

# Brazil:

## Digital commerce trends and landscape



**NEW ZEALAND**  
TRADE & ENTERPRISE  
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## About this report

This report was developed by NZTE in Latin America. Its objective is to provide a practical overview of the B2B and B2C digital space in Latin America, with a deep dive in its biggest market, Brazil.

The report starts with an introduction to the digital landscape in the region, with relevant macro figures and comparison with global averages.

The second section focusses on the Brazilian digital consumer, and the B2C marketplace, with slides on purchasing drivers, demographics, payment methods, preferences, and the relevance of cross-border trade.

Following on, the third section centres on B2B models, with an introduction to Brazil's B2B online market.

Finally, the last section touches on topics that exporters usually consider in their go-to-market strategies, including legislation, taxes, and regional differences.

# Contents

<b>1: Digital commerce landscape</b>	<b>4</b>	<b>2: Brazilian digital consumer</b>	<b>10</b>	<b>3: B2B overview and operations</b>	<b>27</b>
Key figures.....	5	Demographics and digital trends.....	12	Digital B2B Market Size.....	29
Market size and trends.....	6	Introduction to marketplaces.....	15	B2B Benchmarking.....	30
Attitude towards eCommerce.....	8	Mobile commerce trend.....	17		
		Payment considerations.....	18		
		Main purchase drivers.....	20		
		Key ecommerce dates.....	23		
		Cross-border ecommerce.....	24		
<b>4: Digital strategy considerations</b>	<b>33</b>				
Regional differences.....	35				
Digital legislation.....	36				
Communicating with buyers.....	37				
Full Commerce Solutions.....	38				



**1.**

**Brazil has the largest eCommerce market, by revenue, in Latin America, comparable to the size of Australia eCommerce**

**2.**

**Mexico is the second largest, and the fastest growing ecommerce market**

**3.**

**Chile has the highest average purchase ticket and ecommerce user share**

**4.**

**Colombia and Argentina are home to companies that shape the continent's digital space, like Rappi and Mercado Livre**

Intro to Latin American digital markets. Photo: São Paulo

## SECTION 1

# Latin America digital commerce landscape

Introduction to digital  
markets in Latin America

### **A fast-growing digital market**

Using a strict definition (not considering online procurements, for example), the digital commerce in Latin America is estimated to be around USD 237 billion in size.

The region is forecast to be the second fastest growing, after IMEA. There already is extensive 3G coverage, growing smartphone and broadband penetration, and consumers that integrate digital to their purchasing journey.

### **Attitudes towards online shopping**

Most Latin Americans don't miss the "offline" shopping experience, neither do they have an urge to receive the products in the same day.

### **Online vs. Offline shopping**

Electronics is the only category in which the majority of buyers prefer to buy online rather than offline. At the same time, the majority of Latin Americans

research online before making a purchase decision.

In fact, Latin Americans research products online more often than consumers from anywhere else in the world. Thus, this idea of online vs. offline is quickly becoming obsolete, and companies that think online+offline are more likely to succeed in both.

## Key figures of digital market in Latin America

# 72%

of Latin Americans always research online before a major purchase (more than any other region)

# 94%

of the population have 3G coverage and 87% has 4G coverage (93% in Brazil)

# 90%

is the market penetration of instant messaging apps; Whatsapp is almost ubiquitous in the region

# 61%

of Latin Americans prefer to buy electronics online rather than offline



Photo: NUBank headquarters in São Paulo (Brazil). The fintech became a decacom in 2019, surpassing USD 10 Billion in market valuation

## A whole New Zealand (GDP) was traded online in Latin America



eCommerce is just one part of digital trading, and online purchases are growing fast in Latin America

eCommerce revenue in Latin America is about 18 times the size of eCommerce revenue in New Zealand

Around USD 237 billion was traded online in 2018, this includes ecommerce and services that are offered online, as transportation (e.g. uber), lodging, tickets purchase, among others

The sheer size of the digital economy is an indicator of the importance of being online, for both B2C and B2B companies

## SECTION 1

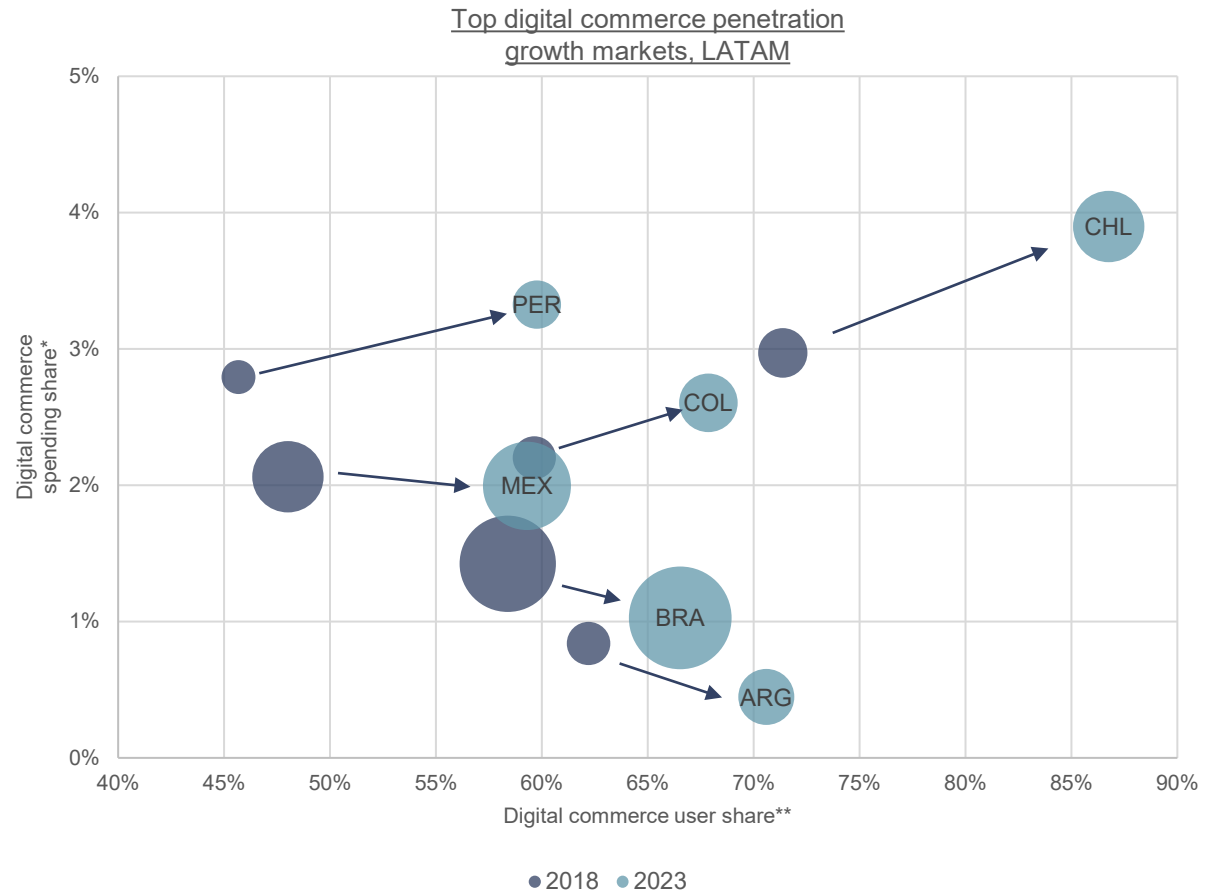
### LATIN AMERICA DIGITAL COMMERCE LANDSCAPE

# 395 million internet users in the region

Brazil and Mexico are the two largest ecommerce markets in Latin America. Chile has a relatively high revenue per user

If the Brazilian internet users formed a country, it would be the world's 10th largest country, larger than the whole of Japan or Mexico

Around 52% of Latin Americans access the internet daily, many through smartphones (62% of households have a smartphone)



Source: Statista Digital Market Outlook

Digital commerce refers to online commerce with physical goods; Size of bubble represents digital commerce market size

\* digital commerce spend as share of total consumer spending; \*\* digital commerce users as share of total population

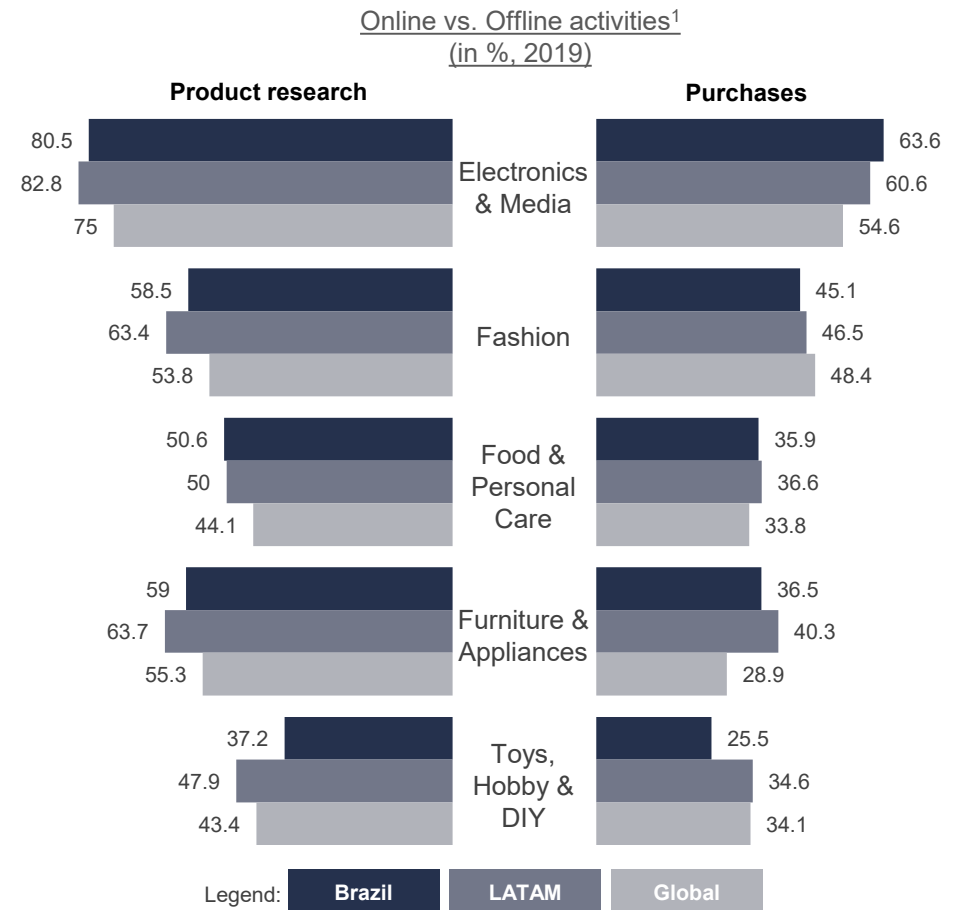


## Latin Americans often research online before buying

Latin Americans research products online more often than the average global consumer. Latins research habits are particularly relevant for bigger ticket items, as electronics

Online research forms a big part of the Brazilian consumers' decision-making process, even for products that they then purchase offline. Brands without an online presence have a much lower chance of even being considered

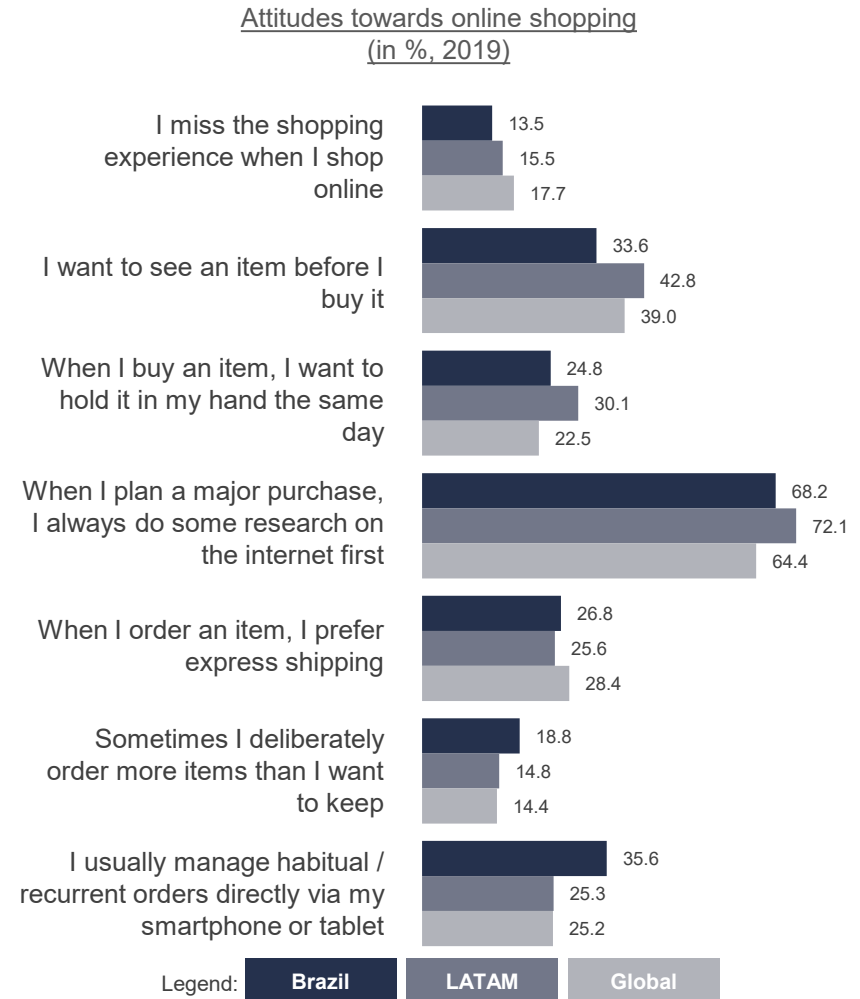
When it comes to online vs. offline purchases, electronics is the only category in which the majority of the consumers prefer to buy online rather than offline



## Attitudes towards online shopping

Brazilian consumers are closer to the global average, than to Latin America average, in most cases

Brazilians care less about physical stores than their Spanish-speaking counterparts. They also have higher expectations regarding shipping speed, and use smartphones more often to manage orders





1.

**Brazilians buy online more often than Kiwis. The proportion of low-income buyers is higher in Brazil, and they are slightly younger too.**

2.

**The country is on the “4th stage” of digital commerce development, one before China.**

3.

**Local and regional players lead the digital marketplace in all categories.**

4.

**Price and shipping are more relevant than brand and social media popularity.**

5.

**Brazilian B2C consumers bought USD 2.2Billion through cross-trade ecommerce, in 2018.**

## SECTION 2

# Brazilian digital consumer

Demographics, marketplace, payment, purchase drivers, and cross border trade

### Demographics

Brazil may look like a country of internet and device-mad enthusiasts, when compared to New Zealand. Brazilians get 3 more hours of screen time per day, they also buy online more often, and spend more time on social media.

What used to be a niche market, mostly with wealthy individuals, is already a much-diversified environment, with a broader section of the Brazilian population buying online. Thus, there is a higher proportion of low-income buyers in Brazil's ecommerce, making ecommerce in Brazil suited for both premium and mass-market offerings.

### Stage of eCommerce development

Overall, the quality of Brazilian marketplaces is high. Leading websites, most of which are either local or regional, are fully responsive, aligned with UX/UI latest trends, and supported by well developed local technologies.

As a result, the look and feel of Brazilian marketplaces is closer to what one sees in Europe or the USA; foreigners looking into Brazilian marketplaces will be familiar with its look and feel. Likewise,

Brazilians choosing to shop from leading foreign websites will be used to their format and experience. Companies planning to adapt their European or American platforms to Brazil will find it relatively easy.

### Purchase drivers

The three most important purchase drivers, for online consumers, are price, free shipping and promotions. Product reviews, and specifications, are more relevant in Brazil than elsewhere.

At the same time, popularity on social media, and location of the seller, are not important purchase drivers.

### Cross-border trade

More than 23 million unique consumers bought from foreign websites in 2018, spending more than USD 2.2 billion.

New Zealand businesses would do well to cater to Brazilians buying abroad. However, there are significant barriers to cross-border trade; it is an attractive option due to its size, but it also is a non-ideal way to test the waters, given how different it is from buying locally.

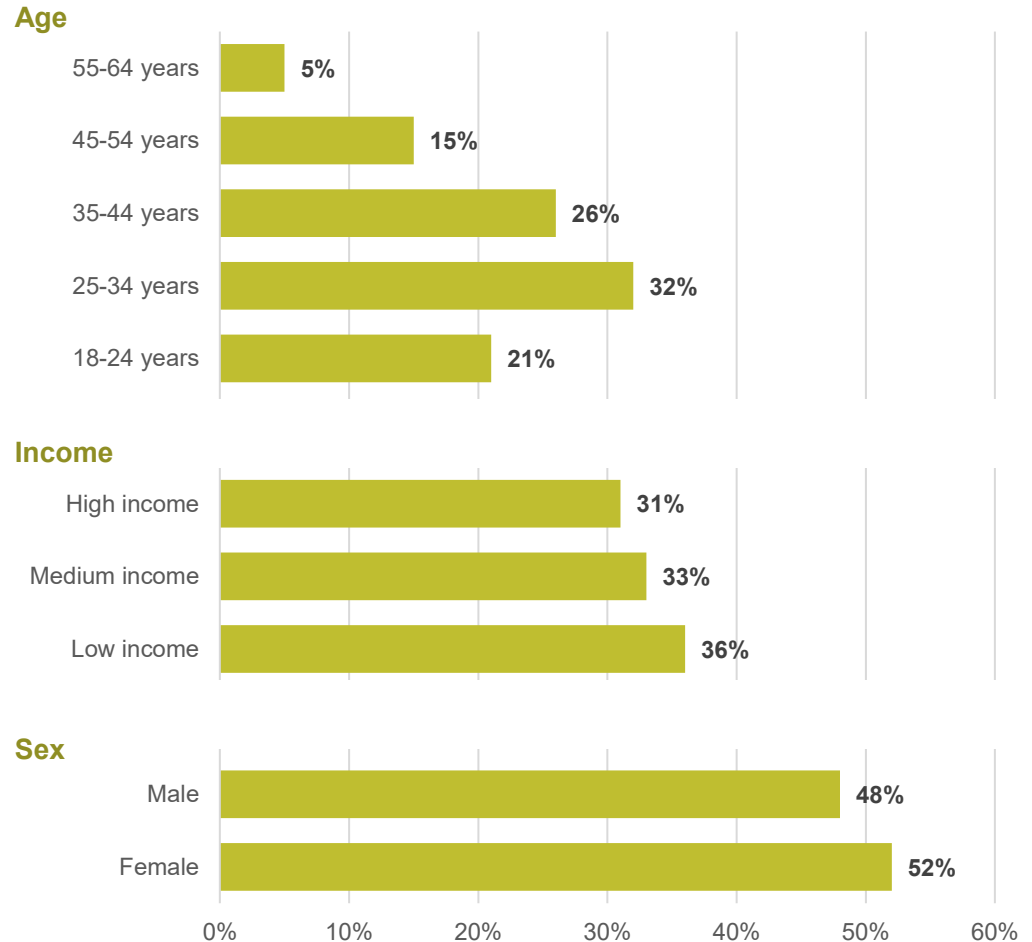
## Digital consumer demographics

Compared with New Zealand, Brazil's digital commerce has a slightly smaller proportion of users above 45 years old

Brazil also has a higher proportion of low income digital buyers. This is likely to keep increasing, as smartphone and broadband access continues to grow

A reduction on the average purchase ticket is expected, as Brazil's ecommerce market grows and includes a broader section of its population

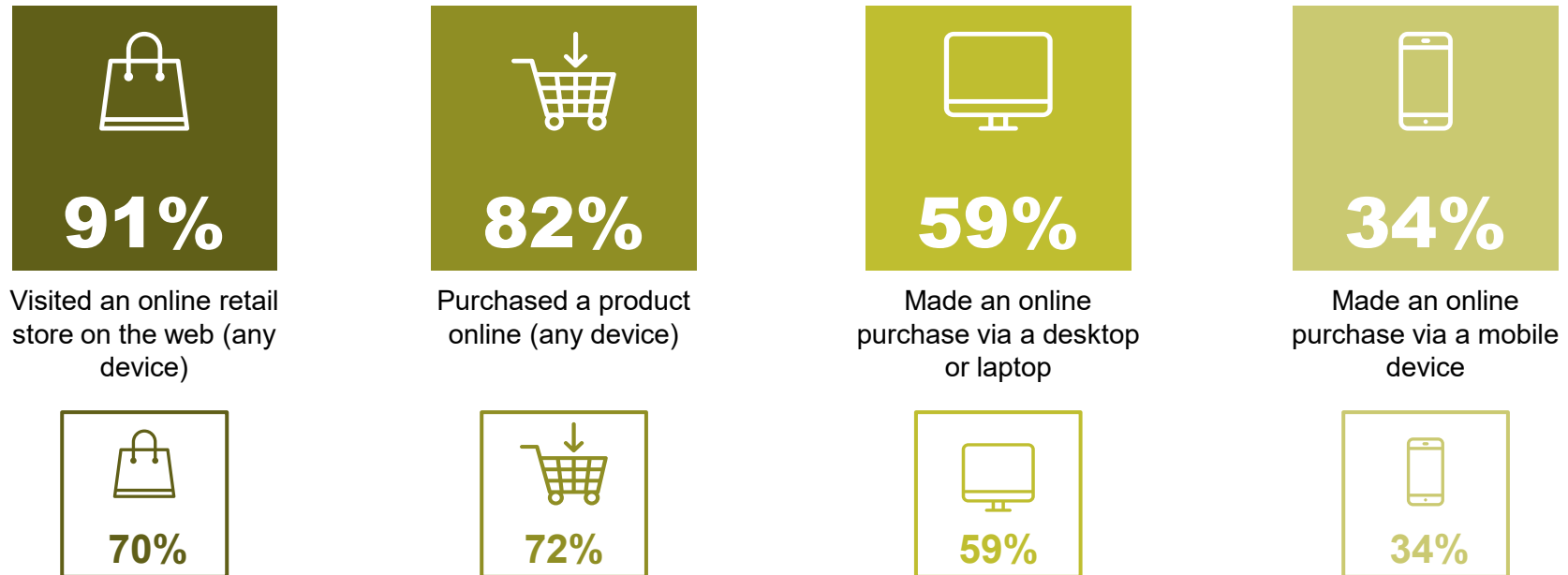
Digital commerce user demographics, Brazil



Sources: Statista Global Consumer Survey, survey conducted among Internet users

## Brazilians use digital commerce more often than kiwis

Percentage of internet users (age 16-64) who report performing each activity in the past month (2020, in %):



Legend:

Brazil

New Zealand

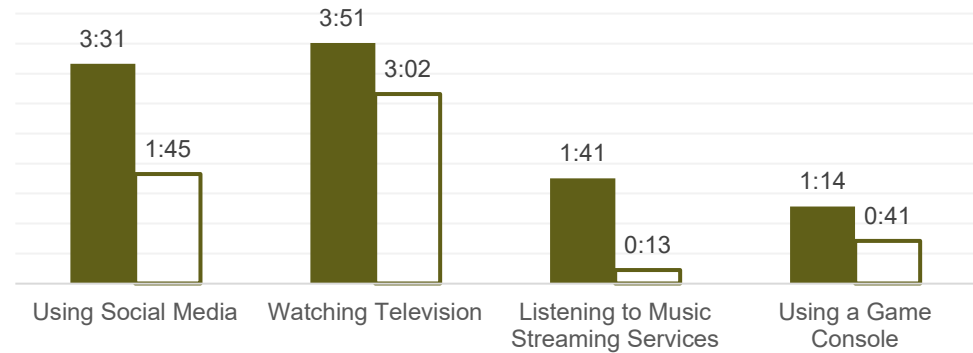
Sources: Datareportal Digital Report 2020

## 3 more hours using online media, when compared to Kiwis

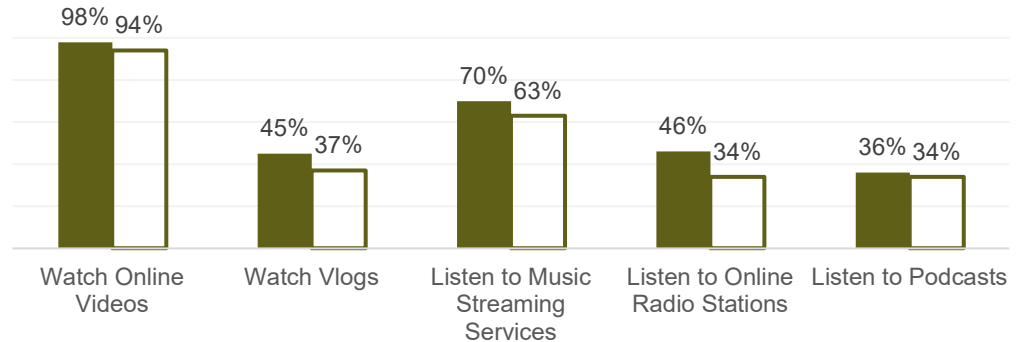
An average Brazilian spends three more hours on screens, than Kiwis. Brazilians dedicate more time to pretty much every type of online media usage, from social media to videogames

Music, video, and podcast streaming are also more popular in Brazil than in New Zealand

Daily time spent with media (in hours, 2020)



Internet activities (2020)



Legend:

Brazil

New Zealand

# Brazil is in the 4<sup>th</sup> stage of ecommerce development

Local, and regional, players lead the market in almost all categories.

Top 3 websites, ranked by # of orders, Sept/19

- Tickets:
- 1st ingresso.com
  - 2nd ingresso rápido
  - 3rd FUTEBOL CARD.COM

Entertainment (tickets, shows, cinema)

Travel (w/o airlines):

- 1st decolar
- 2nd Booking.com
- 3rd CVC

Tourism and services (food delivery, airplane tickets, hotels)

Food delivery:

- 1st ifood
- 2nd Uber Eats
- 3rd Rappi

Beauty and cosmetics:

- 1st oBoticário
- 2nd Shop dos Cabelos
- 3rd AVON

Durable goods (electronics, appliances, books, furniture)

Fashion:

- 1st NETSHOES
- 2nd dafiti
- 3rd RENNER

Non-durable goods (FMCG, Cosmetics, fashion, decoration)

Overall revenue:

- 1st magazineluiza
- 2nd americanas.com
- 3rd CASAS BAHIA

Perishables (Fruits, vegetables...)

Brazil is in this stage: Digital sales are relevant, and there are state of the art players in all categories up until here.

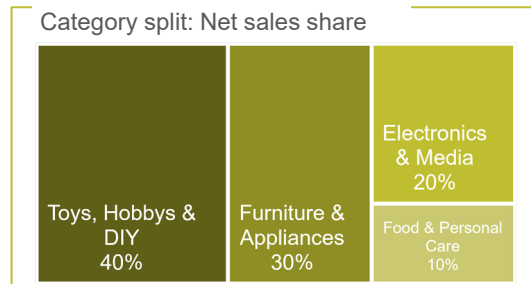
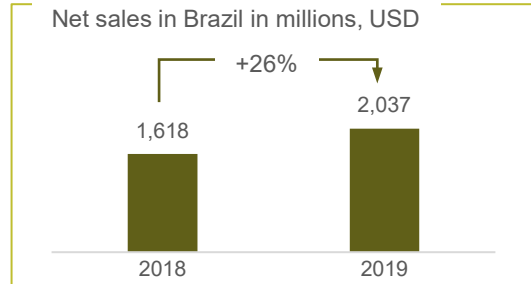
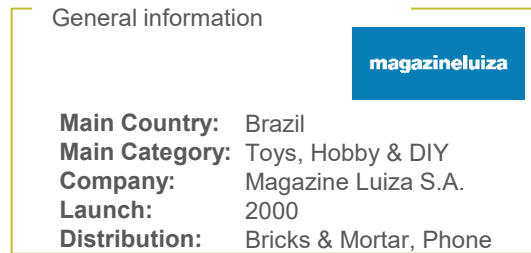


## SECTION 2

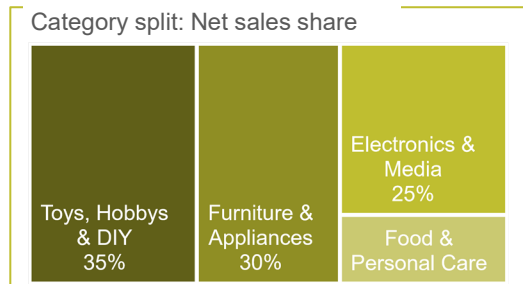
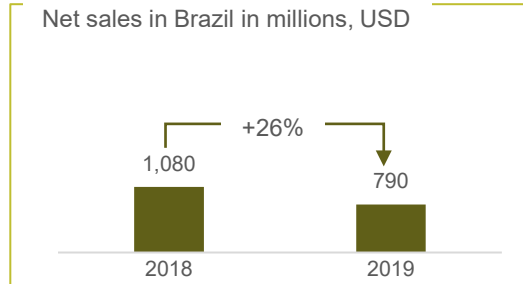
## BRAZILIAN DIGITAL CONSUMER

# Profile of top three ecommerce marketplaces, by B2C revenue

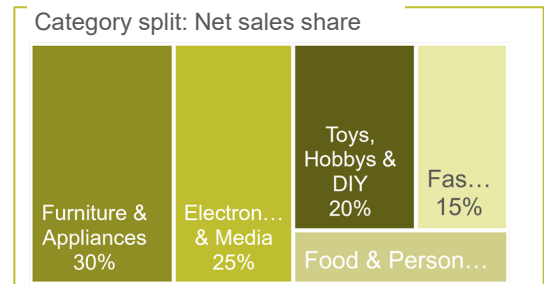
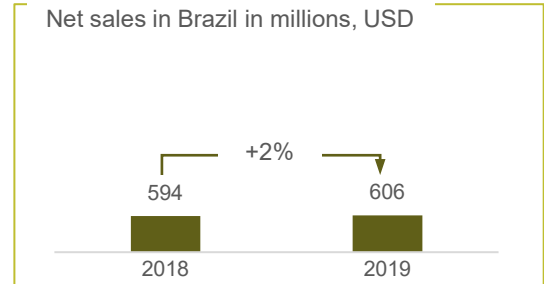
#1: [magazineluiza.com.br](http://magazineluiza.com.br)



#2: [americanas.com.br](http://americanas.com.br)



#3: [casasbahia.com.br](http://casasbahia.com.br)



Sources: Statista eCommerce DB  
 \* CNOVA Comércio Eletrônico S.A.

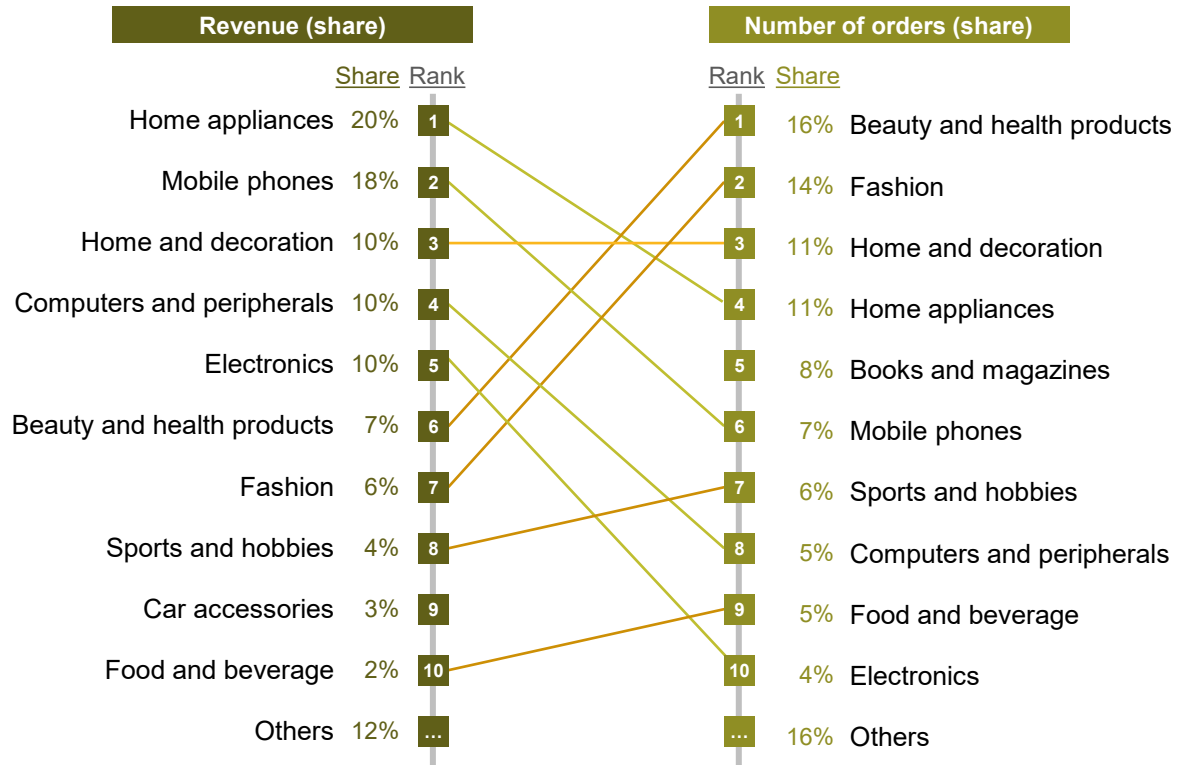
# Beauty and health products is the largest category by # of orders

Beauty and health products registered the highest number of online orders in 2018, but was only the 6th largest in terms of revenue

Beauty and health was also the fastest growing category in 2019, followed by computers/peripherals, and food&beverage

Technology categories (including home appliances) are the ones with highest purchase ticket

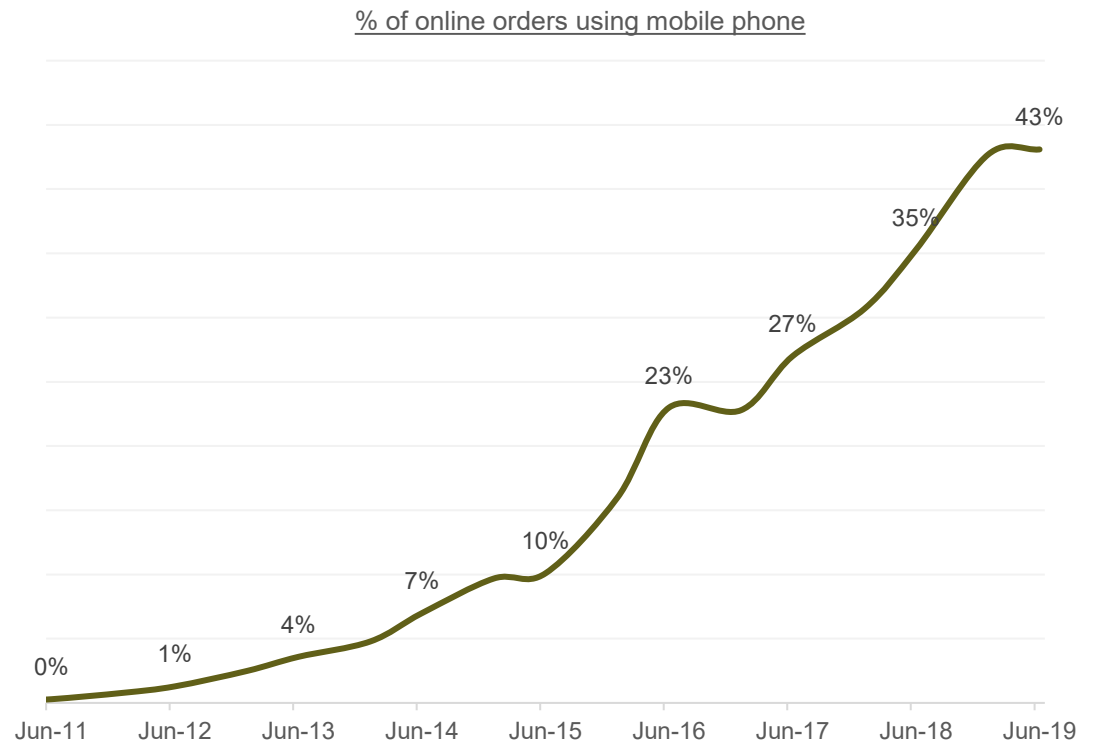
Top 10 categories  
(B2C, ecommerce, 2018)



## Mobile commerce quickly gained relevance

The proportion of orders via mobile phones grew exponentially over the past years and already account for almost half of all orders

Mobile orders tend to be smaller, though, and it represents around 34% of total revenue



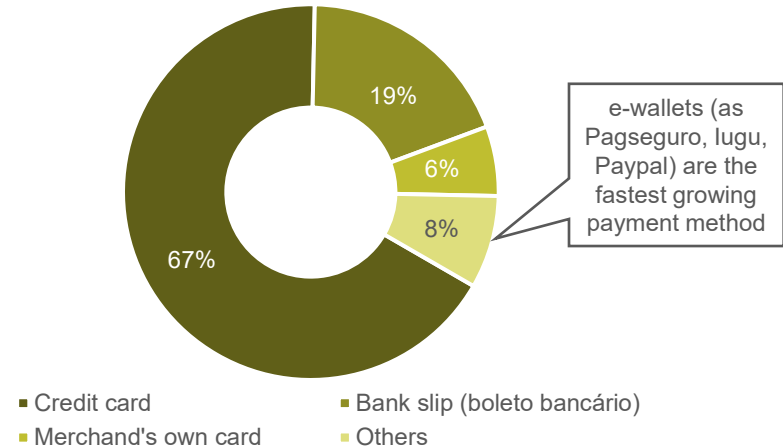
Sources: ebit | Nielsen Webshoppers 40 (2020)

## It is important to go local, when it comes to payment

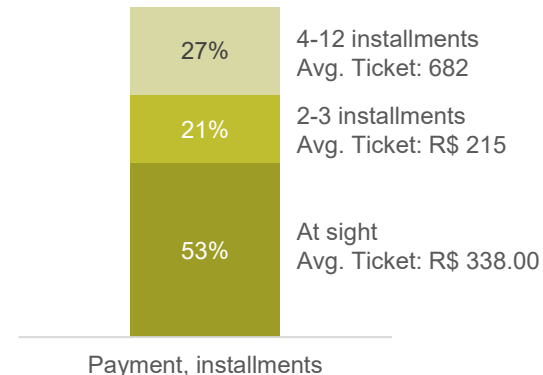
70% of Brazilians have a bank account, a level of bancarization closer to developed countries than to other countries with a similar GDP per capita. However, most Brazilian credit cards are blocked for international purchases, making it almost mandatory to use local payment gateways

Brazilians are used to paying in installments, and most marketplaces offer it as an option, making financing part of their core business. Offering options as boleto bancario (similar to a bank slip) is important for most companies selling online

Most used payment methods



Most common payment terms (2019)

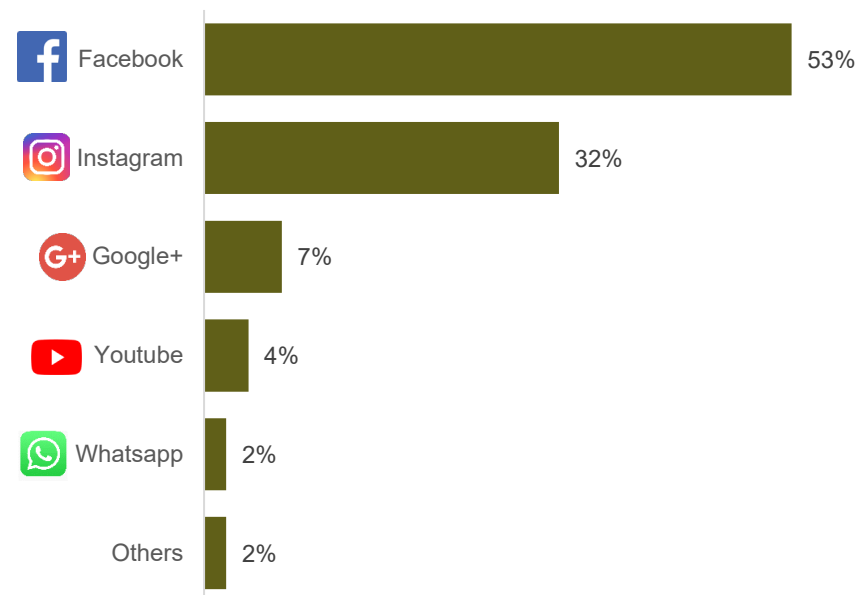


## Search engines are the main purchase influencer, followed by social media

Search engines (in Brazil this means Google, given its 96% market share) were chosen as the main purchase influencer by Brazilian digital consumers, with 25% of the leads

It was followed by social media, that accounted for around 19% of leads. Among social media channels, Facebook and Instagram were the two most relevant ones for B2C consumers. LinkedIn is also used in the country and a key channel, particularly for B2B

Purchase influencer among social networks



Sources: ebit | Nielsen Webshoppers 40 (2020)

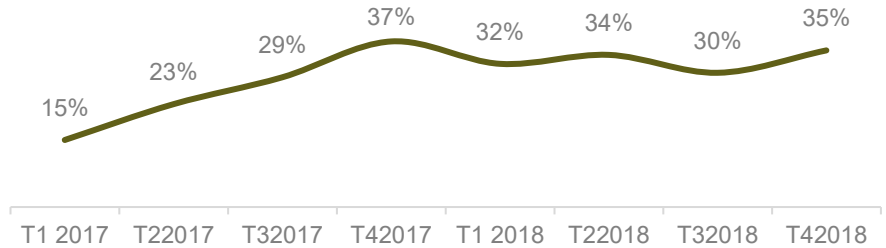
# Price and free shipping are the two most relevant sales drivers

Aspects that have most influence on Brazilian consumers, when buying online (2018)

- Most influential
- 1 Lowest price for item
  - 2 Free shipping
  - 3 Sale, discount, or promo
  - 4 Non-credit card payment option
  - 5 Warranty available
  - 6 Fast delivery
  - 7 Product specs (like, battery life)
  - 8 Cross-store price comparison
  - 9 High-rated customer service
  - 10 Customer item reviews
  - 11 Easy returns
  - 12 Product availability

Free shipping is the second most influential characteristic in the decision making process. Additionally, **orders with free shipping have significantly lower rates of complaint.**

Prevalence of free freight, among the 10 largest marketplaces



Brazilian consumers like to know the details in order to make a decision. Product specs are more valued here than in other global markets, so, it is **important to make product information easily accessible and clear.**

Product reviews are valued nearly 2X more by consumers in Brazil than in US or UK. So, **bring reviews to the top and make sure that consumers can easily find it.**

Sources: Google/Kantar TNS (Global shopping Preferences Study, n=1,500 consumers 18–64 who made a purchase in the past 6 months in each country, Oct. 2018.) and ebit | Nielsen (Webshoppers 39, 2019)

## Location of the seller and brand, are less relevant for the decision

Aspects that influence on Brazilian consumers the least, when buying online (2018)

Least influential	13	Store bought from before
	14	Brand bought from before
	15	Estimated delivery date and time
	16	Ability to chat with merchant
	17	Reviews from family/friend
	18	Brand/company based in-country
	19	Loyalty rewards program
	20	How to use video
	21	Easily share item w/ family and friends to get their opinion
	22	Popularity on social media

Brazilian **online consumers tend to make rational purchasing decisions**, price and product specs are more important to the purchasing decision than brand loyalty

Brazilian **online consumers are willing to buy from foreign marketplaces**, and they often do buy from abroad, through websites that offer better prices and conditions than local players

Social media ranked as the least influential aspect in the purchase decision. This does not mean that companies should not invest in **social media**, given its **potential for direct sales through the social platforms, its relevance to branding, and lead generation**

Sources: Google/Kantar TNS (Global shopping Preferences Study, n=1,500 consumers 18–64 who made a purchase in the past 6 months in each country, Oct. 2018.) and Consumidor Moderno

## SECTION 2

## BRAZILIAN DIGITAL CONSUMER

## Main ecommerce dates and revenue

Name	Period	Number of orders	Total revenue (BRL)	Average ticket (BRL)	Total revenue (USD*)	Average ticket (USD*)	Share of 2018 (FY) revenue
Consumer's day	14/03/2018	512,000	R\$ 219 million	R\$ 420	\$ 59.9 million	\$ 115	0.4%
Mother's day	28/04 to 12/05/2018	4.6 million	R\$ 2.21 billion	R\$ 459	\$ 577.4 million	\$ 126	4.0%
Valentine's day	28/05 to 11/06/2019	3.8 million	R\$ 1.77 billion	R\$ 464	\$ 484.4 million	\$ 127	3.3%
Father's day	28/07 to 11/08/2018	5.1 million	R\$ 2.09 billion	R\$ 409	\$ 571.9 million	\$ 112	3.9%
Children's day	27/09 to 11/10/2018	4.8 million	R\$ 1.97 billion	R\$ 409	\$ 539.1 million	\$ 112	3.7%
Black Friday	22, 23/11/2018	4.3 million	<b>R\$ 2.6 billion</b>	<b>R\$ 608</b>	\$ 711.5 million	\$ 166	4.9%
Cyber Monday	26/11/2018	752,000	R\$ 372 million	R\$ 494	\$ 101.8 million	\$ 135	0.7%
Christmas	10/12 to 24/12/2018	5.3 million	R\$ 2.54 billion	R\$ 475	\$ 695.1 million	\$ 130	4.8%

— Largest daily revenue

\*USD:BRL exchange rate is average exchange rate for full year 2018 (Brazilian real have devalued during 2019)  
 Children's day and Christmas were adjusted, considering 15 days prior to the actual date  
 Sources: OFX, and ebit | Nielsen Webshoppers 39 (2019)



## Key cross border trade figures

### 23.1 million

Unique Brazilian consumers bought from a marketplace outside of Brazil

### \$2.2 billion

Is the how much Brazilian consumers spent in foreign websites that delivered to Brazil

### 69.4 million

Orders that were received by foreign marketplaces, from Brazilian consumers

### \$30.48

Is the average ticket of Brazilian consumers buying through cross-border digital trade

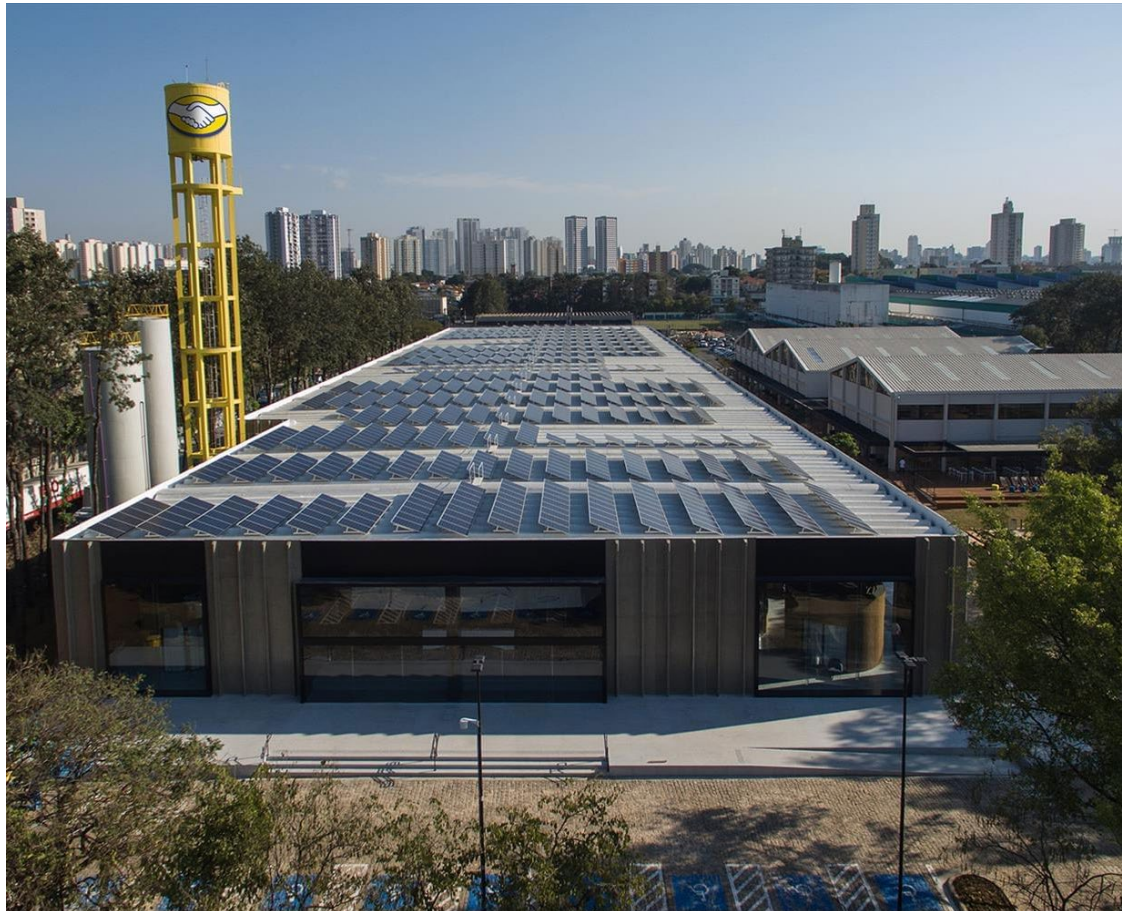


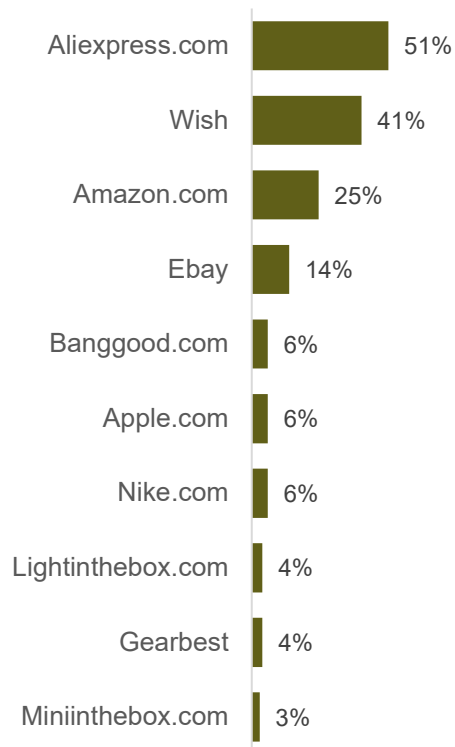
Photo: Mercado Livre corporate office in Osasco (part of São Paulo metro area). The company has two distribution centres São Paulo state, the largest one with 110,000 square metres, The company is building its third distribution centre in Gravataí (Rio Grande do Sul state), with an estimated investment of R\$ 450 million and will be the first one outside of São Paulo state.

## Main cross-border categories and websites

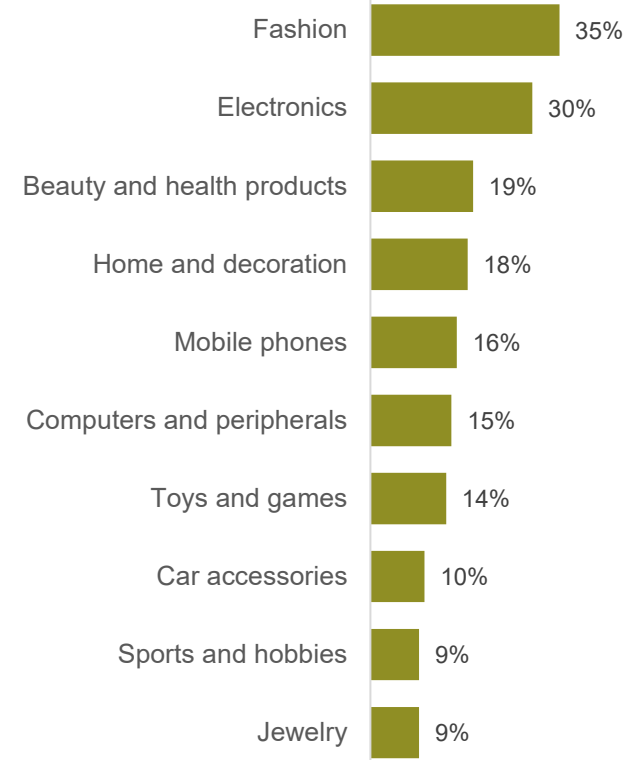
New Zealand companies present in international marketplaces, like Amazon.com and Ebay, can cater to the 23.1 million unique Brazilian consumers that bought from abroad in 2018

Brazilian cross border consumers buy from abroad for two main reasons: First, because of lower prices. Second, because the brands or items they are buying are not available in Brazil

Most used foreign marketplaces by Brazilians (B2C)



Most bought categories by Brazilians in foreign websites (B2C)



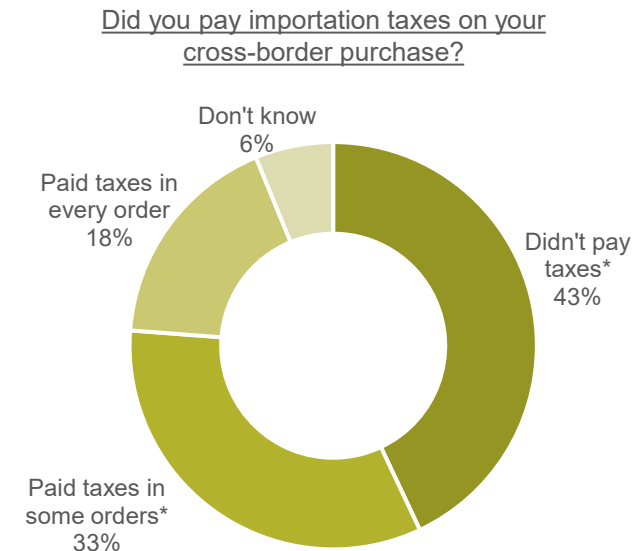
Note: Graphs do not total 100% because some consumers bought in more than one store and more than one category

Sources: ebit | Nielsen Webshoppers 39 (2019)

## Challenges to cross-border trade: Payment and taxation

- Brazilians buying from abroad are subject to a 6.38% tax that is levied on every cross-border financial transaction. This tax is known as IOF (Imposto sobre Operações Financeiras) and is applied directly by the bank (i.e. the seller does not have to do this)
  - On top of that, around 70% of Brazilian credit cards – including Visa, and Mastercard cards - are not authorized to purchase from outside the country
  - Some foreign merchants solve this by working with solutions offered by payments companies based in Brazil, (as pagseguro, paypal, and iugu) so the buyer can use his restricted card, pay in R\$, and avoid the 6.38% IOF tax
- Additionally, every product entering Brazil must go through customs and may be subject to taxation:
  - As a rule, items imported by individuals, and below USD 100 (total cost, including shipping), are not subject to an importation tax.
  - There are other importation tax exemptions, applied to categories like books and magazines.
  - Most cross-border trade, when taxed, go through a simplified tax regime with a flat-rate of 60% (this is levied on the full-landed cost, including shipping)

- Some websites, like Amazon.com, include the option to withhold tax in the moment of the purchase. While others, as AliExpress, do not offer this as an option
- Effectively, what most Brazilians do is import without withholding tax. In a survey done with individual Brazilian cross-border buyers, the majority did not pay importation tax:



\* includes cross-border trade not subject to taxes, as well as tax evasion (product was not randomly chosen by customs and the buyer did not withhold taxes)  
Sources: Imgr Brazil cross-border [guide](#), Neotrust Brazil survey (3<sup>rd</sup> edition: T1 2020)

The background image shows a city park with a large lake in the foreground. In the middle ground, there are several modern, multi-story buildings with curved facades and many windows. The sky is clear and blue. There are many trees, including palm trees, around the buildings and along the water's edge. A fountain is visible in the water in the foreground.

1.

**Brazil's digital B2B market is estimated to be around USD 605 Billion, which is three times the total size of its B2C digital market**

2.

**Agricultural/mineral commodities are the biggest category traded online, followed by capital investments and government procurements**

3.

**Increasingly, B2B marketplaces resemble their B2C counterparts. The shopping experience is even more important for business buyers**

4.

**B2B shopping tends to be more personalized, with digital platforms used either as a support to the sales teams or a way to service smaller business buyers**

4 takeaways from Section 2. Photo: Belo Horizonte

## SECTION 3

# B2B overview and operational differences:

The B2B digital environment in Brazil, and key operational differences between B2B and B2C

### **B2B in Brazil, introduction**

The Brazilian online B2B market is estimated at USD 605 billion, which is about three times the size of its B2C market.

This B2B estimate includes both B2B marketplaces, which account for 24% of total value, and B2B closed digital platforms – as online procurement systems that integrate both buyers and suppliers.

Overall, the biggest categories traded online in Brazil are agricultural and mineral commodities, followed by capital investments by secondary industries, and public procurements.

### **B2B vs. B2C operations**

B2B digital market is quickly moving from being an underdeveloped area to becoming an essential part of any B2B business strategy.

The shopping experience in B2C and B2B eCommerce channels are becoming increasingly similar, with

companies using comparable user experiences and methods. Business buyers care a lot about their customer experience and will prefer to buy from companies that offer a modern UX.

At the same time, B2B websites tend to be more flexible, especially when it comes to payment, prices, and shipment:

More flexible payment options, including financing, are the standard in B2B websites.

Pricing is also more flexible, allowing for contract-based pricing. Some companies choose to keep prices hidden, only accessible after login.

Shipping and logistics are tailored in B2B websites, taking into consideration agreements with the buyer and size of the order

## Digital B2B is three times larger than digital B2C, in Brazil

Total market size of digital B2B  
in Brazil (about 3x B2C)

**USD 605.7 billion**  
B2B digital market size

Split between closed and open  
B2B platforms (value share)

**76%**  
through “closed” digital  
platforms

(digital platforms that integrate buyers  
and suppliers. Those platforms are  
usually controlled by the buyers, and  
are not open to the general public)

**24%**  
through open B2B marketplaces  
(as [b2bbrazil.com](https://www.b2bbrazil.com))

Top 5 B2B digital categories  
(value share)

**15%**  
Agricultural and mineral commodities

**13%**  
Secondary industries and capital goods

**11%**  
Government and public agencies

**11%**  
Consumer goods (incl. B2B retail)

**10%**  
Telecomm, IT, Media, and entertainment

**39%**  
Others

## SECTION 3

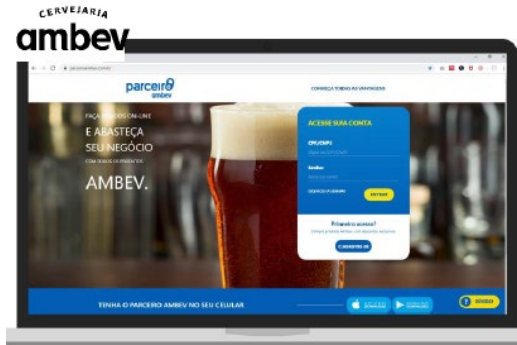
## B2B OVERVIEW AND OPERATIONAL DIFFERENCES

# B2B benchmark: Four B2B players in Brazil



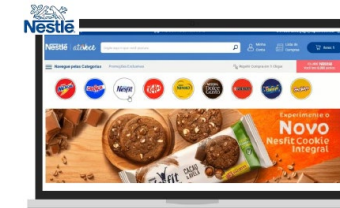
- **Problem:** Distributors w/ very low coverage (~30%)
- **Solution:** B2B eCommerce to link distributors to customers; improving experience of current customers and attracting new ones
- **Process:** Pilot with São Paulo distributors, expand to 88% of distributors next year
- **Result:** Incremental increase of 25% of new business, the model, that was piloted in Brazil, will be used globally
- **Next steps:** Add other brands to become a one stop shop for retailers

Developed by: **infra commerce** Platform: **infra commerce**



- **Problem:** High cost per sale, and medium coverage by distributors
- **Solution:** Develop a self-service eCommerce portal for small and medium retail, as well as onTrade buyers
- **How:** Direct sales only
- **Result:** In 2020 the platform will account for >50% of total sales; global expansion with a 500 people dev team
- **Next steps:** Add other product groups to become a one stop shop for OnTrade

Developed by: **WEBJUMP!** Platform: **Magento**  
An Adobe Company



- **Problem:** Customer experience and distributor coverage below expectation
  - **Solution:** Develop a self-service eCommerce portal for small and medium retailers
  - **How:** Direct sales only
- Developed by: **SYNAPCOM** Platform: **VTEX**



- **Problem:** Customer experience and distributor coverage below expectation
- **Solution:** Develop a self-service eCommerce portal for small and medium retailers
- **How:** Link to distributors (same as Unilever)

Developed by: **infra commerce** Platform: **infra commerce**

## Most common B2B end-user pricing strategy

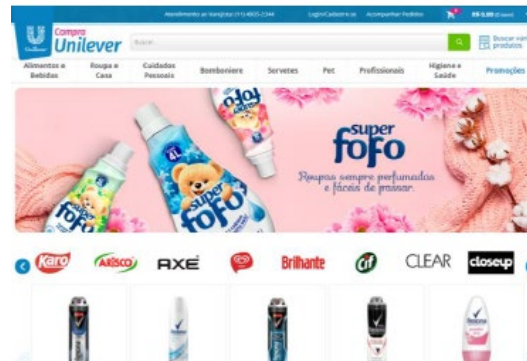
Closed website: B2B buyers must login to navigate



Example: [Parceiro Ambev](#), B2B website

- Recommended for companies that already have a customer base
- Increase bounce-rate
- Loss of “Discovery & Search” customer mission
- After login, customers will be able to see prices (and discounts) that are based on their profile

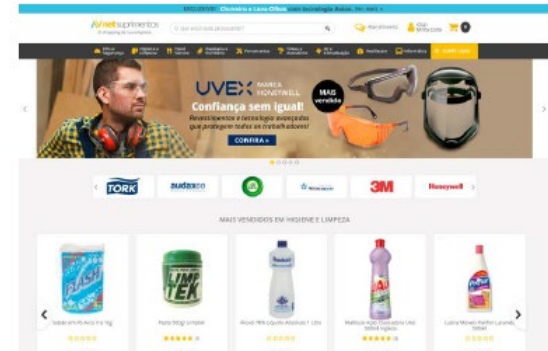
Price-closed website: Buyers must login to see prices



Example: [Compra Unilever](#), B2B website

- Most common model for industry B2B sellers
- Without login, customers can search for products and content, but cannot see prices
- After login, customers see former price agreement (if current customer) or entry prices (if new customer)

Open website: Anyone can see products and prices



Example: [Net Suprimentos](#), B2B marketplace

- Most common model for retail B2B sellers (as cash and carry)
- Customers can see any content, without the need to login
- Prices may be adjusted after login, if customer has a different price agreement with the seller



## Case studies

There are several New Zealand companies working in Latin America's digital markets, from agricultural implements companies selling online, to videogame developers working with Latin America's skilled devs.

Those companies are benefitting from many of the continent's competitive advantages, from its large consumer market to its well-educated population that can develop technological tools for a fraction of the cost of other global markets.

Here, we include links to a couple of case studies of companies that have made Latin America part of their global growth strategy.

**PikPok:** A videogame developer and publisher that included Colombia in its global strategy

[Link to case study](#)

**Vista Group International:** A software company that targets the entertainment industry and reached around 50% of market share in Latin America

[Link to case study](#)

**Seequent:** Developers of a geological assessment software that is now used by Latin America's largest mining and energy companies, among other industries.

[Link to case study](#)

**1.**

**Brazil is a country of continental dimensions. Thinking of regions can make your entry strategy easier and more precise.**

**2.**

**All key areas of digital commerce have legislation. Those laws are not particularly onerous, but companies need to treat Brazil as a regulated market.**

**3.**

**The whole market can be addressed in a single language: Brazilian Portuguese.**

**4.**

**Whatsapp is a key tool to communicate with Brazilian buyers. It is used even more often than e-mail.**

**5.**

**Customer experience is king and Brazilians are up to date when it comes to UX and UI trends.**

## SECTION 4

### Digital strategy considerations:

Digital customer journey, metrics, legislation, taxes, and regional differences

#### **Regional differences:**

Companies entering Brazil would do well to think regionally before trying to take on the whole country.

Companies targeting high income consumers, for example, can start their Brazil journey in the South and Southeast regions, which concentrate much of trade and offer lower entry barriers as a result of more modern state laws and better infrastructure.

Those targeting other sectors, as forestry and agriculture, should also consider other regions in the country, where those activities are more relevant.

#### **Legislation:**

Brazil has a piece of legislation to address each of the four main areas of digital commerce: E-Transaction, Data Protection, Cybercrime, and Consumer Protection laws.

The digital commerce legislation is not particularly onerous and companies operating in other regulated markets, like the European Union, will not have trouble

complying. At the same time, it is important to treat Brazil as a regulated market, and to know that Brazilian customers are used to a high level of consumer protection in offline sales.

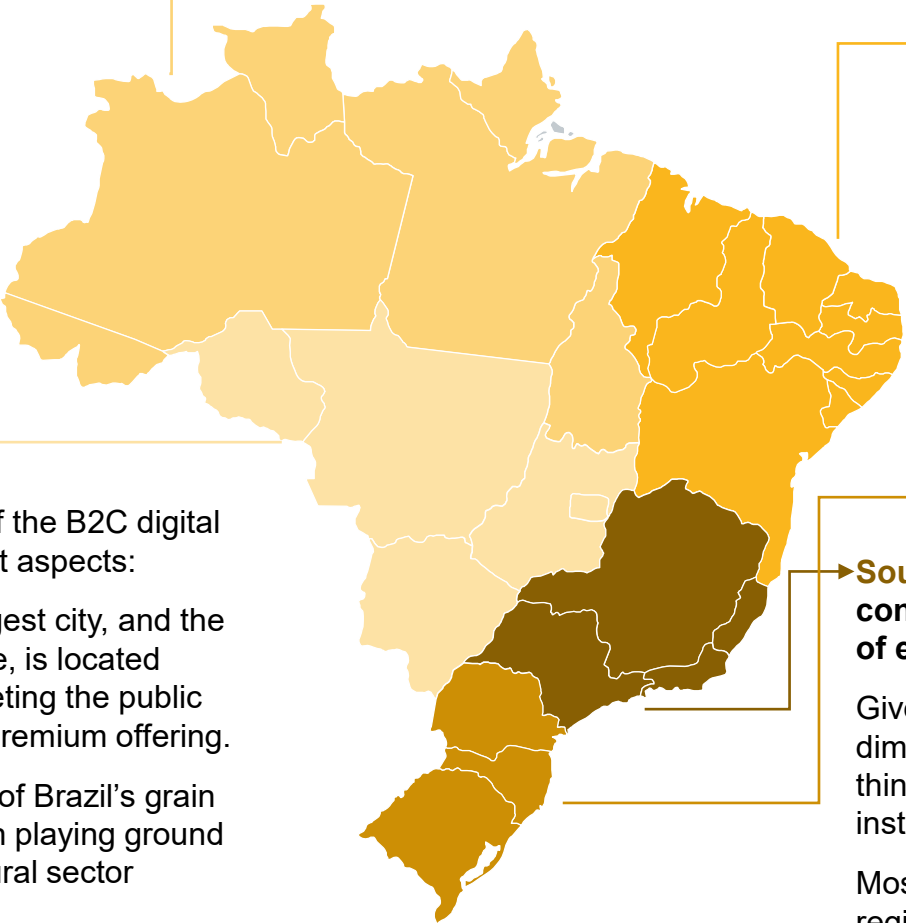
#### **Customer journey and best practices**

Brazilian buyers, B2B or B2C, are up to date when it comes to user experience and user interface trends. Websites targeting Brazilians must offer a convenient and, ideally, personalized customer experience.

It is important to think of the customer journey as a whole, from the moment a customer starts to think about their need. There are specific digital steps, and metrics, for each step along the journey.

Digital transformation offers opportunities for companies that are looking to optimize workflows, access new buyers, or improve the efficiency and experience of their customers.

## Regional differences



**North** accounts for only 3% of the B2C digital market. It is a large region, partially covered by the Amazon forest and with big infrastructure challenges. It may offer some niche opportunities in the B2B space, as it is home to Brazil's largest free trade zone.

**Centre-West** accounts for 7.2% of the B2C digital market, but it includes two relevant aspects:

Brasilia, Brazil's capital, fourth largest city, and the one with highest per capita income, is located here. It is a key city for those targeting the public sector, or B2C companies with a premium offering.

Additionally, it concentrates much of Brazil's grain and meat production. It is the main playing ground for B2B companies in the agricultural sector

**Northeast** is the fastest growing digital commerce region, it grew by 27% from 2017 to 2018. The region represents around 13% Brazil's ecommerce market

The region has lower per capita income than the southern states, but it is home to large urban areas, in addition to B2B opportunities to serve the industries based here.

**Southeast** and **South** states concentrate more than two thirds of ecommerce value and volume

Given Brazil's continental dimensions, a good practice is to think about strategies per state, instead of country

Most logistics partners will serve both regions without major hurdles

## Brazil has legislation in all key areas of digital commerce

Brazilian government, like elsewhere, is playing catch up with technology. Legislation is adopted and adapted at a similar pace to what we see in Europe, even if enforcement does not evolve at the same speed.

The legislation may not yet have the same force or scope as EU's GDPR, but the country is also far from being a digital wild-west

Brazilian are used to the strong consumer protection laws that exist offline, and they won't refrain from recurring to the legal system if they feel hard done by or mistreated by the seller. Additionally, reputation matters a lot: Platforms, like [ReclameAqui](#), are trusted and used by consumers to see a company's reputation

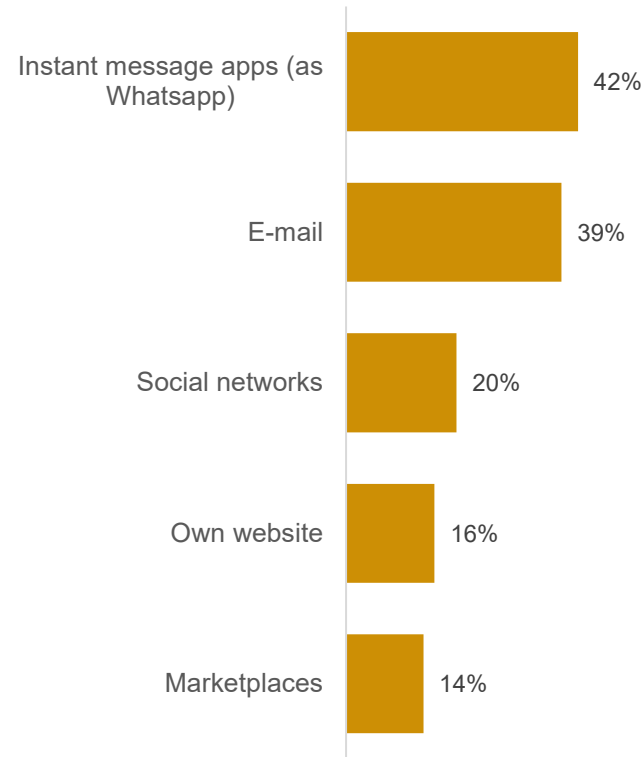
Type of legislation:	Does Brazil have it?	% of the countries in the world, with this legislation
E-Transaction Laws		80%
Data Protection Privacy Laws		64%
Cybercrime Laws		73%
Consumer Protection Laws		52%

Sources: [United Nations Conference on Trade and Development; Regulations](#)

## Communicating with your buyers

The whole Brazilian online market can be addressed in a single language: Brazilian Portuguese

Companies that sell online use instant message apps to mediate sales more often than they use e-mails. Whastapp is a key tool for sales staff working with Brazilian consumers



Source: TIC Empresas 2019

Note: Graph does not total 100% because some online stores communicated via more than one channel

## Full commerce solutions

Full commerce companies offer end-to-end solutions for companies that are looking to move into digital markets. Those companies offer solutions that range from marketplace listing/building, to order fulfilment and data analysis

Some companies, such as Nova Trade, even have the option to cover the importation process

Those companies usually do not excel in every aspect of eCommerce, but they can be used as a shortcut to access digital markets without the need to hire developers or set up a whole new infrastructure

### Full-commerce providers include:

- [Infracommerce](#)
- [Synapcom](#)
- [Webjump](#)
- [B2W Services](#)
- [Nova Trade](#)
- [Maxima Web](#)
- [Beta Labs](#)

The list above is based on [Scope Report](#): A complete stakeholder mapping of the e-commerce servicing companies in Brazil. Most of the companies listed have either regional or global presence.



New Zealand Trade and Enterprise (NZTE) is the Government agency charged with a single purpose: growing companies internationally, bigger, better and faster, for the good of New Zealand.

We employ 600 people, have over 200 private sector partners and draw on a global network of thousands more.

We have people based in 50 offices, working across 24 time zones and 40 languages to support New Zealand businesses in over 100 countries.

Our global presence lets us deliver value to the businesses we support, through our unique know-how (knowledge and experience) and know-who (networks and connections).

Our know-how and know-who is expressed in our Māori name: Te Taurapa Tūhono.

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We provide customised services and support to ambitious businesses looking to go global. We help them build their capability, boost their global reach, connect to other businesses and invest in their growth. We also connect international investors with opportunities in New Zealand through a global network of investment advisors.

We call on our Government network and work closely with our NZ Inc partners and the business community, to grow our national brand and help businesses to open doors in global markets.

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