and Horizontes Consulting its purpose is to promote investment opportunities for the Swiss business community.

It also seeks to support businesses in general by sharing an overview of E-Commerce in Mexico.

It is important to clarify that it is not intended to be an exhaustive reference but rather a support guide for the business community by showing the panorama on this important issue emphasizing the challenges and needs of the market after the pandemic caused by SARS Cov-2, we assisted from leaders in management in the matter, as well as experts in electronic commerce at the highest level to share key information and good practices for the business community and the reactivation of the economy for the upcoming months.



## Dynamics of E-Commerce

The drastic change in the management of business and services resulting from the pandemic impacted at a global level, pushing the business ecosystems to evolve into the digital environment, according to various experts and specialists, means an advanced of 5 years in only a few months.

## Electronic commerce at the global level

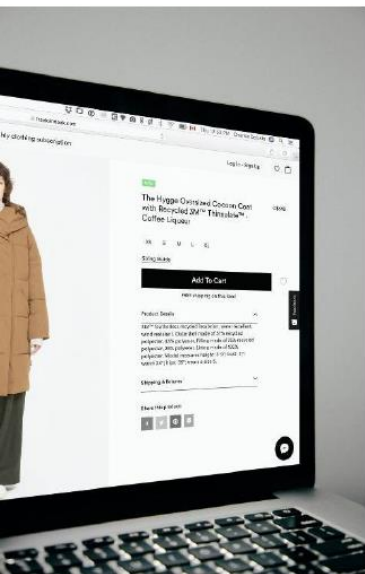
Let us start with macro data, according to the **World E-Commerce Index 2019**, E-Commerce accounted for **12.8%** of total retail sales and, by 2020 the pandemic dramatically accelerated online consumption. This accelerated growth of the sector created important opportunities in international markets, thus bringing advantages and infrastructure to meet the growing demand.

The largest region in the world that holds **46% of the global** share of the total contribution to this growth is **North America**, accounting for USD 187.392.3 trillion. **Where Mexico is one of the exponents to which it refers.**

## Changes in consumption since the pandemic

Currently, it is a time when the offer of options is growing and the availability of products online is broader, so there are more opportunities to compare. Today choosing the best option is easier and quicker.

**Mexico already tended to grow in digital purchase** since 2009, but the period of time from 2015 until today has shown the highest levels in terms of sales volume in E-Commerce, according to data from the Mexican Internet Association (2018), These expectations increased during the pandemic given the limited physical availability that existed to purchase any good or service, thus leading to a modification of acquisition towards digital channels.





## Evolution of electronic commerce in Mexico

From 2009 until June 2019, the industry value grew from 13.1 to 20.8 trillion UDS, this is the momentum that has made this sector an economic reality.

The growth of large companies is based on a market control focused on strategies of expansion applicable to consumption, which is reflected in the Mexican population.

According to AMVO (Mexican Online Sales Association), the most popular products purchased by digital channels are Food delivery (66%), Fashion (57%), and lastly Beauty and Personal Care (52%). Whereas in services, the most demanding categories are Subscription Services (83%), Mobile Telephony (78%), and Banking Services (78%).

Undoubtedly, it can be assumed that Mexicans, although they still have a 95% tendency toward physical consumption, young generations -especially in ages between 24 to 44 the economically active sectors - are already doing mostly online operations.

Concerning Latin America, Mexico is the major largest consumer of digital products, followed by Brazil. However, it is necessary to consider the size of the population in both countries, given the characteristics of the territory, it is strategically more convenient to consider Mexico when carrying out a market strategy.

**“In 2020, Mexico was forced to win a decade of years within weeks in terms of online trade and services. It is a platform for more than 1 billion consumers due to its strategic geographic position.”**

**Pierre-Claude Blaise, CEO AMVO**





## Regulatory aspects

In 2014, aligned to the governmental Telecommunications Reform, the interconnection rate decreased 84%, which was the highest reduction among OECD member countries.

In 2017, the Financial Reform emerged, which includes procedures focused on the generation of trust and transparency of the digital user, which tackled one of the main challenges in Mexico: distrust in online payments and security processes.

In 2019, the USMCA, the multilateral treaty that replaced NAFTA took place, in which more paragraphs emphasize on digital transactions. Especially paragraph 19, which refers to the protection of personal data and excludes customs duties on digital products exported or imported.

**This made it easier for all businesses to start generating cross-border transactions.**

In future years, we will be facing new challenges not only in the evolution of E-Commerce but also in key aspects that add or reduce competitiveness to economies and business ecosystems. For instance, **in Mexico, we must move forward to reduce the digital** bureaucracy, in other countries it is possible to make digital contracts and e-signatures. In general, these processes are supported by legislation with efficiency.

**Francisco Martínez, CEO ADECCO**



# *Interview*

with **Francisco**  
**Martínez**  
CEO  
**Adecco**

We definitely live in a watershed where organizations that do not adapt digitally will have an uncertain future.

Business should have plans to circumvent these eventualities through a Business Continue Operations Plan, that allows **operating under adverse situations, by moving the organization and collaborators to digital and technological processes that allow them** to be updated, mentality growth, and always a step forward.

**“We have to be flexible and resilient organizations, Home Office is not just a trend - I would rather call it **Everywhere Office** because the work can be done in a coffee shop, a hotel, or anywhere. So, it is important to **equip our teams with not only technological tools** but also let them grow inside and outside the organization.”**

**Francisco Martínez, CEO ADECCO**



## Digital Buyer Profile in Mexico

It is estimated that by 2021 the Internet penetration in our country will reach 71.9%. Currently, Mexicans from six years on have a 67% trend to digitization.

Women (53%), Men (47%) The majority, equivalent to 30%, are concentrated in ages between 25 and 34 years old, although it has been seen that there are major participation and involvement in ages from 45 years on.

**98% are smartphone users**, 53% laptop, 37% tablet and 36% desktop computers.

They are mainly located in CDMX (34%), West (19%), Southeast (15%), and Center (14%) of the country. For the most of part, they belong to socioeconomic status AB (35%), C+ (26%), and C (20%).

The digital consumer continues to recognize the benefits of online shopping beyond the price, especially because it is hard to find merchandise unavailable on other channels and the home delivery service suits their needs. The main barriers for consumers who do not use the digital channel focus on security, payment methods, and lack of information.

**Consumers consult on average 5 sources of information before purchasing online.** Search engines and multi-category sites are still the main sources of information before buying. It highlights the interest in the circle of trust through experts on video platforms, as well as the recommendations of friends/family and social networks.

It can be seen a major diversification of online consumers, this year there is greater involvement of women (53%) in contrast with men (47%). Also, more presence of segments older than 45 years. It can also be highlighted that **that 98% of buyers use their smartphones to buy online or to investigate a purchase.**

## Top 5 reasons to buy online.

- 1.- Find products not available in physical stores. (60%)
- 2.- Receive the product at home (60%)
- 3.- Save time (57%)
- 4.- Avoid crowds in physical stores (55%)
- 5.- Compare prices and varieties (55%)

## How does a consumer inform on what to buy?

On average, 5 sources are consulted before deciding. These are:

- Search engines (61%)
- Multi-category sites (58%)
- Video sites (YouTube, Vimeo, etc.) (41%)
- Recommendations from friends and family (39%)
- Social network (37%)

Habits related to searching/purchasing of a product and services on the internet remain. **56% of users claimed have bought something in the last month**, and from this group, 16% bought through a digital channel for the first time. Equally important is to mention that there is an environmental awareness and engagement of **53%, buyers are willing to recycle or reuse the product** packaging they just bought.



# *Interview* with **Edgar** **Embríz** COUNTRY MANAGER swatch<sup>®</sup>

**Before the pandemic, E-Commerce was already emerging in Mexico** in diverse degrees, depending on the product and service sector.

What should be noted is that in 2021 brands have **had a greater openness concerning large marketplaces such as Amazon and Mercado Libre**. e-retailers, for example, have shown growth for the past 5 years, and because of it, they have established a good relationship with online consumers.

There are a couple of trends that we (the companies) need to align with:

The first is one is to understand that **there are new habits that consumers did not have, so we must adjust the Business's Direction**.

As a second step, there is the recognition of an important base of **first-time digital consumers**. With these consumers, we need to continue the relationship with e-Corporate, e-Retailers, and Market Places by driving an **Omnichannel strategy**.

**Edgar Embríz. CEO SWATCH**



### Changes in post-pandemic consumption by COVID -19

After February and March 2020, the world thought that the pandemic would have ended in only 40 days, but then came the restrictions of social distancing. Who could have guessed that we would still be in the middle of it, and most important facing the third wave too?

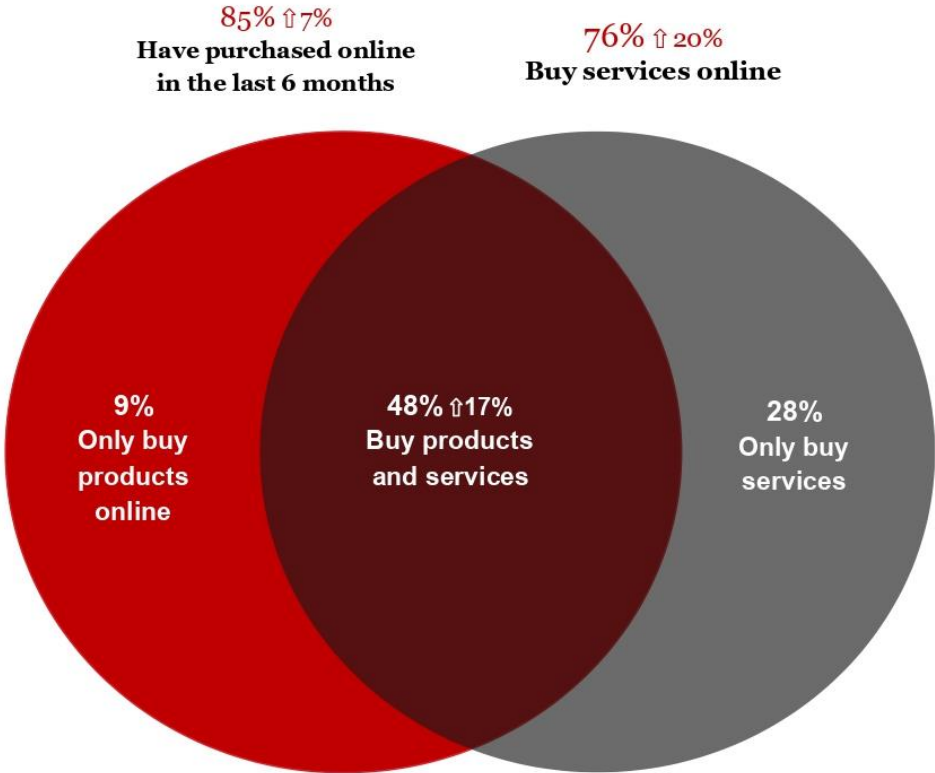
Many of the businesses were partially suspended from their regular operations, the commercial establishments were reduced only to those for basic consumption, and the streets that in the past looked crowded, today are just memories. However, Mexicans have always been characterized by their ability to move forward despite adversities.

After the onset of the quarantine caused by COVID-19, e-commerce in Mexico saw an increase of 85% in 2020 as a result of the prolonged confinement. Purchases done by consumers have mainly moved to the companies' marketplaces and are expected to grow rapidly in at least for the upcoming 5 years in the Mexican market.

The most widely used search engines for shopping or compare products are:

- Google 85%
- Yahoo 8%
- Mozilla 5 %
- FireFox 1%

Bellow, it can be observed the change in the consumption of consumers after the pandemic.





# Interview

with **Antonio**

**Díaz**

CEO



We already had a forced entrance; with this learning, **we have to jump into the digital wave and plan on a short-term horizon** so that businesses can move forward and faster in the period of economic recovery.

**In Mexico, there is a lot of opportunities to launch better e-commerce solutions concerning Financial Services.**

E-Commerce will work well as there is confidence in customers, that is why we must **make sure to align suppliers, processes, and platforms into the correct functioning to ensure** the delivery of constant value through a pleasant experience for customers.

"The learning for 2021 is that our organizations will have to **operate under hybrid models, that is, physical and digital operations.** For this reason, we must start polishing it at all levels (channels, platforms, and applications) to give a comprehensive experience."

**Antonio Díaz, CEO UBS**



## Companies that are promoting large-scale initiatives in Mexico

According to the demand in having an interface more aligned with the need of customers in diverse segments, the opportunity has been opened to large corporations to make a presence in the Mexican market. For instance, the case of Uber or Didi which quickly positioned themselves in the public's preference, addressing the need for a reliable and safe means of transport in contrast to what already exists.

After the pandemic, although the usual activities were drastically reduced, the sanitary emergency paved the way for other competitors that facilitated the daily work, such as Rappi, Corner Shop, and I-Voy, which also helped to link small businesses with digital applications. As a result, they kept small companies afloat

E-Commerce allows customers to buy goods and services through an interactive and self-service experience.

It includes the people, processes, and technologies to implement the content offering of development, analysis, promotion, pricing, customer acquisition, and retention, and customer experience at all points of contact throughout the customer's purchase process.

To successfully measure trends and determine changes for a returning or recommending customer, you must take time to monitor digital metrics.

e-commerce is still evolving and can have different mixtures, as the following example shows:

## What is E-Commerce?

E-Commerce is the distribution, sale, purchase, marketing, and provision of product or service information over the internet. Is important to identify how e-commerce can help the business grow.

The **Physical/ Electronic, 100% Electronic, and Online Marketplace** businesses are commonly classified according to the relationship between the participating entities. Some examples are:

- B2C (Business-to-Consumer):**  
Companies that sell to the **public**.
- B2B (Business-to-Business):**  
Companies doing business with **each other**.
- B2G (Business-to-Government):**  
Companies that sell to **government institutions**.
- C2C (Consumer-to-Consumer):**  
**Consumers buy and sell each other**.

## Business classification from the e-commerce/ sales channel perspective.

### Physical (Without e-commerce)

Companies that carry out most of their offline business  
Selling physical products on physical channels

### 100% electronic

Organizations that carry out their business activities 100% online and have no link with physical channels

### Physical / Digital

Organizations that carry out part of their online business but have a significant part of their business in the "physical world"

### Online Market (C2C)

Electronic platforms where buyers and sellers exchange products and services, information, etc.



**“Thanks to e-commerce we can watch the world showcase from home”.**  
**Francisco Martínez, CEO AdeccoGroup**



## Elements that accelerate digital conversion in Mexico:

- 1. Diversification of markets:** The strategy of diversification of markets towards international trade networks is driving the volume of transactions and invoicing, making a virtuous cycle, since more companies come to participate in a growing economy.
- 2. Services Homologation:** Alibaba is an example of it as a platform for C2C, B2C, and B2B commercial services. Today it also offers web portals, electronic payment services - like Alipay (a service like Paypal) - search engines for purchases, and cloud computing services, thus achieving a decrease in payments to third parties that are entering Mexico to strengthen the online offer.
- 3. Technological infrastructure:** The growth of e-commerce is causally related to the penetration of internet, smartphones, and digital channel technologies. In this case, Mexico has benefited from using technology from several global players that bring their best solutions that ease the entire ecosystem.
- 4. Market Strategies:** Market strategies as the "Buen fin" is a simile of Black Friday, celebrated on the fourth Thursday of November in the USA. Or the "Hot Sale" similar to Cyber Monday, in Mexico, is the biggest online consumer event surpassing the Buen fin that is physical and digital, or even the Christmas weekend.

## How is E-Commerce in Mexico?

While e-commerce is growing quite noticeably around the world, in Mexico its evolution is increasing rapidly, mainly due to **high penetration of mobile and smart devices**, as well as greater **confidence in the security of digital channels**.

## Top E-retails in México

The 3 companies that lead the digital shopping environment within the country:



## Purchase Frequency

Another element that has been evolving in the market is the increase in the frequency of online purchases. These are the frequencies in 2020:

<b>Weekly</b>	<b>38%</b>
<b>Monthly</b>	<b>34%</b>
<b>Once every 2–5 months</b>	<b>16%</b>
<b>Twice a year</b>	<b>5%</b>
<b>Annually</b>	<b>7%</b>





# *Interview* with **Patrick** **Font**

CEO  
  
ZURICH

We live in a time where business must have **a strong digital interaction**, not only in e-commerce channels. But, close to our teams, suppliers, distributors, and most importantly our customers. This makes the **digital relationship organically stronger into a direct and indirect impact on online sales.**

**Companies right now must develop a lot of prudence, have more planning, and be flexible to find a balance that allows us to grow.**

"The interaction of our brands in a digital way is key to strengthen the relationship of the brand that has a direct impact on online sales".

**Patrick Font, CEO Zurich**



## Hybrid businesses: Challenges in the evolution of the Mexican ecosystem.

One of the great challenges that Horizontes Consulting sees is the division of **areas in marketing and sales** in many organizations that in the past were little or nothing linked. Nowadays **in a digital environment, both areas have to collaborate and act as one** to focus on a strong market and have a high conversion rate in both, online and physical sales.

In many cases, the influence of the digital may cause the merge of these two areas into a single continuous activity from initial knowledge to commitment, conversion, transaction, and repeated purchase. Marketing specialists can now link spending and revenue.

On the other hand, there is the **challenge of turning businesses into "hybrid businesses"** that is necessary to ensure the survival in medium-term and this is where the competition will intensify.

Hybrid business models are businesses that combine different processes, services, channels, and technologies in one place to offer a different, more efficient, and complete consumer choice for customers.

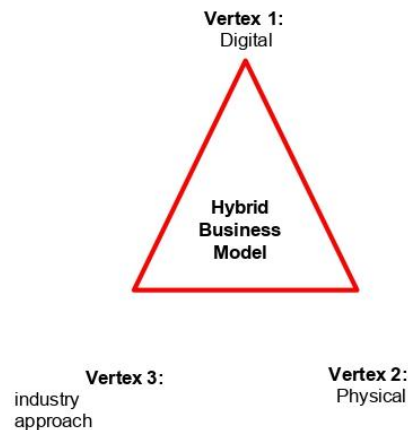
Now and in the following post-COVID-19 era there will be companies that will focus on meeting Alvaro Rattine's health satisfaction triangle. In the first vertex, the digital service must be attended, in the second the physique, and in the third state the health of the brand.

To better understand this triangle, it is useful to think about Amazon Go stores, where the consumer can place the order from home (the first vertex is completed), it is also possible to go to the store to purchase (second axis) and finally at the store you can buy without touching anything other than the product since there are no collection points (third axis).

## Business Figital

One of the biggest challenges during the pandemic was to maintain the level of sales because of the health emergency and restrictions on the opening of physical businesses if they did not cover the characteristic of being of primary need.

Having a hybrid business with a presence in the digital plane as solid as in the physical and with a marketing plan that has the virtual scope that is required, mainly in social networks and landing pages attractive to consumers can be a guarantee that the level of sales does not fall so drastically or jeopardizing the business.



The evolution that we will see in the following years is in close relationship with omnichannel and platform ecosystems that allow: to provide information not only about the product but about a world that the product or service supports. For example, talking about benefits in the category to interact with the point of sale and amplify the on-line and off-line experience where technologies like VR, AR and at the same time physical packaging play a complementary role and both very important.

**"The recommendation is to work on MVPs, test, analyze and keep going. Be agile, do not get stuck with perfection".**

**Estela Díaz. Customer Mangement. Nestlé**

## Case of a medium-sized enterprise: Ben & Frank



BEN & FRANK

They are more than just an online glasses sales channel. We have to use existing platforms and learn from this new way of selling.



### Digital Native Vertical Brands.

They are businesses or brands that attack traditional industries, rethinking the supply of value that you have in the category. They are characterized by 3 aspects:

1. **Sells online.** This allows you to reduce the cost of payment you would have to make for trading in physical.
2. **Reduce** the complexity of the operation. With few SKUs and have better costs and improves your operating times.
3. **Reduce the number of intermediaries.** It has a direct impact in reducing costs and these efficiencies are reinvested in increasing the value of the product or service.
  - Find designers who provide designs innovative lenses.
  - Delivery times and schemes.
  - Satisfaction guarantees.

**In general offering good and accessible products and services that leverage a superior experience that allows today's technology and channels E-Commerce.**

It is important to note that many brands were successful in increasing their E-Commerce sales due to the restrictions of the pandemic. But not Ben & Frank, who was already a hit since 2016. In Mexico, 30 million lenses are sold per year and the Mexican brand Ben & Frank is a clear example of how to win on E-Commerce, its case is of relevance because it grew in this channel before the pandemic. Here is a little bit of their story:

“E-commerce has many barriers, you need to create a brand that people find attractive and not just lenses”. Mariana Castillo, CEO, and co-founder of Ben & Frank.

In August 2015, Ben & Frank launched their first lenses. A year later, they sold 7,000 units under a dynamic where the customers place their orders online based on their specifications. After receiving it, Ben & Frank send a box to the customers so they can choose a framed glass out of four. While doing so, the client must leave a guarantee with a similar amount of the price of the lenses. Once all this is done, the mica and graduation are chosen so the order can be finally placed and then send the product to the client.

From the boxes they send, according to information shared by Ben & Frank, more than 90% of orders are translated into effective purchases and, 30% of customers buy a second pair.

They currently have an association with 40 ophthalmologists who assess an eye exam in more than 60 different points. After overcoming those challenges, this lens brand captures customers through digital marketing and social media.

**“It is not just selling online, it is re-thinking the value delivery of the whole Business.”**



## Trends in e-commerce:

Some of the trends that are important to keep on the radar when adapting the business to a hybrid model are:

1. **Visual commerce:** Trend in augmented reality systems and 3D "rendering" of their products, use of data and consumption habits to generate accurate recommendations.
2. **Customization:** Use of data and consumption habits to generate accurate recommendations.
3. **Privacy and trust:** Personal data protection policies such as added value and competitive differentiation.
4. **Unified trade:** Diversification of channels and integration of experience for digital consumption.
5. **"Tot Commerce" trade:** Develop new communication strategies and strengthen with this technology websites and outlets.
6. **b2b differentiation:** Redefine added value as a competitive advantage strategy.
7. **Subscription models:** Benefit strategies (discounts) for recurring products.
8. **Customer analysis:** Analysis of consumer behavior as a priority investment.
9. **Artificial intelligence:** Use of specialized software for objective decision making.

"The Digital Boom brings growth opportunities in different digital channels, with emphasis on **Social Commerce**, such as WhatsApp, Facebook, and Instagram. It is important to engage with consumers in a new scenario where the Digital world will be the norm."

**Miriam Mendoza,  
Communication.  
Nestlé**

### C2C commerce in Mexico

Another factor that is important to consider within the Mexican economic dynamic is the informality of the economy, more than 50% of the EAP (Economic Active Population) operates in an unregulated manner, it can also be seen that even though such informality that is not under the government control is gradually migrating to some digital platforms, mainly social media marketplaces.

**A clear example of a C2C market in Mexico is the use of Social e-commerce like Facebook's marketplace to offer products.**

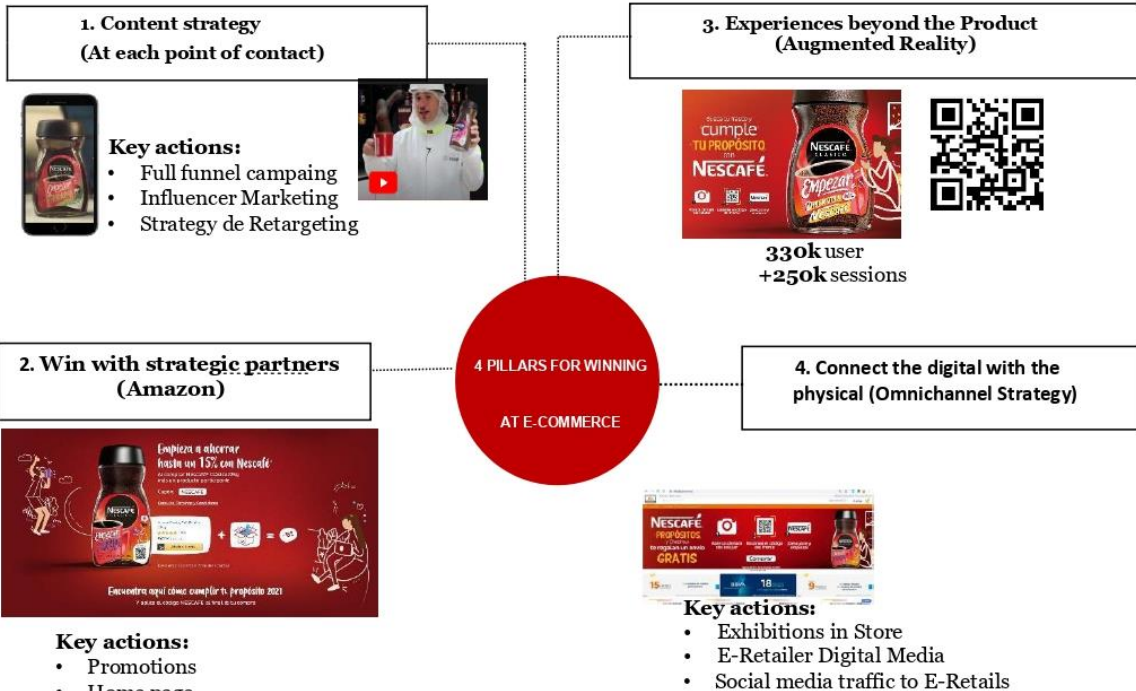
## Case: Purposes NESCAFÉ 2021. Connecting with your goals.



NESCAFÉ

**CHALLENGE:** Position the idea of the brand: "It all starts with a NESCAFÉ" increasing the relevance and the engagement among millennials. Passing from a traditional brand to a modern brand.

**IDEA:** Help Mexicans achieve their New Year's resolutions and print out the best resolutions in Mexico in 15 million jars.



The NESCAFÉ team took on the task of establishing a connection with its consumers during the pandemic period through an omnichannel campaign called: **NESCAFÉ Purposes** that empowers consumers to pursue their best version.

Setting resolutions at the beginning of the year is a tradition that has accompanied us from generation to generation, the big challenge is how to take this and help each consumer to achieve it. The link done through tools such as a QR Code allows customers to access quickly and adapt each of the applications used towards the fulfillment of goals.

### Recommendations from NESCAFÉ's team to act with determination in E-Commerce:

1. Consider elements of the context of what the consumer is going through.
2. Leverage through alliances.
3. Use technology to amplify the message (apps, augmented reality, etc.)
4. Initiatives designed in omnichannel.
5. Use influencer marketing.
6. Align the value with your distributors.
7. Connect your product/service with platforms.
8. Use Social Commerce (Instagram, Facebook, YouTube)

**María Delia Rodríguez,**  
Digital Marketing Manager, Nestlé



## Interview

with **Julieta**

# Loaiza

VP DE MARKETING,



Customers already had a previous presence in online shopping, although it is also accelerated by small retailers. On the other hand, there are large delivery services such as Rappi, Uber Eats and, Corner Shop, just to mention some of them that work as a shelf so we as a company can position our products and brands. This should be the first step for companies that are steepening into e-commerce.

Peer players are beginning to gain more relevance in the development of marketplaces derived from the breadth of these channels since in the physical world things are limited by space, while the digital world is very wide and is open to anyone, giving place to competition and encouraging brands and SMEs.

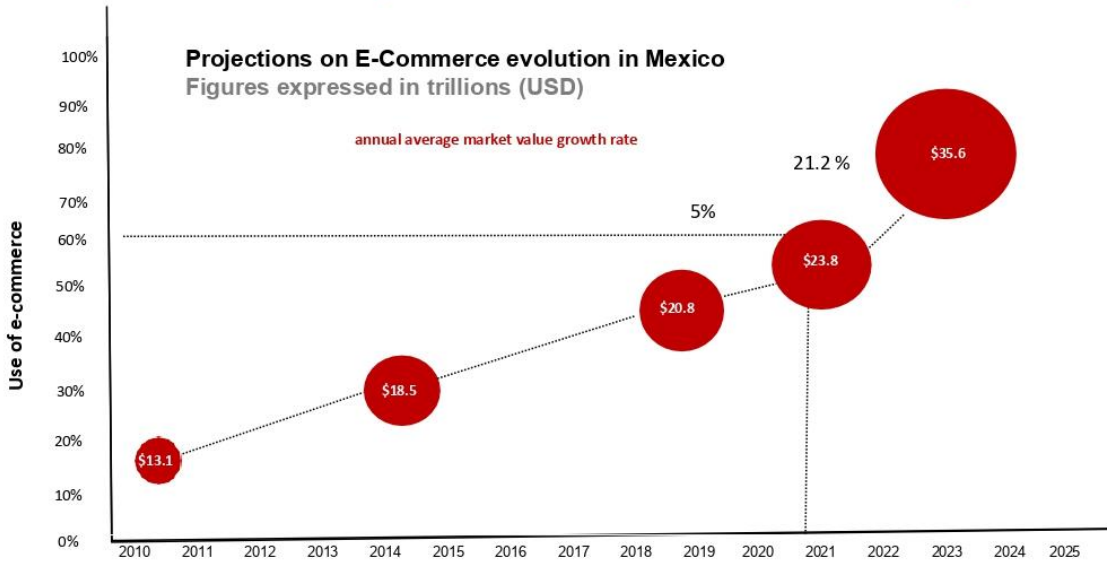
It is important to be more agile and effective. The world is now one of those who dare to gamble. Digital transformation helps us to maintain the competitiveness and leadership of our brands.

**The strength comes from our geographical location and the fact that Mexicans are creative and pragmatic.** I Recommend you to work with Influencers to align products and brand values to connect with target customers.

**Julieta Loaiza, VP de Marketing, Nestlé**



### Perspectives for the Mexican market in the next years



Directional results of the evaluations of the various brands and experts who provided their opinion in this report, considering internet penetration, smartphone penetration, access to low- and middle-income NSE, and first-time buyers in the pandemic. With information from INEGI, SE, AMAI, OECD.

● Bubble size represents the market value

**In 5 years we expect the professionalization of large and medium enterprises in the ecosystem,** as well as a growing number of specialized brands for very particular niches of very marked trends in consumers, such as food and pet items.

A major effort will have to be made to add more SMEs, as well as to improve financial inclusion which is the first barrier to online sales in Mexico.



# Interview

## with Pierre-Claude Blaise

CEO



One of the strengths of the E-Commerce ecosystem that Mexico's strategic position brings the arrival of leading **companies with good practices and therefore, there is a substantial improvement in services.** Besides, types of payment and access to credit allow for constant growth. You get a competitive ecosystem by having players who are not in other countries like Rappi or Cornershop to name a few.

**Mexico's opportunity is intricately linked to taking advantage of the technological leapfrogging** that has not been achieved yet, whereas our neighbors have already overcome it. So, the developments and improvements come at a lower cost these must be taken as an advantage to boost the e-commerce in companies operating in Mexico.

**AMVO organizes the HOT SALE every year during the last week of May and, is the most relevant event on e-commerce. It sells more than "El buen fin" or even Christmas.** As a result of this increase in digital commerce, sectoral initiatives such as HOT FASHION and HOT TRAVEL have also been launched.

**The growth of e-commerce is largely explained by the use and penetration of smartphones, which is over 90%** so the growth rate is expected to increase significantly in the next 5 years due to the arrival of the most important players in the world being considered Mexico as a strategic market.

**Pierre-Claude Blaise, CEO AMVO**





## Challenges in the Mexican market

Even though the market and domestic regulations have contributed to the growth and facilitated access to e-commerce since the first decade of 2000, there still are challenges in Mexico that need to be considered while formulating a strategy:

### 1. Wage gap.

Low income and high economic inequality challenge the commercial industries.

### 2. Limited technological infrastructure.

Although the largest concentration of people is found in surrounding areas, the network system on the periphery is often insufficient. The ratio of Internet access in urban-rural areas differs by 28.9 %, reflecting 76.6 % in urban areas and 47.7 percent in rural areas.

### 3. Informal markets.

There is a big gap in terms of informality, it is estimated that at least 50% of the EAP in Mexico is informal, therefore it is more difficult to access these clients.

### 4. Cybersecurity.

The prevalence of mistrust for online banking instruments remains since there is an educational gap between financial and technological matters. Also, digital crime and the lack of regulation on cybercrime pose risks in the operation of businesses.





## Recommendations

1. **Consider the trend that online shoppers move to acquire better experiences, weighing aspects such as efficiency, immediacy, and safety.** As a result, 2021 will give greater openness to omnichannel. A model that many retailers have begun to adopt in their processes, integrating and homogenizing across all transaction routes, eliminating barriers, and personalizing consumer experiences concerning the customer profile.
2. The rapid growth of the Mexican market is related to the penetration of smartphones, a factor to consider in e-commerce strategies.
3. Some sectors will stay at the **top of E-Commerce; such as Transport Network companies and logistic distribution representation offices that are growing considerably.** After the pandemic trade will be favored by connecting the demand of the Mexican and US markets.
4. About devices and online transaction channels, websites continue as the first contact with a customer reference, however, **input applications - native and progressive - are gaining ground.**
5. **B2B companies will have an important opportunity** as they are more involved in purchasing. Payment methods are more personalized, and shipments are adjusted according to the needs of the company.
6. People in Mexico were a little afraid of e-commerce, but the arrival of **Amazon has improved the confidence** and it has been a key player, another thing we will see **is that people buy for convenience rather than price.**
7. Rethinking business models and **adapting to new trends is mandatory and the specific recommendation is that companies must be trained in e-commerce, digital marketing, logistics processes, online customer service, etc.**
8. **SMEs play a key role, and they must align with the trend.** SME's should know that this is easier than they think since in most cases there is no need to get sophisticated software developments but to take advantage of the infrastructure, technology, and channels offered by a third party.
9. **Mexico represents a great opportunity for the expansion of digital commerce for foreign companies derived from the size of the market, it offers access to more than 1,000 million consumers, international agreements, and the growth of digital consumption.**



### Sources:

For an overview of the E-Commerce situation in Mexico, we use the following sources:

- Internet Association MX. Internet user habits for 2018, 2019 and 2020
- Asociación Mexicana De Agencias De Inteligencia De Mercado Y Opinión Pública
- Asociación Mexicana de Ventas Online. Big Commerce. Get to Know Your Audience and Keep Them Interested with Digital Commerce Strategies (2020)
- Bringing SME's onto the e-commerce Highway of International Trade Center.
- eMarketer, e-commerce.
- El Comercio Electrónico. Universidad de la Coruña (2015)
- Forbes. e-commerce brands.
- Global Web Index's flagship report on the latest trends in commerce (2020) Global Web Index
- IAB in collaboration with KANTAR (2019). Study of media and device consumption among Mexican Internet users.
- Internet World Stats, 2020, 2019; CACE, 2019; CCS, 2019; Date, 2019;
- Marketing 2.0. Hybrid companies. The health satisfaction triangle.
- CCCE E-commerce Observatory, 2019.
- OECD. Perspectives on the Digital Economy 2017.
- Panorama of Electronic Commerce. Policies, Trends and Business Models (2019)
- Seminario Visa e-commerce. Statista, 2019. Internet Penetration, e-commerce
- Worldwide Retail e-commerce sales: eMarketer's Updated Estimates and Forecast Through 2019.
- Worldline, 2018 and Internet World Stats, 2020.

## We thank the organizations that contributed to this report:

### ADECCO

It is the leading Human Resources organization in the world with 28 years of experience in the Mexican market. It offers solutions of human capital: temporary personnel, permanent placement, professional transition, retraining, and talent development, as well as outsourcing and consulting services.

[www.adecco.com](http://www.adecco.com)

### AMVO

The Asociación Mexicana de Venta Online (AMVO) is a non-profit civil organization established in 2014. They currently comprise 410 companies forming part of the partnership. Its mission is to encourage, support, and promote the development and expansion of e-commerce and the digital economy in Mexico.

[www.amvo.org.mx](http://www.amvo.org.mx)

### NESTLÉ

Nestlé is the world's leading food and beverage brand, its goal is to develop the full power of food to improve the quality of life, today and for future generations.

[www.nestle.com](http://www.nestle.com)

### UBS

It is one of the largest asset managers in the world and belongs to the group of 29 main banks classified by the International Financial Stability Board (FSB) as financial institutions of systemic importance. They specialize in wealth management services, financial advice, and investment strategies.

[www.ubs.com](http://www.ubs.com)

### SWATCH

Swatch is a Swiss watch group as well as a Swiss watch company. Created in the 1980s, the group brings together most of Switzerland's watch manufacturers and has since become the industry's largest company worldwide.

<https://shop.swatch.com>

### ZURICH

Zurich Insurance Group (Zurich) is a leading multi-channel insurer that provides services to its customers on a global and local level. With nearly 53,000 employees, it offers a wide range of heritage and life insurance products and services in more than 210 countries and territories.

<https://www.zurich.com/>

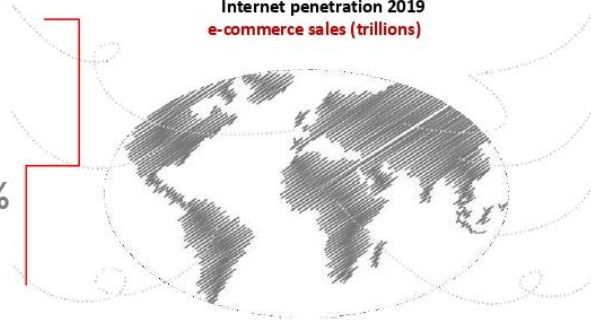
## e-commerce opportunities for Swiss companies in Mexico

North America **46%**

81.1%  
\$187,392

### e-commerce World

Internet penetration 2019  
e-commerce sales (trillions)



12% Europe

93.8%  
\$47,708

Asia-Pacific, Greater

40% China

65.8%  
\$162,634

America **2%**

70%  
\$8,402

1.3% Middle East

79.3%  
\$5,223

Access to e-commerce for more than 1 billion people.

Mexico population 2030 150 million.

Average annual growth rate **5.7%** (2009 -2019).

Projected average annual growth rate. **21.1%** (2021 -2025).

### Top preferred e-commerce products



Electronics and contents



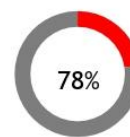
Fashion



Beauty and personal care



Subscriptions



Mobile Phone



Baking services

#### Products



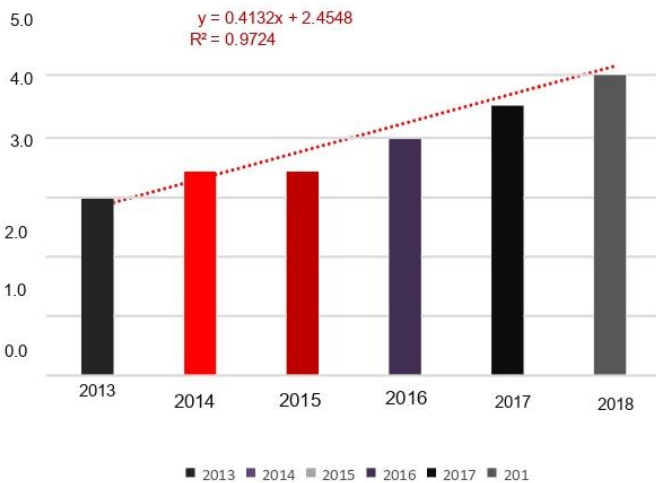
#### Services



## Growth of e-commerce in Mexico

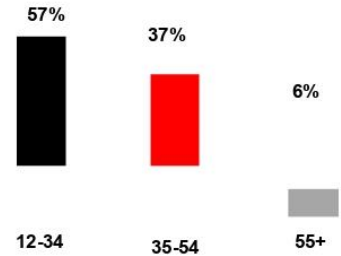
It should be noted that the percentage growth has been linear in recent years, it is estimated that the increase will be exponential based on the context in which it is currently developing.

### Percentage share of GDP



## Mexican consumer profile

### Age



### Gender

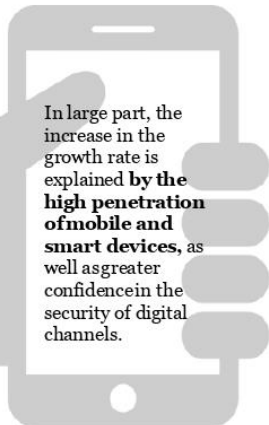


### Trust

8 out of 10 buyers are satisfied with their purchases.

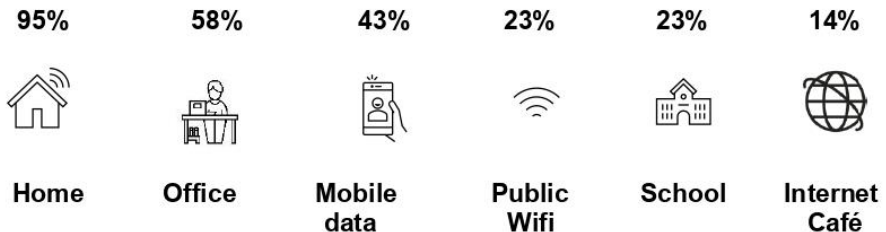
### Delivery

2 out of 10 Market.



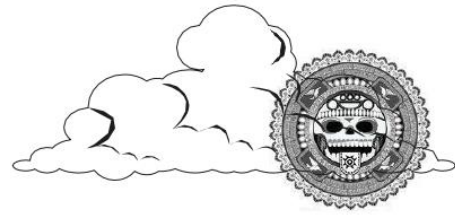
In large part, the increase in the growth rate is explained by the high penetration of mobile and smart devices, as well as greater confidence in the security of digital channels.

## Connecting locations

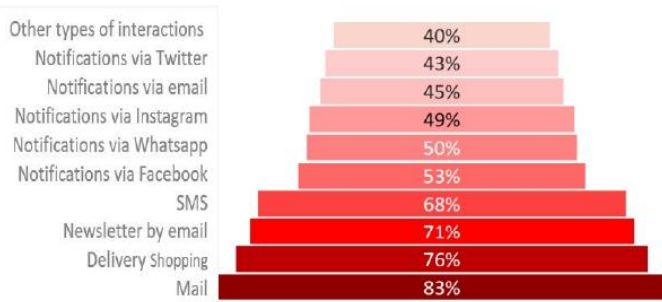


## Market dynamics

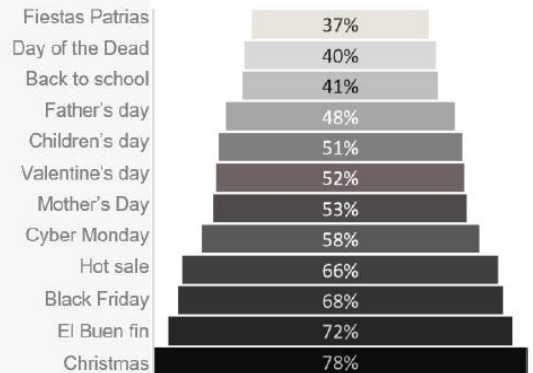
One key to understanding how to penetrate the Mexican market is to stick to their traditions and characteristics in which they operate to generate an effective marketing strategy.



### Platforms with greater advertising engagement



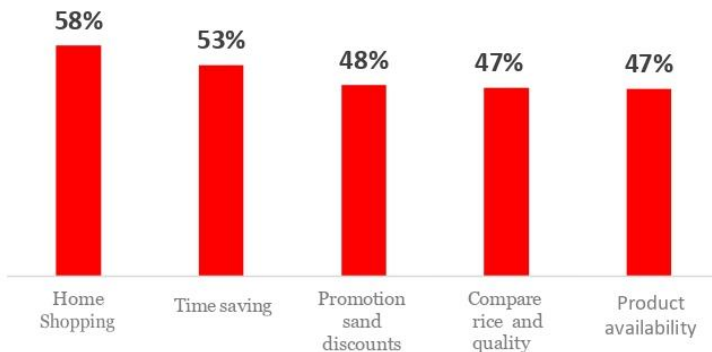
### Peak season in shopping



**Email** as the main way to interact with online shoppers in Mexico, almost 6 out of 10 emails are effective followed by SMS. Social media also play an important role in the interaction between businesses and buyers, 59% acknowledge having interacted to the advertisement of product in a platform.

The **Buen Fin** is positioned as the most relevant temporality after Christmas for buyers, Cyber Monday highlights with an increase of 30% compared to 2018.

### Reasons for purchase

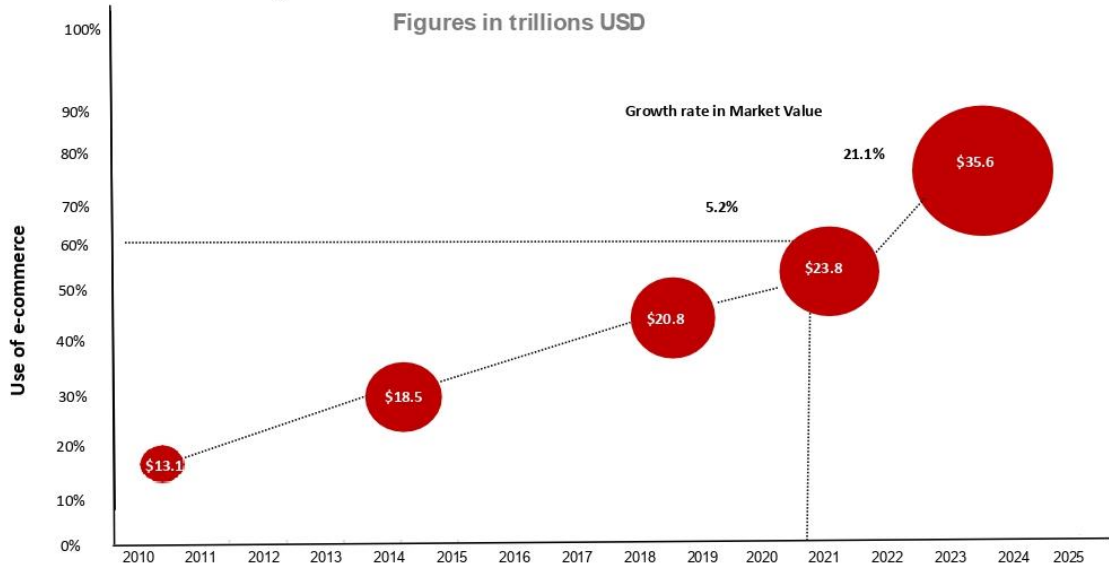


Mexicans do not just trust on E-Commerce, it is already a regular activity, with nearly three-quarters of people buying at least once a month.



## Prospects for the Mexican market

### Projections of evolution on e-commerce in Mexico

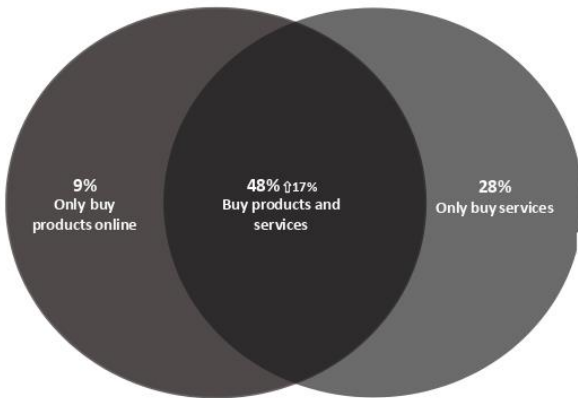


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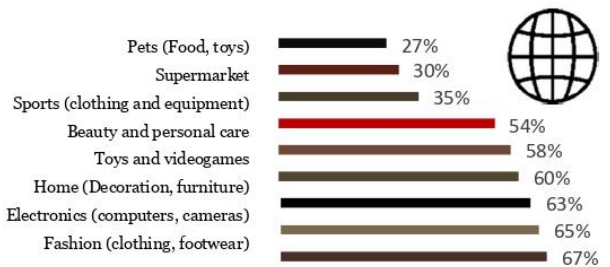
● Bubble size represents the market value.

**85%** ↑7%  
Have purchased online in the last 6 months.

**76%** ↑20%  
Buy services online.



### Purchase of the line of products



### Top e-commerce retailers in Mexico





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