

2024 Online Retail Report

Focus on the Brazilian Market

In recent years, the Brazilian e-commerce market has experienced a remarkable growth trajectory, outpacing the expansion of traditional offline retail.¹ The growth rate in e-commerce sales peaked during the 2020 pandemic before subsiding but remained above the growth rate of offline retail for every year since 2019. A recent reason for slower rates of both online and offline retail has been an increasing level of household debt, which recently reached 48% of annual income.²

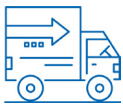
A few reasons could explain this trend:



The proliferation of internet access and smartphone usage across Brazil has significantly broadened the consumer base for online shopping. More Brazilians are now connected to the digital world, making it easier for them to browse, compare and purchase products online. This can be verified by the fact that smartphones surpassed desktop computers in 2020 as the most used means for e-commerce purchases in Brazil, reaching 55% at the end of 2023. This accessibility has been a crucial driver of e-commerce growth, providing a convenient shopping alternative that is not limited by geographical constraints.³



The COVID-19 pandemic accelerated the adoption of e-commerce. With lockdowns and social distancing measures in place, many consumers turned to online shopping out of necessity. Therefore, e-commerce sales accelerated by this behavioral shift have had a lasting impact, with many individuals continuing to prefer the convenience and safety of online shopping even as restrictions have eased. In 2020, e-commerce sales grew by 30% in Brazil, and although the growth rate has decreased after the pandemic, it continued to outpace offline retail.⁴



Advancements in logistics and delivery infrastructure have enhanced the reliability and speed of e-commerce in Brazil. Companies have invested heavily in improving their supply chains and delivery networks, ensuring that products reach consumers more efficiently. This improvement has bolstered consumer confidence in online shopping, further driving growth. Magazine Luiza, for example, one of the largest players, has grown to 22 distribution centers and 206 cross-docking units across the country, heavily investing in its distribution network.⁵



The rise of digital payment solutions has facilitated smoother and more secure transactions, accelerating financial inclusion. The development and adoption of various payment methods, including digital wallets and instant payment systems such as Pix (a direct payment method recently created by the Brazilian Central Bank), have made online transactions more accessible and appealing to a broader audience. After credit and debit cards, Pix is the most-used payment means in Brazil, and it is accessible for people who are not given credit cards by banks due to credit risk. According to research conducted by Instituto Locomotiva, 81% of Brazilians currently have a bank account.⁶

E-Commerce Market Share and Top Products

The share of e-commerce in total retail sales in Brazil (9%), while growing, still lags behind that of more mature markets such as the United States, China, and several European countries, and even some Latin American countries such as Chile (11%) and Mexico (14%), highlighting the significant potential for growth in the Brazilian e-commerce sector as it continues to evolve and expand. Market share numbers are difficult to calculate with precision, and we utilized the numbers published by the Brazilian Association of E-Commerce.⁷



9%

E-commerce makes up 9% of Brazil's total retail sales

The Brazilian e-commerce market is currently more developed for durable goods and technology products, as buyers see less need for touching and seeing these products up close before deciding on the purchase. Home appliances and technology products, in particular, benefit from detailed online reviews and specifications, which aid informed purchasing decisions. The telecom sector's prominence

is driven by the increasing adoption of smartphones and related accessories. Collectively, these categories reflect the consumer preference for purchasing high-value and technologically advanced products online, driving the growth and prominence of e-commerce in Brazil. Consumables and perishables, such as fruits and vegetables, are still not common e-commerce purchases, which is one of the reasons for the low usage of e-commerce platforms of supermarkets, which also explains the fact that among the top players in the Brazilian industry, only one (iFood) is a food delivery service. iFood provides delivery services to restaurants, often for immediate consumption.⁸

Regional Data and Demographics of Online Shoppers

In terms of Brazilian regions, the Southeast leads in the number of online shoppers. This region, encompassing major economic hubs like São Paulo, Rio de Janeiro and Minas Gerais, is the most developed in the country, boasting more advanced infrastructure and easier logistics, as well as more tech-savvy buyers. It also has a large population, which is why in terms of per capita income, the Southeast region still lags the South and the Midwest. The Southeast's robust logistics networks and higher concentration of businesses further facilitate online shopping. This also means that there are significant growth opportunities in the other regions as they become more developed economically and more integrated via public infrastructure. This is especially true for



the North region, which has low income levels and difficult access due to its location in the Amazon Basin.⁹

Mature markets benefit from advanced logistics and public infrastructure, which are significantly less developed in some regions in Brazil, such as the North region, due to its location in the Amazon Basin. More generally in Brazil, railroads are underdeveloped, and highways have significant room for improvement.¹⁰

The Brazilian e-commerce market is benefiting from a youthful and tech-savvy population, as the lower class with smaller disposable income and lower education levels make up only about 13% of e-commerce consumers. This demographic trend suggests a bright future for e-commerce, as the purchasing power of these consumers increases over time and newer, more tech-savvy generations become more relevant consumers. Currently, 34% of consumers are within the 35-44 age range.¹¹



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Main Players in the E-Commerce Market

The Brazilian e-commerce market, while rapidly expanding, remains less consolidated than its U.S. counterpart, presenting significant opportunities for major players to further solidify their positions. In the United States, Amazon easily leads the online market, benefiting from established logistics networks and strong brand recognition, whereas the Brazilian market is more fragmented with numerous smaller retailers and niche players. Mercado Livre is the largest player with only 14.2% market share. Mercado Livre, the

largest player, also boasts the highest number of third-party sellers (97%) as many small entrepreneurs prefer to open a digital store with Mercado Livre. Due to its scalability, lower overhead and wider reach, the heavily 3P-oriented profile of Mercado Livre helped the company outgrow its rivals.¹²

This fragmentation in the Brazilian market is partly due to the recent and swift growth of the sector in Brazil. Major e-commerce companies can capitalize on this by pursuing acquisitions and mergers, investing in logistics and infrastructure, expanding product offerings, building stronger brand loyalty and forming strategic partnerships. These strategies enable larger players to enhance customer satisfaction, streamline operations and increase market share, ultimately driving the consolidation and maturity of the Brazilian e-commerce market. For example, Mercado Livre currently has a partnership with Disney in which Mercado Livre premium subscribers receive a Disney Plus subscription in addition to Mercado Livre's services.¹³

In terms of website traffic, Mercado Livre and Amazon have the most significant traffic levels, meaning prospective consumers often visit these websites, most likely to compare prices before deciding on a purchase. However, in terms of app downloads, Chinese Shopee leads the way, followed by Mercado Livre and Magazine Luiza.¹⁴ Chinese players such as Shopee, Shein and Ali Express have significant presence in Brazil, but will be hindered by the recent tariffs approved by the Brazilian Congress which tax international purchases under USD 50.¹⁵

iFood, a local giant, recently appointed a new CEO, signaling possible strategic changes for the company. The new CEO intends to focus on building a highly interactive ecosystem encompassing restaurants, delivery drivers, consumers, markets, pet shops, and pharmacies. iFood is also introducing its own payment terminals, which will integrate with its CRM system.¹⁶

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Endnotes

¹ “[Perfil dos Compradores Online \(Pedidos\)](#),” Brazilian Association of E-Commerce.

² “[Monetary and credit statistics](#),” Banco Central do Brasil (2024).

³ “[Perfil dos Compradores Online \(Pedidos\)](#),” Brazilian Association of E-Commerce.

⁴ “[Perfil dos Compradores Online \(Pedidos\)](#),” Brazilian Association of E-Commerce.

⁵ “[Brazilian Retail Digitalization](#),” Magazine Luiza.

⁶ Pollyanna Brêtas, “[Pix já é mais usado que dinheiro no Brasil, revela pesquisa. Veja perguntas e respostas](#),” O Globo, (July 19, 2023).; Paula Martini, “[Bancarização avança, mas uso de conta é limitado](#),” Valor Globo (October 27, 2023).

⁷ Stephanie Chevalier, “[E-commerce as percentage of total retail in selected Latin American countries as of 2022](#),” Statista (April 29, 2024).; “[Perfil dos Compradores Online \(Pedidos\)](#),” Brazilian Association of E-Commerce.

⁸ Ibid.

⁹ “[Minimum Social Indicators](#),” Instituto Brasileiro de Geografia e Estatística (2024).

¹⁰ FTI Analysis based on Equity Research Reports from JP Morgan, Citi, and Goldman Sachs.

¹¹ “[Perfil dos Compradores Online \(Pedidos\)](#),” Brazilian Association of E-Commerce.

¹² JP Morgan Equity Research; “[Perfil dos Compradores Online \(Pedidos\)](#),” Brazilian Association of E-Commerce.

¹³ “[Disney+](#),” Mecardo Livre; Equity Research Reports from JP Morgan, Citi, and Goldman Sachs.

¹⁴ Citi Equity Research.

¹⁵ “[Perfil dos Compradores Online \(Pedidos\)](#),” Brazilian Association of E-Commerce.

¹⁶ “[Quem é o novo presidente do iFood?](#),” iFood (May 20, 2024).; Marcos Bonfim, “[Novo CEO do iFood: o crescimento não virá de novos negócios, mas do aumento da frequência](#),” exame (May 22, 2024).

This regional perspective is part of FTI Consulting’s 2024 Online Retail Report series. The main Online Retail Report is available [here](#).