



# MEXICO

Insights into e-commerce,  
mobile app purchasing  
and digital subscriptions

July 2019



# Key Data Points on Mexican E-Commerce

**Totaling \$29 bn** in 2018, Mexico's e-commerce market has grown thanks to the proliferation of alternative payment methods.

**Only 33%** of Mexicans prefer a **credit card** when shopping online—this is lower than in Brazil, Colombia, Chile and Argentina.



## Debit

is the preferred payment method of **36%** of Mexican e-shoppers



**PayPal** ranks highest in Mexico than any other surveyed market\*\*

(preferred payment method of 12% of e-shoppers)



\*\* These include Mexico, Brazil, Colombia, Chile and Argentina.

Q: What is your preferred payment method when shopping online?

\* Includes cash-on-delivery, direct carrier billing and miscellaneous e-wallets



# Shopping habits and payment methods

Mexicans are more active e-commerce shoppers than Brazilians.



**58%** of them shop online at least once a month (compared to 44% in Brazil)

How often do you shop online?



And they use multiple payment methods, which vary by product category.



Recent online **payment methods** by category



Clothing



Beauty



Video Streaming



In-app purchases

Payment Method	Clothing	Beauty	Video Streaming	In-app purchases
Credit Card	35%	26%	35%	30%
Debit Card	40%	49%	44%	43%
Prepaid Card	0%	4%	5%	8%
PayPal	14%	14%	9%	10%
Cash Voucher	5%	0%	0%	3%
Other	6%*	7%*	7%**	6%**

Q: For each of the following product categories, when making your last online purchase, which payment method did you use?

\* Mostly cash-on-delivery

\*\* E-wallets, pin numbers and direct-carrier-billing

# Digital services and subscriptions

Top **digital subscription services** in Mexico

**NETFLIX**



**Claro-video**



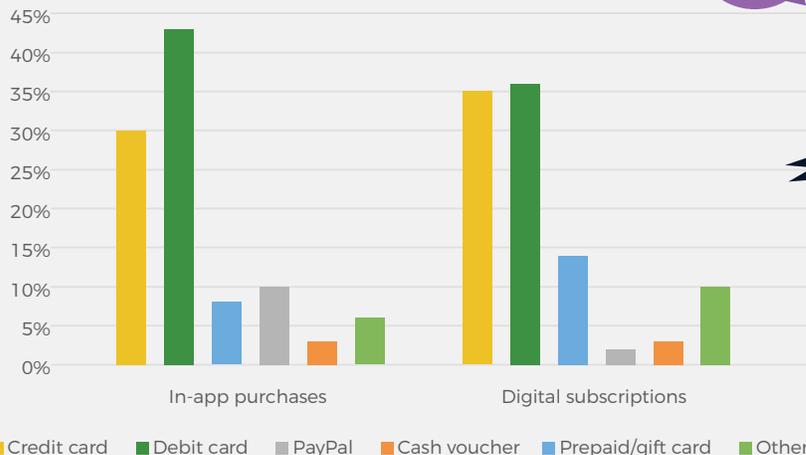
**79%** of online shoppers subscribe to **at least one digital service**

**8%** subscribe to three or more

## Preferred payment method by online purchase type



**Debit Cards** exceed credit cards even for digital goods and subscriptions



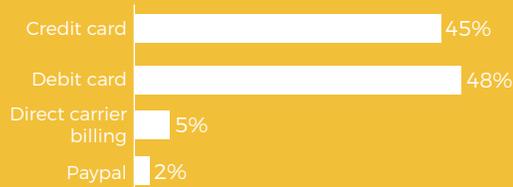
**Prepaid cards** are a popular choice for digital subscriptions



# Digital subscribers

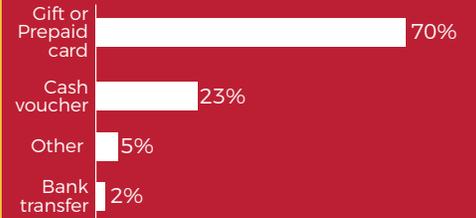
**70%** use automatic recurring payments

Preferred payment method



**30%** prepay

Preferred payment method

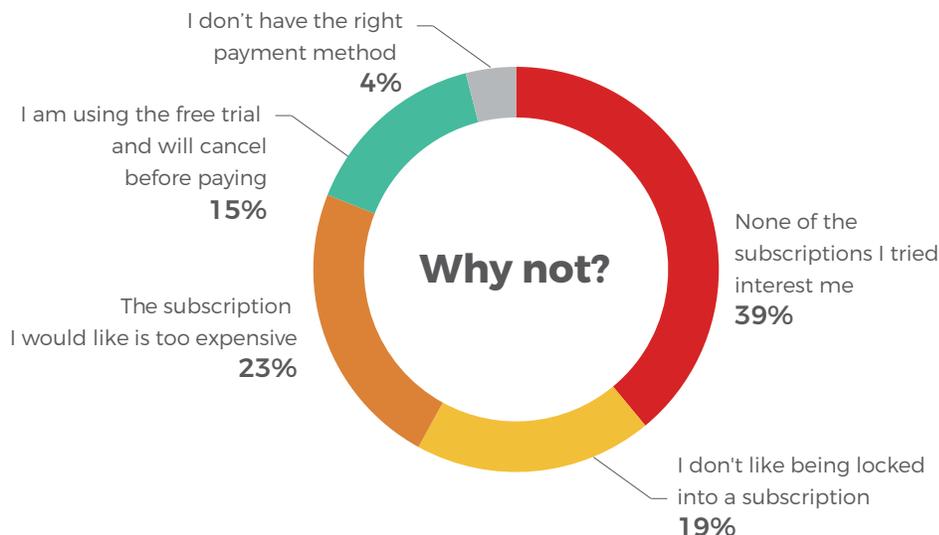


Q: When paying for a digital service, do you pay via automatic recurring payment, or do you prepay? In each case, which payment method do you prefer?

**33%** of prepaying subscribers purchase just **one month** of service at a time.

Alternatively, **29%** pay for **12 months** in advance.

**6** out of **10** consumers who downloaded an app in the last 6 months **did not upgrade to a paid subscription**



# Interpreting the data

Mexico's e-commerce market has ballooned in recent years, thanks to the entrance of international players like Amazon and Uber, the success of payment enablers like PayPal, MercadoPago and Conekta, and the growth of payment methods preferred by the middle class, particularly debit cards.

Debit has become the #1 preferred payment method of Mexicans shopping online, setting it apart from most other markets in the region, where credit cards prevail. **To win in Mexico, e-commerce merchants must develop a payment strategy that includes debit cards and alternative payment methods**, considering that only 10% of Mexican adults own a credit card.<sup>1</sup>

The data show that thanks to the enablement of debit and other payment methods like PayPal and gift cards, Mexicans have become avid e-commerce shoppers, even more active than their Brazilian neighbors. **For digital goods, for which cash-based vouchers and cash-on-delivery are not practical, Mexicans have embraced prepaid cards and direct carrier billing as alternatives.** These payment methods are critical to empowering Mexican consumers to take part in the digital economy and subscription services.

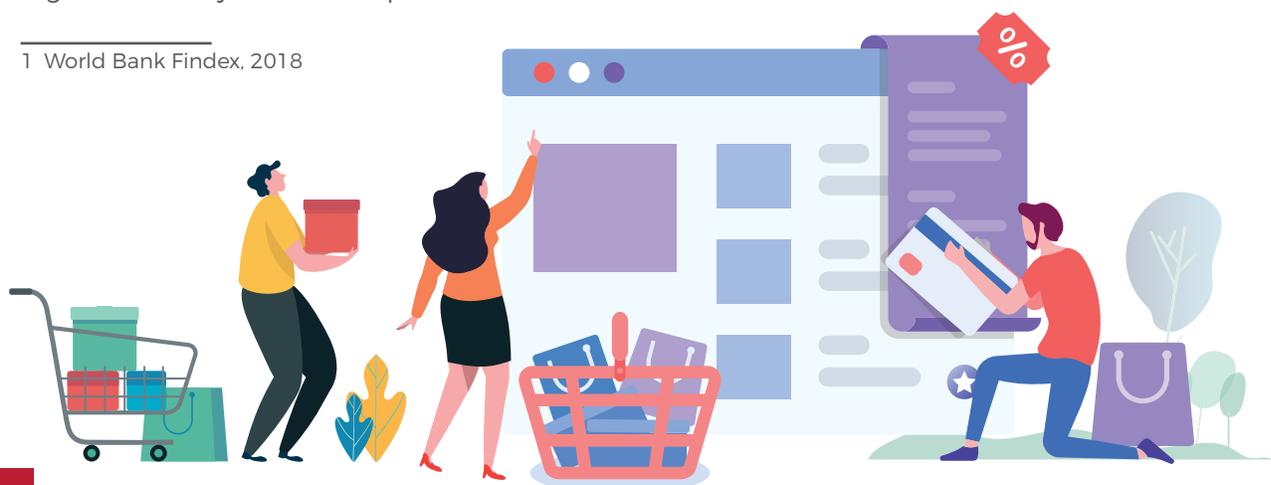
Subscription-based merchants wanting to succeed in Mexico must consider payment models and products well-suited to the pre-paying customer, which represents 30% of subscription service buyers. Of these, 33% purchase just one month in advance, while another 29% purchase an entire year at one time. **Merchants should get creative about developing packages and features customized to these consumer niches.** Recurring credit card purchases are only utilized by 32% of subscription customers.

**Mexico's e-commerce market will continue to grow 20% annually over the next 24 months.** Merchants offering a wide variety of non-credit card payment methods and payment options will be the most successful.

## Methodology notes

The data in this report come from an online consumer survey conducted in 2018 of 600 Mexicans who reported having made an e-commerce purchase in the last six months.

<sup>1</sup> World Bank Findex, 2018



# About Americas Market Intelligence (AMI)



## AMI is the leading independent market intelligence provider in Latin America.

In a rapidly evolving ecosystem, companies need a clear, objective analysis of what's happening in the payments industry in Latin America.

That is precisely what AMI's payments practice provides to financial institutions, merchants, payments gateways and others trying to navigate profitably through Latin American markets.

With 400+ payments sector consulting engagements conducted in Latin America over the last 20 years, AMI's payment sector knowledge and experience is unmatched.

## AMI Payments Industry Verticals

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- Credit, debit, corporate and prepaid cards
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- Contactless & EMV
- QR codes and POS systems
- P2P and low-value transactions
- ACH and real-time payments
- Mass payouts
- Payments innovation & fintech



## Lindsay Lehr Payments Practice Leader

- Ten years analyzing LAC markets
- Recognized LAC payments thought leader, author and public speaker
- Led 100+ payments studies
- Fluent in English, Spanish and Portuguese

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that unlock opportunities in Latin America**