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)

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

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

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

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

### How often do you shop online?

- Once a year: 13%
- Every 6 months: 9%
- Every 3 months: 20%
- Monthly: 36%
- Every 15 days: 15%
- Weekly: 7%

### Recent online payment methods by category

<table>
<thead>
<tr>
<th>Category</th>
<th>Clothing</th>
<th>Beauty</th>
<th>Video Streaming</th>
<th>In-app purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Card</td>
<td>35%</td>
<td>26%</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>Debit Card</td>
<td>40%</td>
<td>49%</td>
<td>44%</td>
<td>43%</td>
</tr>
<tr>
<td>Prepaid Card</td>
<td>0%</td>
<td>4%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>PayPal</td>
<td>14%</td>
<td>14%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Cash Voucher</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>6%*</td>
<td>7%*</td>
<td>7%**</td>
<td>6%**</td>
</tr>
</tbody>
</table>

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

Spotify

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

Credit card
Debit card
PayPal
Cash voucher
Prepaid/gift card
Other
Digital subscribers

70% use automatic recurring payments

Preferred payment method

- Credit card: 45%
- Debit card: 48%
- Direct carrier billing: 5%
- PayPal: 2%

30% prepay

Preferred payment method

- Gift or prepaid card: 70%
- Cash voucher: 23%
- Other: 5%
- Bank transfer: 2%

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

Why not?

- I don’t have the right payment method: 4%
- I am using the free trial and will cancel before paying: 15%
- None of the subscriptions I tried interest me: 39%
- The subscription I would like is too expensive: 23%
- I don’t like being locked into a subscription: 19%

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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 methods by 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.¹

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.

¹ World Bank Findex, 2018

**Methodology notes**

The data in this report come from an online consumer survey conducted in 2018 of 611 Mexicans who reported having made an e-commerce purchase in the last six months.
About Americas Market Intelligence (AMI)

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- Payments innovation & fintech

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Market insights that unlock opportunities in Latin America