

Brazilian E-commerce Market Forecast to Break R\$100billion in 2017

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As increasing numbers of Brazilian brands seek to capitalise on the emerging wealth of a booming economy, new research from Mintel reveals Brazilian e-commerce has been experiencing striking growth. Indeed, according to a new report on the e-commerce sector in Brazil, the market rose from just R\$ 14.8 billion in 2008 to R\$ 51 billion in 2013, a growth of almost 250% in five years alone.

There is further good news for the sector as Mintel's research forecasts further growth of 130% (between 2013 and 2018) to break the R\$ 100 billion barrier in 2017, with a total value of R\$102 bi, and growing even further to reach R\$ 115 billion by 2018. Not only is the market growing but it is far from saturation. Mintel's research also reveals that two thirds (67%) of consumers have not bought any products or services online in the past 12 months and a further 9% have only bought one product or service, highlighting strong growth potential.

Victor Fraga, Senior Retail Analyst at Mintel, said:

“Fast economic growth coupled with improved internet accessibility is quickly catapulting the Brazilian e-commerce market. The impressive revenues are comparable to more mature and traditional sectors such as food and drink and car retailing. Other factors such as improved payment flexibility, intense social networking, and a strong consumer culture are also helping to fuel growth in the e-commerce sector. Shopping online is enabling Brazilian consumers to reach imported and expensive products to which they would not have access otherwise. The e-commerce market is nowhere near saturation point. The current growth could be sustained for many years, perhaps even decades, tapping in the fact that Brazilians are constantly looking for ways to save time in increasingly hectic lifestyles.”

When it comes to online purchasing, out of the 12 products and services analysed in Mintel's research, hotel and travel tickets had the highest penetration of purchase, with 14% of consumers having purchased such products in the past 12 months online. The consumption of electric products such as TV, PC and mobile phones also appears high in the list, with 13% of consumers claiming they bought something of these in the last 12 months. At the other end of the scale, food and drink were the products least purchased online, with just 3% of consumers saying they bought them online in the last 12 months. Meanwhile, 11% of consumers purchased individual items such as clothing and footwear online in the past 12 months

Indeed, hotels and travel tickets (rising from R\$ 20.7 billion in 2012 to R\$ 25.2 billion in 2013) is the largest segment in the e-commerce market. Conversely, sales of food and drink remain very low. They represented less than R\$ 100 million in 2012, with little change in 2013.

“Some of the categories have a better performance than others due to the fact they don't need any kind of physical interaction, such as the travel segment. On the other hand, some of them are still struggling, which could be due to quality concerns. Food, particularly fruit and vegetables, is an area where Brazilian consumers often feel requires a closer inspection before purchase. Suppliers will never be able to fully overcome this shortcoming. They can add 3-D and high-resolution pictures of items, but they will always be devoid of texture and smell. Alongside that, more complex apps and logistic improvements such as more delivering flexible times must be implemented as well to counter consumer concerns. The fact that over one in ten consumers have purchased individual items such as clothing and footwear online in the past year shows that it is possible to overcome these barriers.”

Most Brazilians are unconcerned about payment authentication when shopping online for products and services. The highest authentication concern amongst consumers was suppliers that request CPF/unique citizen number, and yet it was only mentioned by 25% of respondents.

The survey also reveals that 16% of the respondents said they would be more likely to shop online if the provider had a store/private label card and only 14% of the consumers said they would prefer to buy from an online retailer that requires them to register on the website. Another finding of the report points out to the social network websites, revealing that the Brazilian consumer is engaged with them. One in six Brazilian consumers (17%) said that they visit retailers' websites prompted by Facebook advertisements. This phenomenon is more pronounced amongst shoppers aged 16-24 year olds, at 28%.

The report also reveals that online fraud appears to be the biggest concern for online shoppers in Brazil. Three in 10 (30%) consumers claimed that they “would be concerned about online fraud (eg phishing) when shopping online.” This is the highest score among all market issue statements. “I am concerned that items purchased online are not genuine” were mentioned by 22% of the respondents and “It takes too long for some items purchased online to be delivered” was said by 19% of the consumers. But it seems some fears around safety are unfounded. Just 3% said that they “prefer shopping online because it's safer than going to the shops in person.”