



Reach
COUNTRY PROFILES

Mexico |

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Country Facts



127,575,529

TOTAL POPULATION

CURRENCY
MXN

Mexican Peso

GDP
\$9,946 USD

Per Capita

AVERAGE INCOME
\$15,314 USD

NET-ADJUSTED DISPOSABLE INCOME

\$267,986 MXN

Per Capita



URBAN POPULATION

80.4%



RURAL POPULATION

19.6%



MEN

48.8%



WOMEN

51.1%



MEDIAN AGE

26.0

IMPORTANT SHOPPING HOLIDAYS

Jan 6	Epiphany (Dia De los Reyes Magos)
Feb 14	Valentines Day (Dia Del Amor y la Amistad)
April 4	Easter Week (Semana de Pascua)
Apr 30	Children's Day (Dia del Nino)
May 10	Mother's Day (Dia de las Madres)
May 15	Teachers Day (Dia del Maestro)
May 23-31	Hotsale (Countries largest online sale)
End June	Fathers Day (Dia del Padre)
End November	El Buen Fin (One of the countries largest sales)
Nov 2	Day of the Dead (Día de Muertos)

*Dates are based off of 2021 calendar. Specific dates may vary based on year.

ETHNIC ORIGINS

60% of the population is of Indigenous-Spanish descent, another 30% are made up of Indigenous peoples. 9% of the remaining population are from European origin and the last 1% are of other backgrounds.

LANGUAGES

The official language is Spanish; however, many citizens of Mexico also speak English. There are numerous Indigenous languages spoken throughout the country as well.

TYPE OF GOVERNMENT

The Mexican government is a federal republic with presidential democracy, its official name being the United Mexican States.

TYPE OF ECONOMY

Mexico is an export-oriented economy and also a member of OECD. Highest per capita income in Latin America but is heavily dependent on the US.¹

Consumer Profile & Behavior

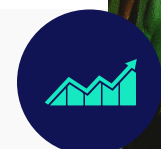
Mexico's population is younger than the average; 66.4% of the population is between the ages of 15 and 64.²

The level of education in Mexico is the lowest for OECD member countries. Only 38% of citizens ages 25-64 have completed upper-secondary education.³

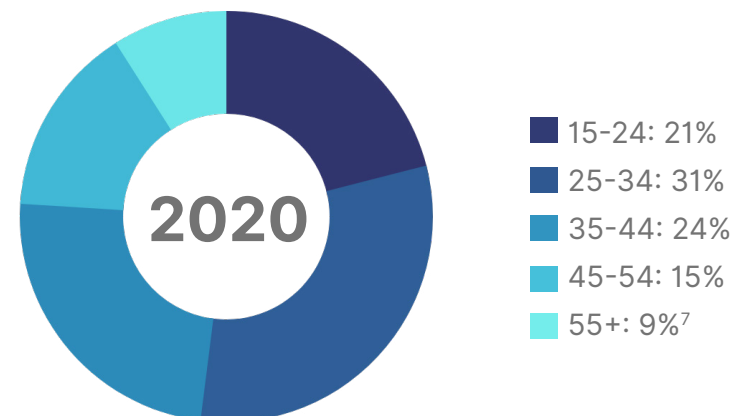
Unemployment is high overall with approximately 61% of Mexicans being employed while the OECD average sits at 68%.⁴

Ecommerce only makes up 2.2% of Mexico's total retail sales. This is in part due to a lack of infrastructure in many of the states. Only 73.1% of urban residents have access to the internet; rural areas have less at 40.6%.⁵

Ecommerce has, however, been growing. A portion of this is due to the younger demographic adopting mobile payments.⁶



DISTRIBUTION OF ONLINE SHOPPERS BY AGE



THE IMPACT OF COVID-19

Due to the pandemic, around one-third of the population is altering their spending to save money, which has led to a decrease in consumer consumption of discretionary products. 82% of consumers engaged in new shopping behaviors, which they now use regularly.

The most significant change would arguably be the increased use of ecommerce, with usage increasing 27% last year. 74% of Mexicans who had not made an online purchase made their first one in 2020.⁸

WHERE

Mexicans Place Value



The population is very interested in products & services that are time-saving. Many people around the country are adopting products that allow for greater instant gratification.



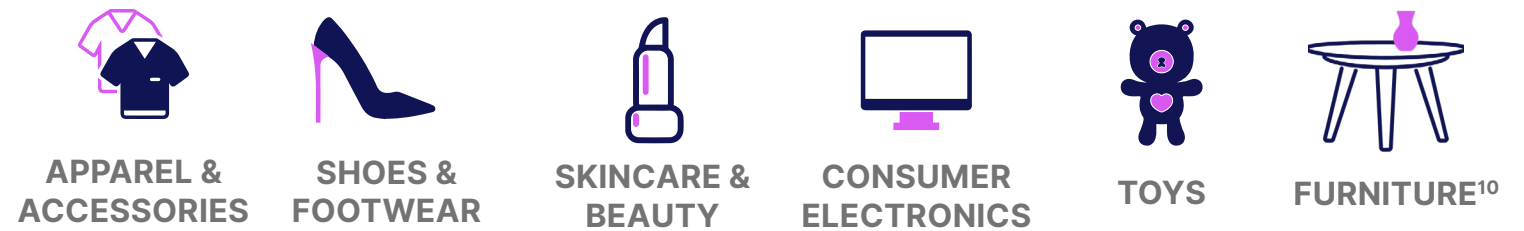
Brand loyalty is vital to the Mexican consumer; they are believed to be one of the most brand-loyal consumers in the world.



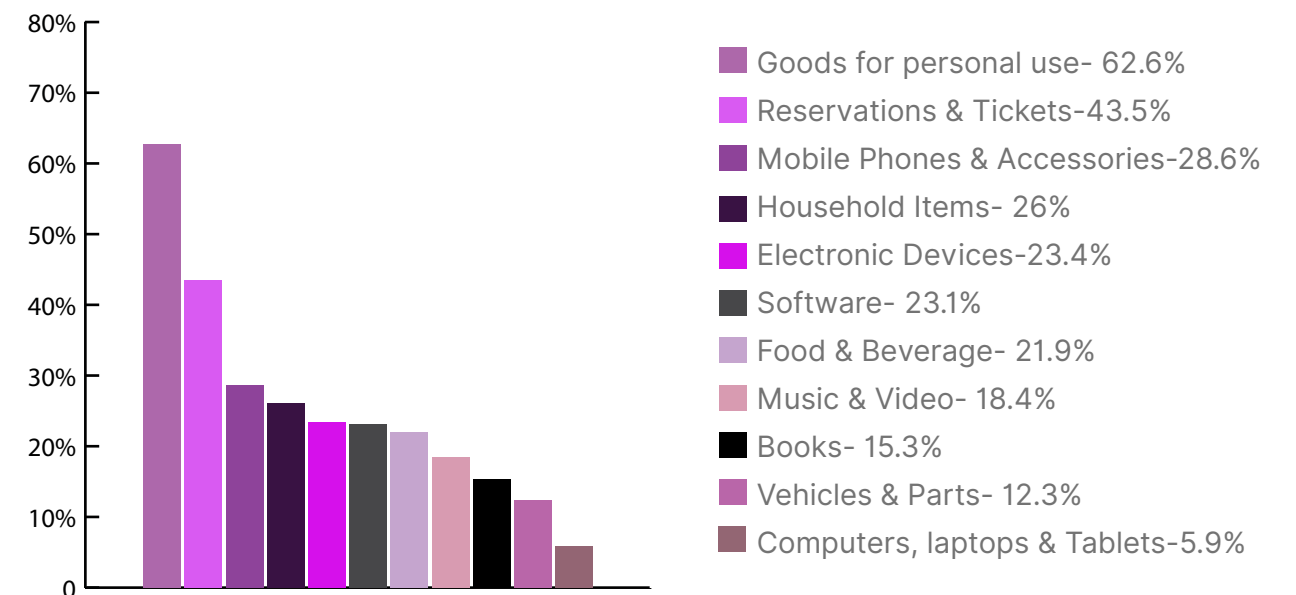
The demand for organic or artisanal products is seeing an increase in growth and becoming more critical to the Mexican consumer. The category has seen an average of 10% growth per year.⁹



Mexicans Spend Their Money



MOST POPULAR PRODUCTS BOUGHT ONLINE IN MEXICO, 2019



Mexicans Shop Online

Internet infrastructure has not been fully integrated across Mexico. Only 73.1% of urban inhabitants have internet access. In rural areas, this figure drops to 40.6%. Women represent 51.5% of total internet users, while men make up the remaining 48.5%.¹²

MOBILE COMMERCE

Mobile commerce sales growth is outpacing overall ecommerce. It is expected to continue at a compound annual growth rate of 20.1 percent to 2023, by which point it will be a \$28.5 billion market.¹³ At present, smartphone penetration is at 47%,¹³ far lower than ecommerce leaders such as China, the US and the UK. Mexican mobile commerce will continue to grow as more citizens buy smartphones.

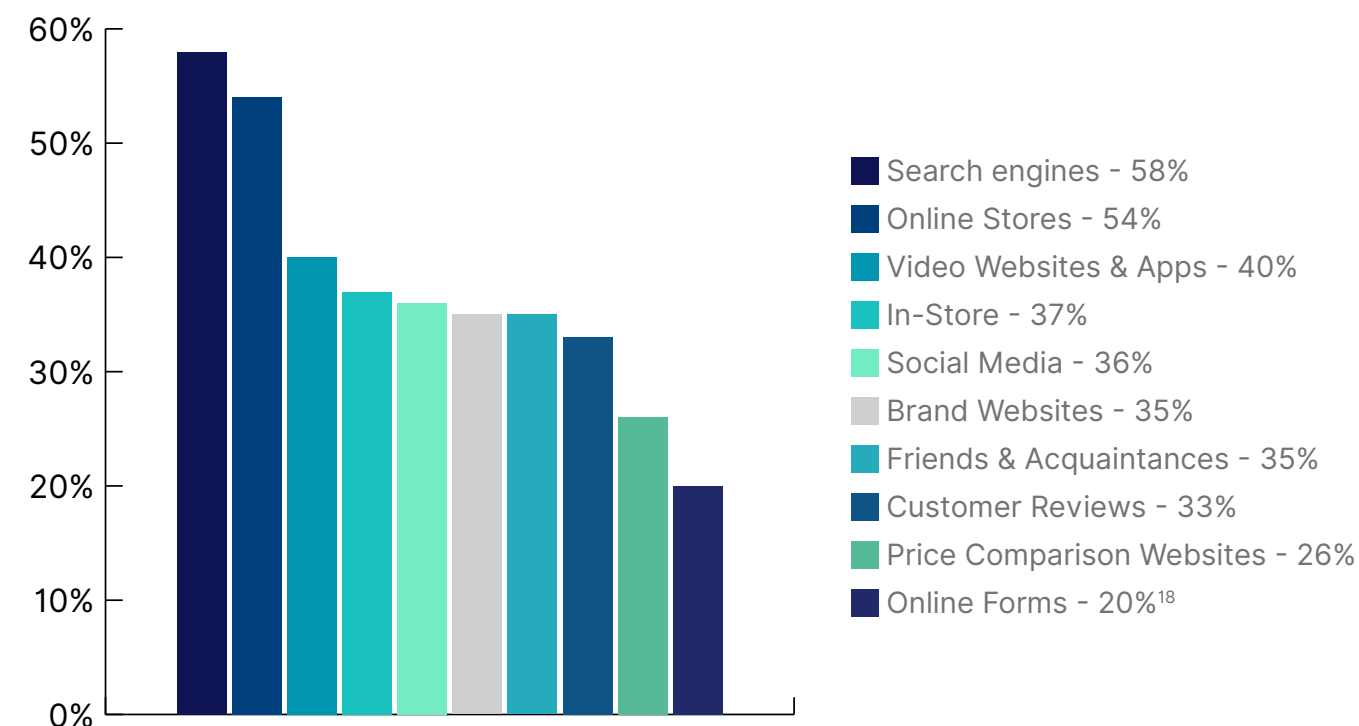
44% of transactions happen on mobile, of which 60% happen through apps. Smartphone penetration is estimated at 47%, but the population primarily uses the platform for browsing and product research. This may be because the population is adapted to social media.¹⁴

SOCIAL COMMERCE

Social media is prevalent in Mexico, especially among people in the 20 to 30 age range, with 96% of people using at least one social media platform. However, only 57% of individuals in that age group own a smartphone, suggesting that many social media users access social media from desktops.

Internet users in Mexico are spending an average of 3.5 hours on social networking platforms, which is also steadily on the rise. In the country, 81% of internet users access the internet daily.¹⁵

Mexican Shoppers Find Out About New Brands



Mexicans are ultra-connected to social networks. It has been estimated that almost 63 percent of the Mexican population was on Facebook in 2020. Many use social platforms to make purchase decisions and discover new brands. In 2020, approximately 74% of Mexico's digital advertising spend was spent on mobile advertising.¹⁷

TRENDING ECOMMERCE PLATFORMS¹¹



TOP SEARCH ENGINES USED IN MEXICO¹⁶



HOW

Mexicans Prefer to Pay



BANK TRANSFERS

Bank transfers hold a modest percent of the split; however, **63% of Mexico's population doesn't hold a bank account**, so growth seems slim.



MOBILE WALLETS

Digital wallets are becoming more prevalent and making up **19% of the payments split**. Mobile retail ecommerce sales are expected to reach a market value of USD\$2.95 billion in 2022.¹⁹



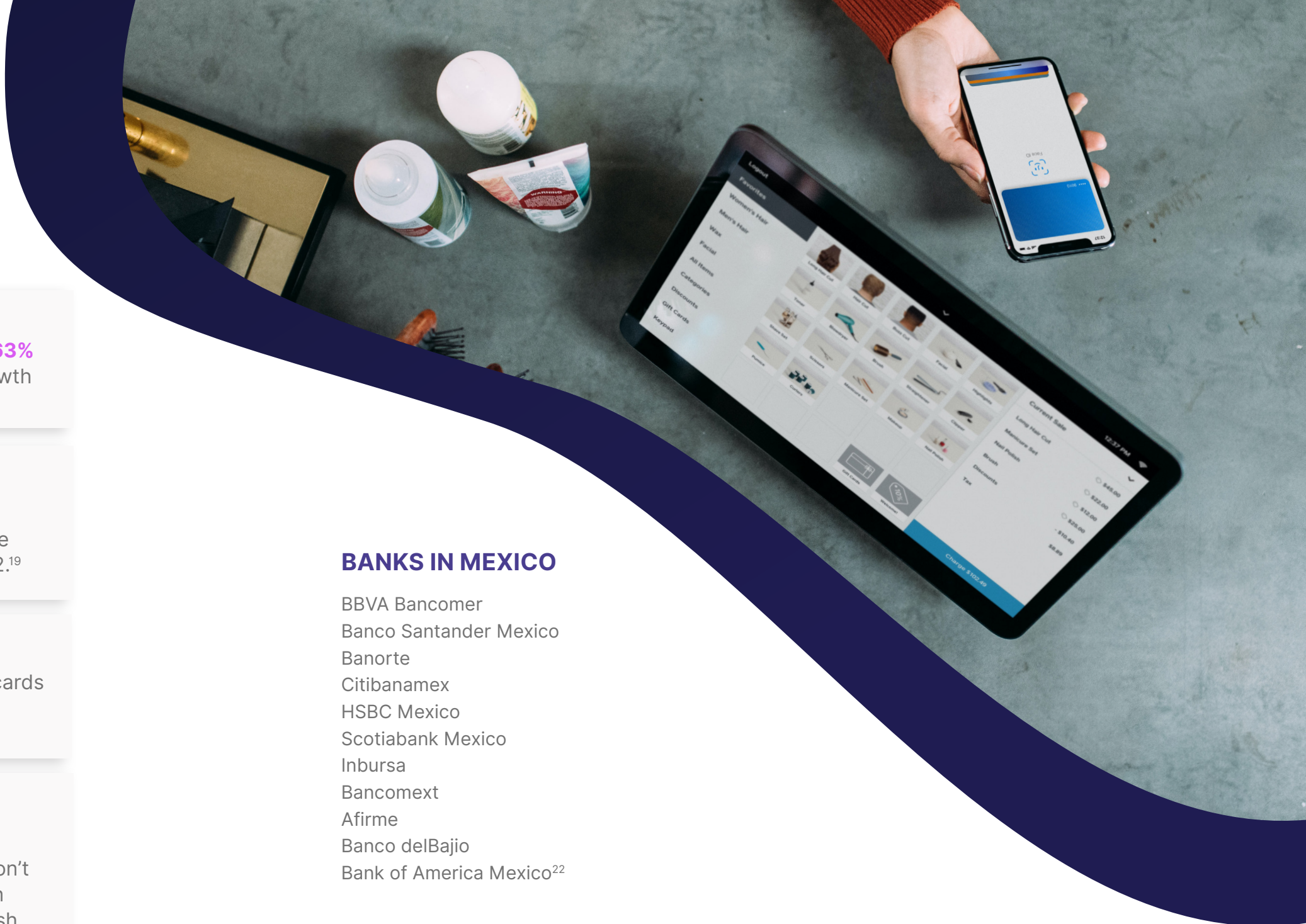
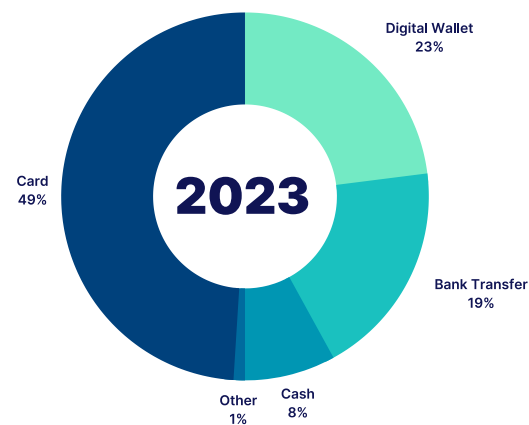
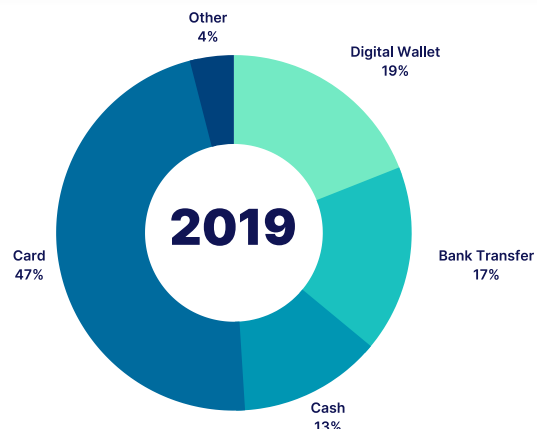
DEBIT & CREDIT CARDS

Card use makes up a total of **47% of all transactions**. Debit cards make up most of these transactions with .99 debit cards per capita, compared with just .19 per capita for credit.



CASH

86% of all payments and 18% of ecommerce payments in Mexico are made in Cash. This is the case because many don't trust banks and 60% work in the informal sector, which often pays in cash.²⁰ People who pay for online purchases with cash will pay for the item at convenience stores, like Oxxo, which has been a supporter of this method.²¹



BANKS IN MEXICO

- BBVA Bancomer
- Banco Santander Mexico
- Banorte
- Citibanamex
- HSBC Mexico
- Scotiabank Mexico
- Inbursa
- Bancomext
- Afirme
- Banco delBajio
- Bank of America Mexico²²

POPULAR PAYMENT METHODS



WHY

Merchants Should Expand to the Mexican Market



Second largest ecommerce market in Latin America, representing 28% of the market share.²³



47% of Mexicans who use e-retail have bought items from outside the country, accounting for 31% of Mexico's total ecommerce spend.²⁴



Revenue in the ecommerce market is projected to reach **USD21,209 million** in 2021.²⁵



The number of ecommerce users is expected to amount to **77.9 million users by 2025**.²⁶



Mobile commerce is expected to keep growing at a compounding rate of 20.1% till 2023, which will produce **an expected value of USD 28.5 billion**.²⁷



74% of the population who had never purchased online made their first transaction in 2020 due to the pandemic.²⁸



Massive population size of over 130 million people provides vast potential market size.²⁹



Merchants Should Know Before Tapping Into the Mexican Market



REGULATIONS & TRENDS

Mexico has no governing body for ecommerce and is instead held accountable by the Mexican Consumer Protection Agency. Entry into this ecommerce market is seen as difficult due to the country's dependence on cash.³⁰



BARRIERS & BENEFITS

Mexico has a \$50 tax and duty- free "de minimis" for imports.

No local entity required, no currency or foreign exchange controls.

Credit card penetration is chronically low at 25% of the population—behind all other markets This speaks to the elitist and exclusive nature of banking in Mexico and the impetus for merchants to offer alternative, locally relevant ways to pay. Mexico is unique in the region in that debit plays a significant role in e-commerce. Debit represents 24% of all e-commerce spend, an unusually high number in Latin America. To accept local debit cards, however, merchants must integrate with local acquirers or a payment processor offering local debit cards.

Finally, enabling installments is recommended in Mexico, as around 30%-40% of all e-commerce spend is made using an installment plan. Installments are only available via the local acquirers

In order to increase approval rates, accept local debit cards and installment payments, it is highly recommended to partner with a local acquirer. A barrier to partnering with a local acquirer is they will require merchants to have local entities and operations within Mexico.

Reach offers local acquiring capabilities in Mexico, without requiring merchants to have a local a local presence. This allows merchant to process transactions with credit and debit cards issued by any bank. Our easy-to-integrate, full-service solution means you can accept credit and debit cards will all functionality including installments.

Reach also provides a full-service solution for Oxxo, which gives merchants full market penetration into the Mexico market.



Fraud Patterns

The cost of fraud in Mexico is trending upward, amounting to 1.96% (2019) of the annual revenues of Mexican companies overall. The main types of fraud in the country are:

Identity fraud (one-third of fraud losses in Mexico).

- Third-party identity theft (25%).
- Synthetic identity fraud (12%).

Most of these types of fraud are taking place on mobile devices. Mexico leads Latin America, along with Brazil, for the top cyberattacks in the region.³¹

Merchants Can Do To Optimize



INCLUDE A DIVERSE RANGE OF PAYMENT METHODS

Offering a wide range of payment methods is key to success in Mexico's ecommerce market.



MAXIMIZE SOCIAL MEDIA MARKETING

Social media offers a chance to capture the attention of these online shoppers, who are spending increasing amounts of time on their smartphones.



EMBRACE MOBILE ECOMMERCE

Development of mobile apps will help gain more consumers, 60% of mobile transactions happen in apps instead of browsers.



Ready to expand your business to Mexico? Reach can help.

In the excitement about sharing your brand with the world, it is easy to forget the critical part global payment solutions play in the success of your business when entering new markets.

Reach understands global consumers and how changes in their shopping experience affect your business. Our experienced legal, financial, compliance and local-market experts provide in-depth global analytics for your business, as well as duty and tax calculations so that you can expand your business to new markets with certainty and ease.



WEBSITE
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CONNECT
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FAQ
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BLOG
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