



# e-Commerce Status and Trends in Latin America



**Guillermo Rospigliosi**  
**Visa Inc.**  
**Presentation for CTST The Americas**  
**May 4 – 7, 2009. New Orleans**

# Notice of Confidentiality

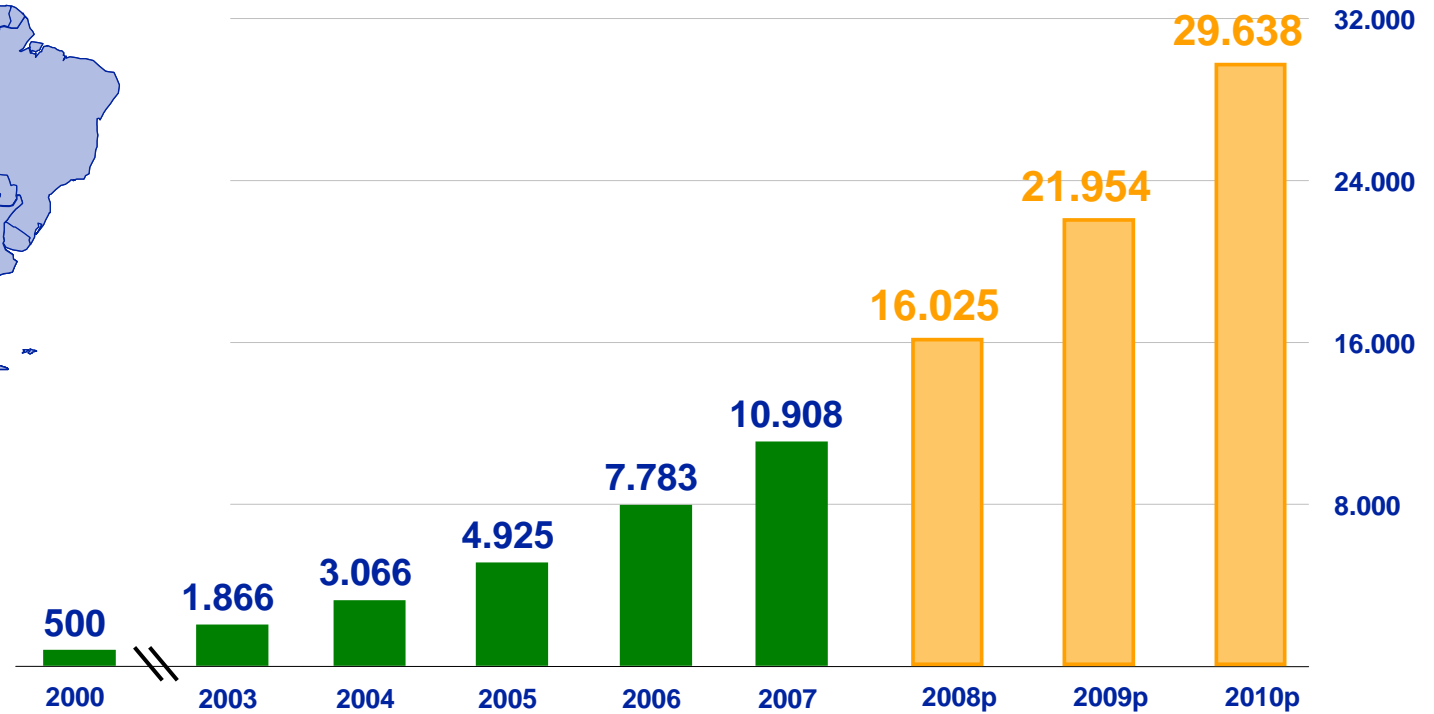
**This presentation is furnished to you solely in your capacity as a client of Visa and participant in the Visa payments system. By participating in this presentation, you acknowledge that the information contained herein (the “Information”) is confidential and subject to the confidentiality restrictions contained in Visa’s Operating Regulations, which limit your use of the Information. You agree to keep the Information confidential and not to use the Information for any purpose other than in your capacity as a customer of Visa International or as a participant in the Visa payments system.**

**The Information may only be disseminated within your organization on a need-to-know basis to enable your participation in the Visa payments system.**

**Please be advised that the Information may constitute material nonpublic information under U.S. federal securities laws and that purchasing or selling securities of Visa Inc. while being aware of material nonpublic information would constitute a violation of applicable U.S. federal securities laws.**

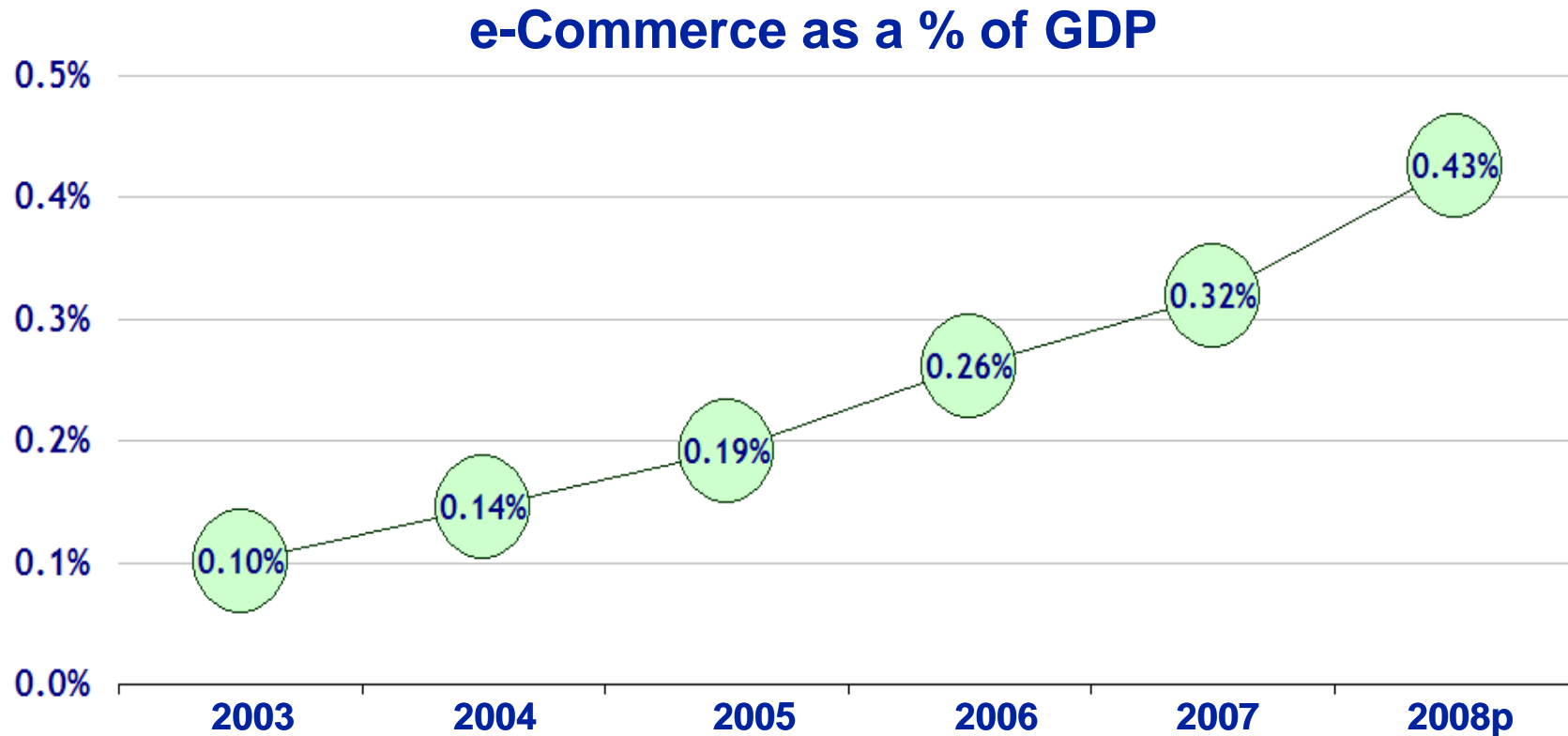
# B2C e-Commerce in LAC

- 20x growth from 2000 to 2007
- Volume projected to triple in the next three years



Source: America Economia, eCommerce Study 2008. Numbers in US\$ millions

# e-Commerce “Maturity” in LAC



- Lot of room for growth (benchmark, USA at > 1%)
- Highest penetrations in LAC: Puerto Rico (0.48%) and Chile (0.43%)

Source: America Economia, eCommerce Study 2008

# e-Commerce “Basics” in LAC

	Thousands	Penetración (%)					Maturity (%)	e-Readiness
Country	Population	Int. Users	e-Consumers	PC's	Broadband	Credit Card	e-Comm / GDP	Score
USA	302,546	71.1	46.9	98.5	24.6	452.9	1	312
Spain	44,950	48.4	13.1	32.9	17.6	117.3	0.3	123.0
Chile	16,580	44.6	12.7	17.4	6.4	24.1	0.4	47.4
Brasil	189,335	30.3	3.7	19.9	3.6	46.0	0.4	42.5
Puerto Rico	3,944	21.9	11.6	9.1	3.9	24.4	0.5	41.1
Mexico	105,200	21.9	1.8	15.8	4.6	20.9	0.2	37.0
Costa Rica	4,477	30.0	7.5	26.6	2.8	5.2	0.6	32.5
Peru	28,068	28.1	9.8	12.5	2.2	17.9	0.2	32.3
Argentina	39,356	25.4	5.2	11.2	4.1	38.9	0.3	30.1
Colombia	47,517	21.2	4.0	5.0	1.6	10.9	0.1	26.5
Guatemala	13,308	13.3	3.3	9.4	0.3	9.9	0.2	21.2
Panama	3,343	7.1	2.5	5.3	0.7	17.1	1.1	19.8
Venezuela	27,500	16.8	1.3	9.8	2.5	14.7	0.4	18.8
El Salvador	7,121	10.7	3.7	6.2	1.1	6.4	0.1	15.0

Source: America Economia, eCommerce Study 2008

# LAC Online Buying Population



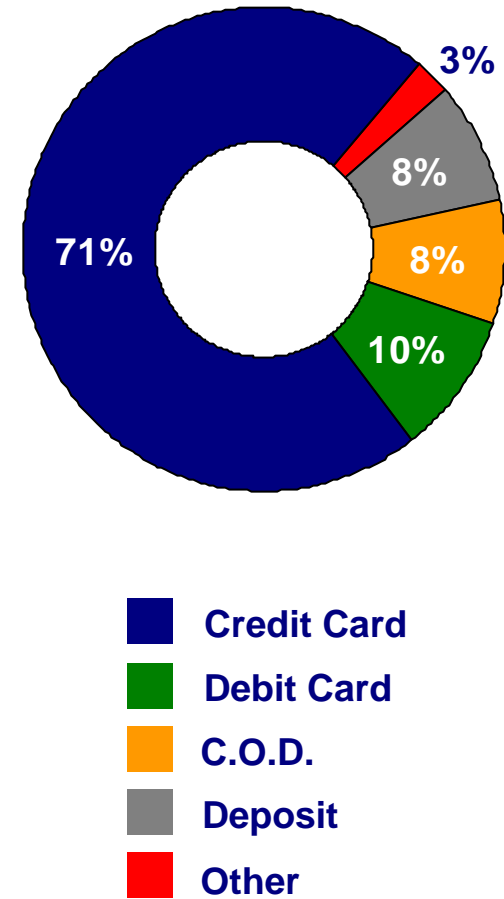
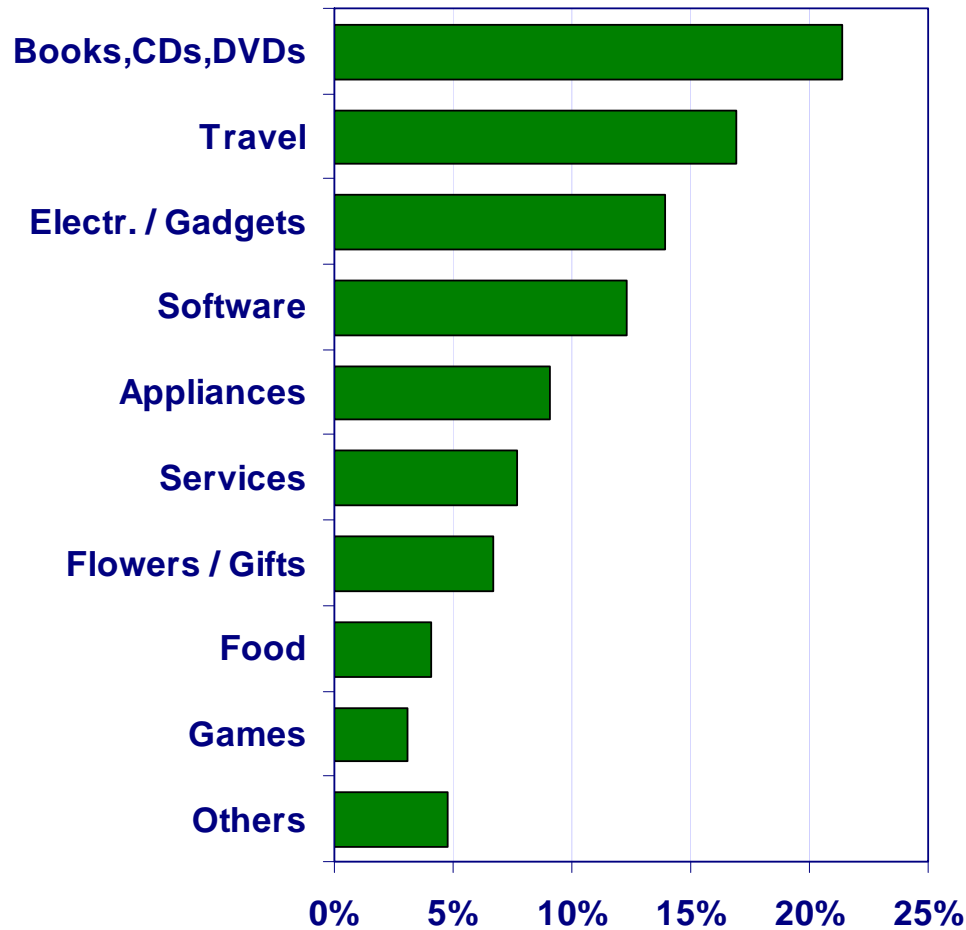
## Latin America e-Shoppers

Country	Population ( Est. 2007)	Internet (% Populat)	e-Shoppers (% populat)
<b>Brazil</b>	190M	22%	3.7 %
<b>Mexico</b>	107M	21%	1.8%
<b>Chile</b>	16.5M	45%	12.7%
<b>Puerto Rico</b>	4M	22%	11.6%
<b>Argentina</b>	40M	25%	5.2%
<b>Peru</b>	28M	28%	9.8%
<b>Colombia</b>	47.5M	20%	4.0%
<b>Venezuela</b>	27.5M	17%	1.3%

- 24% of the population goes online, only 4% buy
- 20M people buy online in LAC
- Most developed countries > 12%
- In the US aprox. 71% of the population goes online and 47% buys

Source: America Economia, eCommerce Study 2008

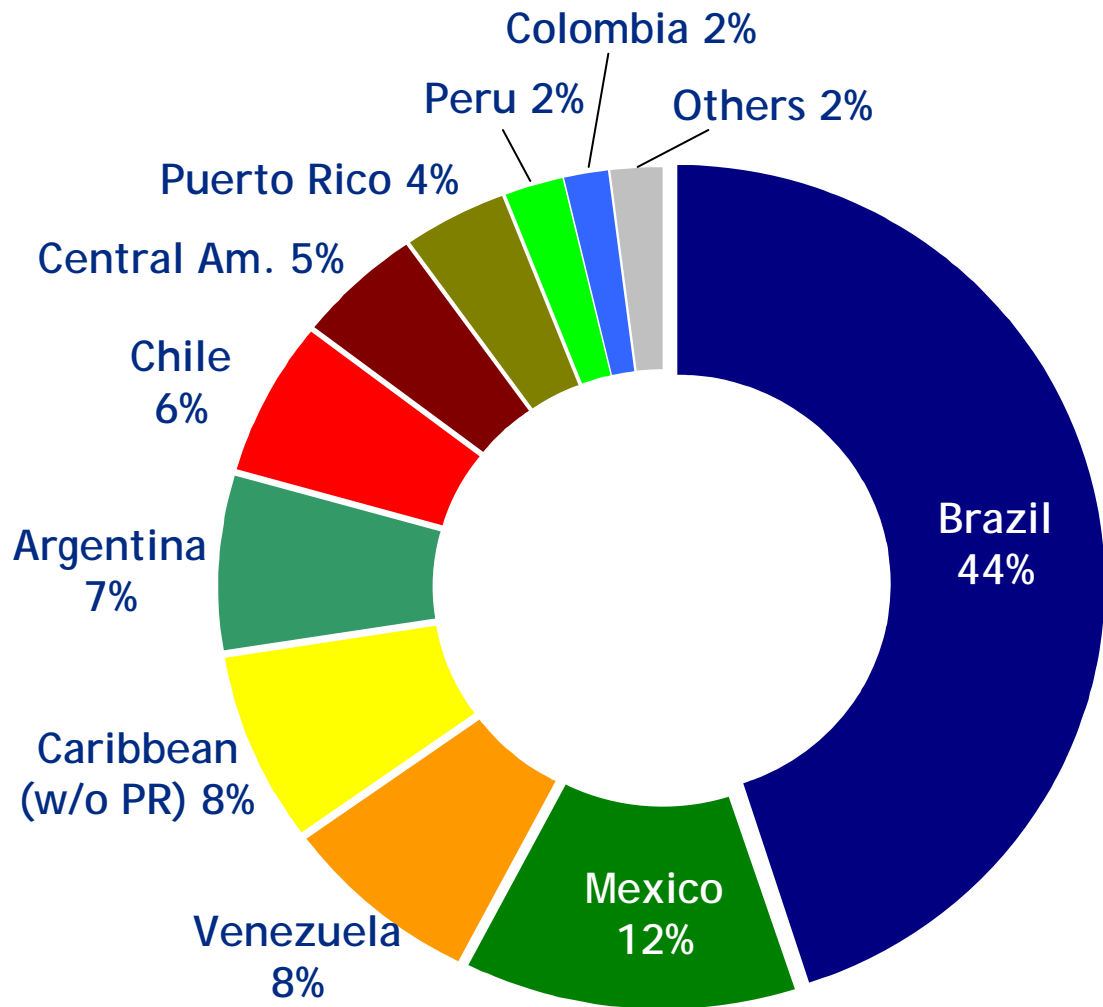
# What they buy? How they pay for it?



Source: America Economia, eCommerce Study 2008. Based on surveyed responses.

# B2C e-Commerce in LAC

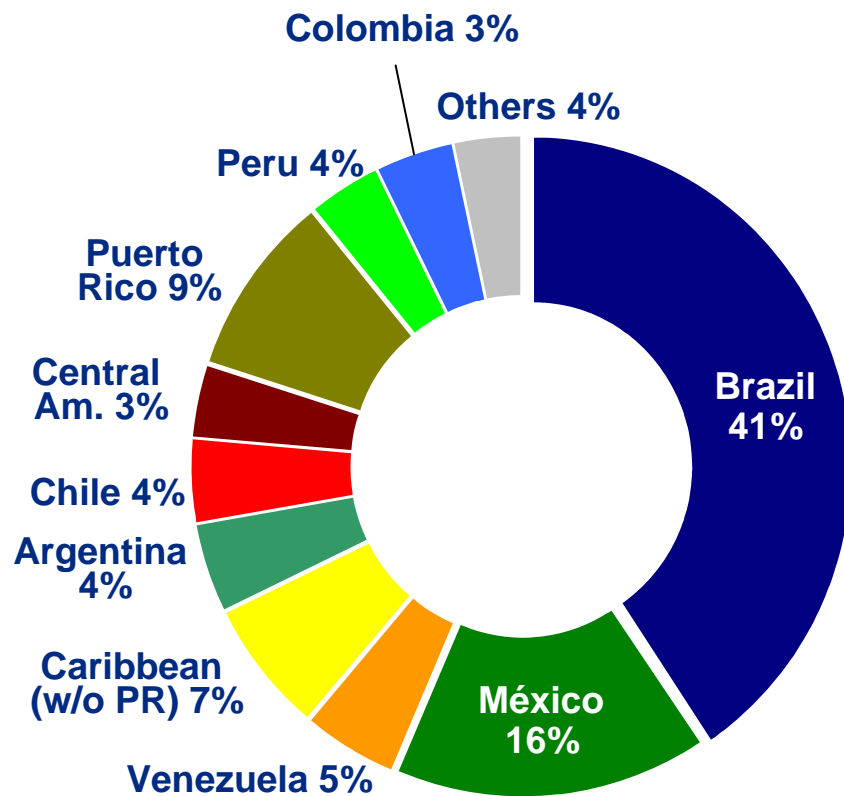
- Brazil, Mexico & Venezuela 65% of volume
- Volume grew 121% between 2005 and 2007
- Largest growths 05 to 07:
  - Venezuela, 224%
  - Chile, 183%
  - Argentina, 163%
  - México, 143%
- Diverse Marketplaces
  - Disposable Income
  - Technology
  - Marketplace Dynamics
  - Buying Patterns



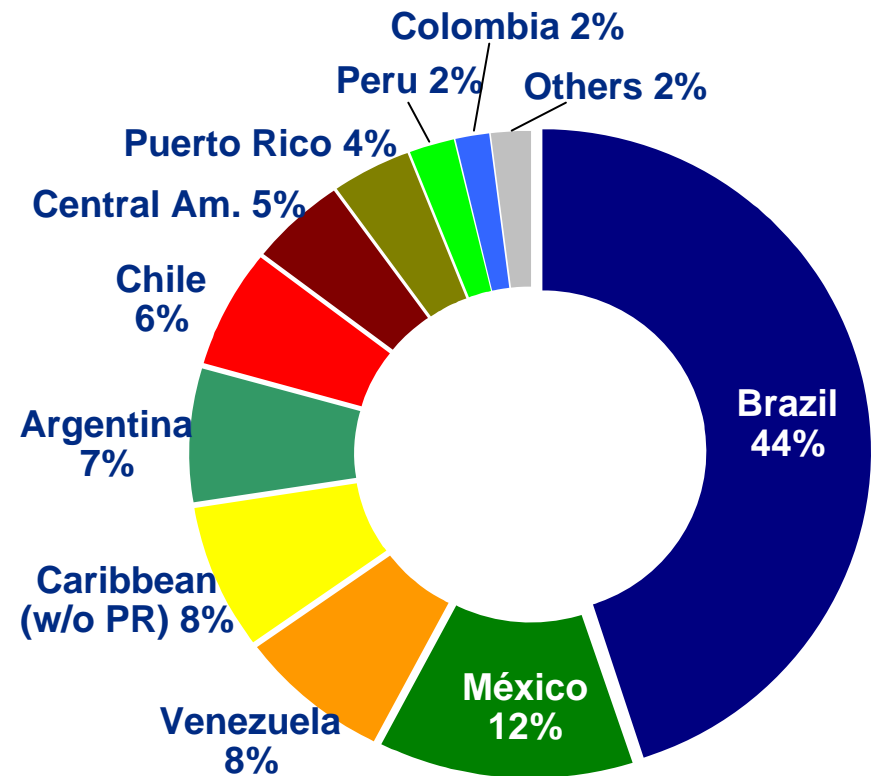
Source: America Economia, eCommerce Study 2008

# B2C e-Commerce in LAC

**2003**

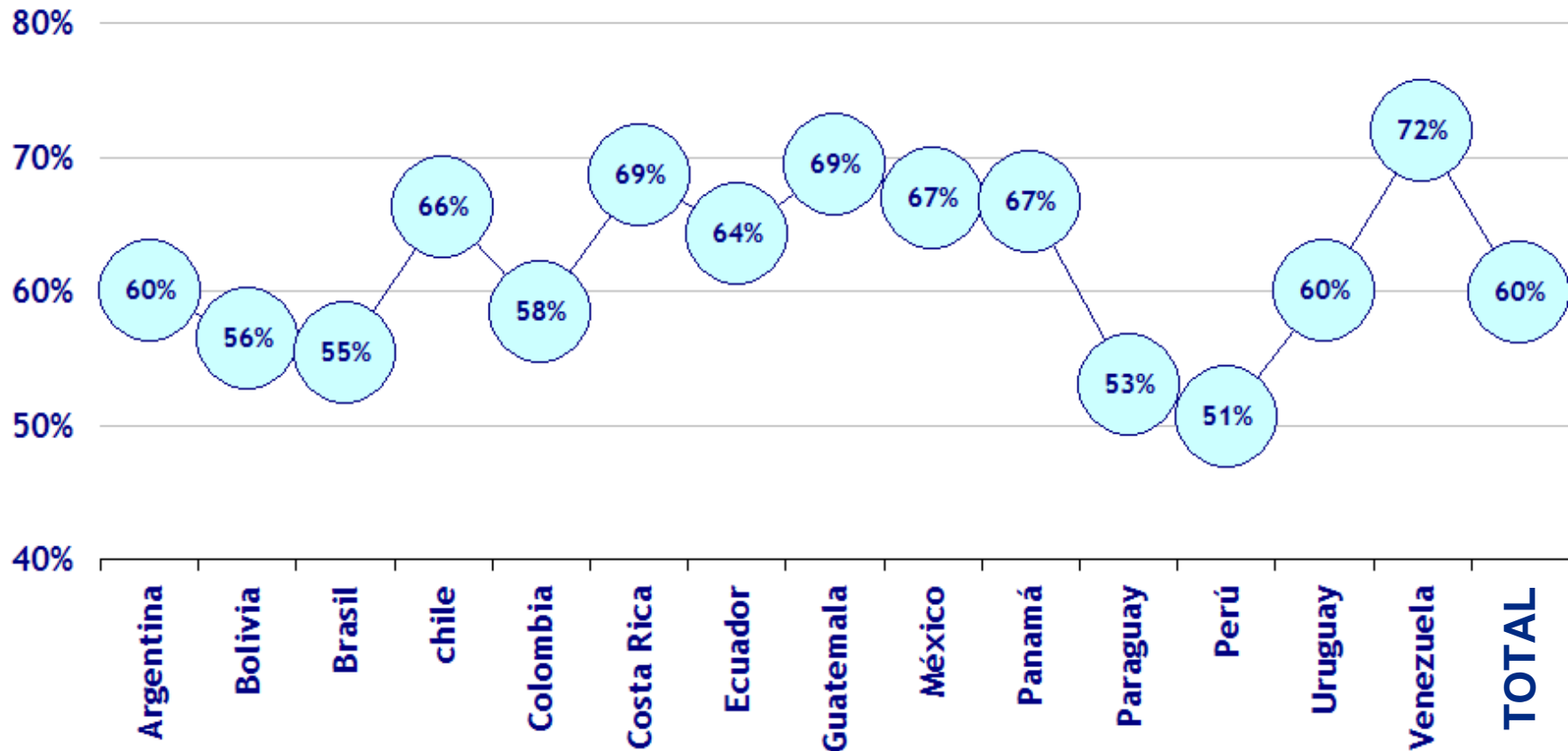


**2007**



Source: America Economía, eCommerce Study 2008

# How secure do I feel?

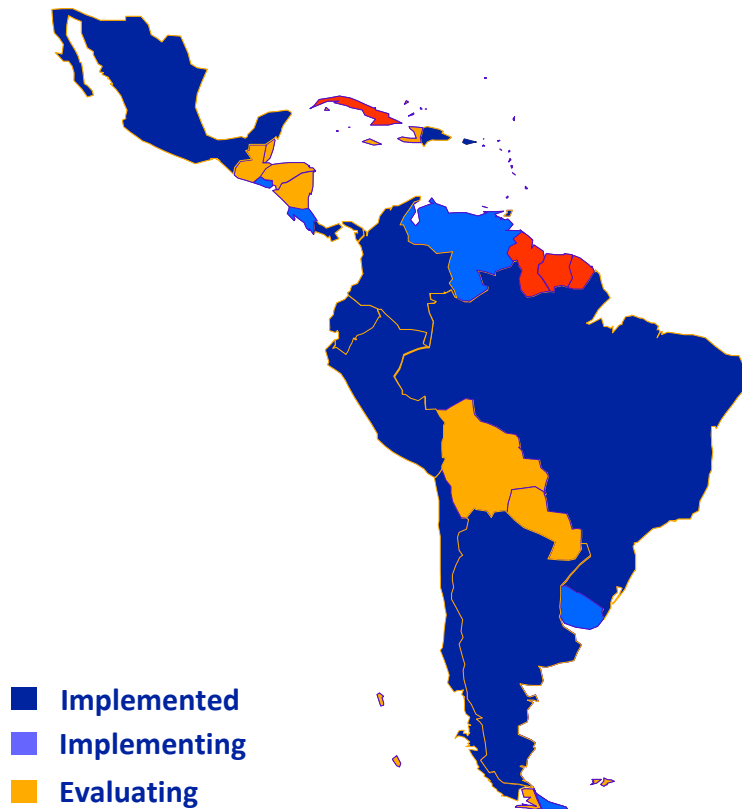


- Still an issue preventing further growth, but moving on the right direction
- Education, security and confidence are key

Source: America Economia, eCommerce Study 2008

# Verified by Visa - Status

Verified by  
**VISA**



Source: Visa

## Global:

- 200,000 merchants
- 10,000 issuers
- Other Payment Brands using 3D Secure

## LAC:

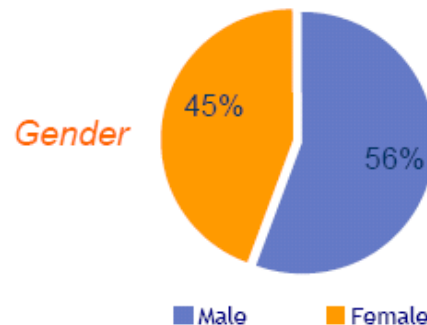
- 20 countries implemented
- 102 Implementations (68 Issuers, 34 Acquirers)
- + 8,000 Merchants
- Opportunity to enable Debit
- Leveraging Dynamic Auth.

# BRAZIL e-Commerce Landscape



Population *	190M	
Internet Penetration *	42M = 22%	
e-Shoppers *	7M = 3.7%	
e-Commerce Volume *	US\$ 4,899M	
2005 to 2007 Growth *	116%	
Domestic vs International *	85% / 15%	
% of LAC e-Comm *	45%	
% e-Comm out of GDP *	0.38%	
Marketplace Characteristics	<ul style="list-style-type: none"> <li>- Biggest LAC player</li> <li>- Good domestic depth and breath of products</li> <li>- Travel concentrates 40% of market</li> <li>- Biggest players: Gol, Submarino, Americanas, M. Libre</li> <li>- Acquiring model for GPC: 1 Acquirer per Brand</li> <li>- Debit cards not enabled for online shopping</li> </ul>	

## Brazil Online Buyer Profile \*\*



### Occupation

Student	11%
Household	9%
Part time employee	5%
Employee/Professional	71%
Retired	4%


### Age

20 - 24	29%
25 - 34	32%
35 - 44	19%
45 +	20%

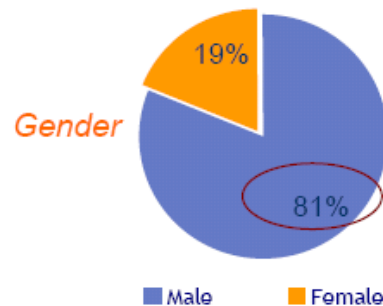
Source: \* America Economia, eCommerce Study 2008. \*\* Ipsos e-Commerce Study - August 2007

# MEXICO e-Commerce Landscape



Population *	107M	
Internet Penetration *	22M = 21%	
e-Shoppers *	1.9M = 1.8%	
e-Commerce Volume *	US\$ 1,377M	
2005 to 2007 Growth *	143%	
Domestic vs International *	56% / 44%	
% of LAC e-Comm *	12%	
% e-Comm out of GDP *	0.16%	
Marketplace Characteristics	<ul style="list-style-type: none"> <li>- 2nd biggest LAC player</li> <li>- Limited domestic offering, mainly travel</li> <li>- Travel concentrates 66% of market</li> <li>- Biggest players: Volaris, Aeromexico, Mexicana</li> <li>- Acquiring model for GPC: Banks acquire multiple Brands</li> <li>- Debit cards not enabled for online shopping (except for 1 bank)</li> </ul>	

## Mexico Online Buyer Profile \*\*



### *Occupation*

Student	21%
Household	4%
Part time employee	5%
Employee/Professional	69%
Retired	1%


### *Age*

20 - 24	11%
25 - 34	40%
35 - 44	25%
45 +	25%

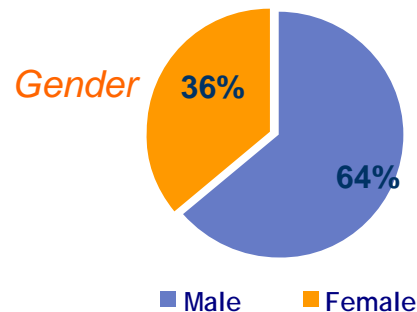
Source: \* America Economia, eCommerce Study 2008. \*\* Ipsos e-Commerce Study - August 2007

# ARGENTINA e-Commerce Landscape



Population *	40M	
Internet Penetration *	10M = 25%	
e-Shoppers *	2M = 5%	
e-Commerce Volume *	US\$ 740M	
2005 to 2007 Growth *	163%	
Domestic vs International *	73% / 27%	
% of LAC e-Comm *	7%	
% e-Comm out of GDP *	0.30%	
Marketplace Characteristics	<ul style="list-style-type: none"> <li>- Increased domestic offering in last two years</li> <li>- Biggest players: Gol, Aer. Argentinas, M. Libre</li> <li>- Acquiring model for GPC: 1 Acquirer per Brand</li> <li>- Debit cards not enabled for online shopping</li> <li>- Acquiring model for GPC: 1 Acquirer per Brand</li> <li>- Verified by Visa deployed for credit transactions</li> </ul>	

## Argentina Online Buyer Profile \*\*



### Occupation

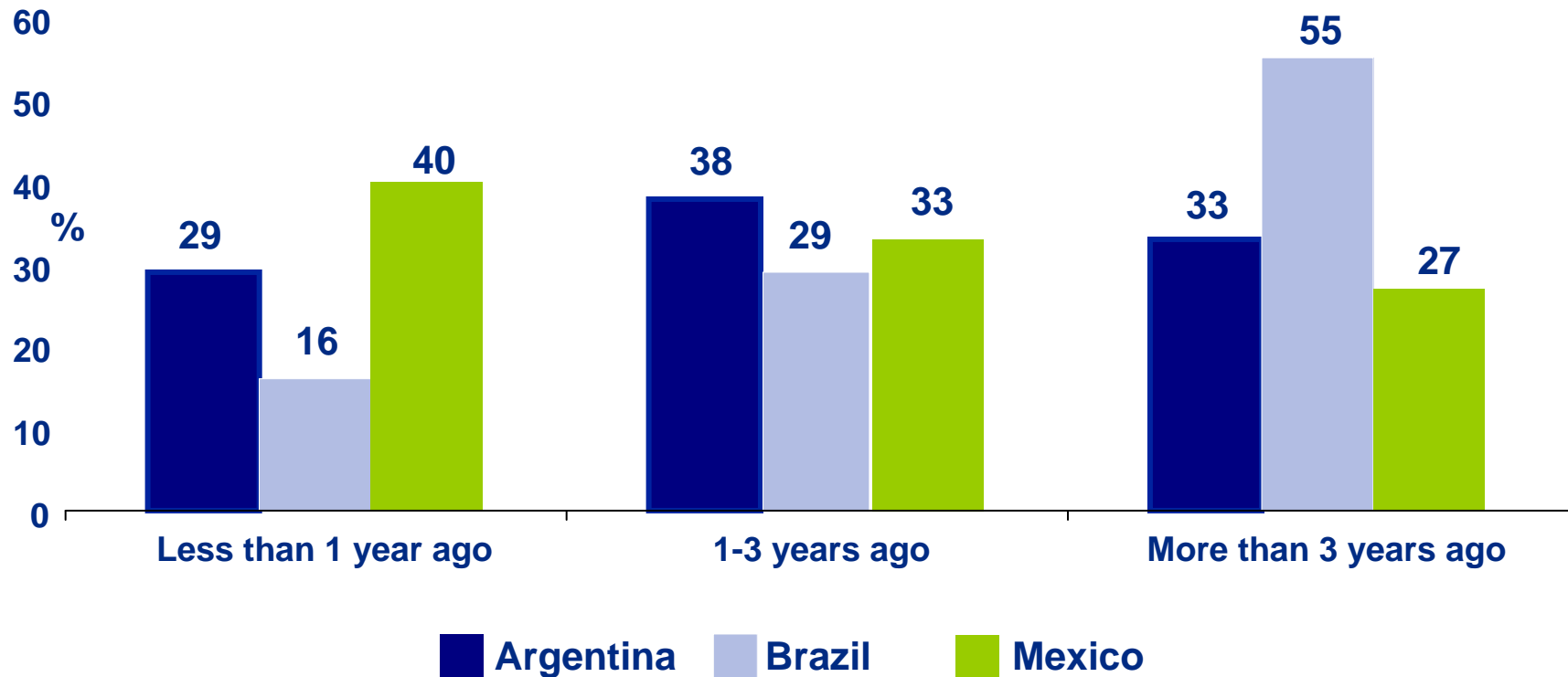
Student	11%
Household	5%
Part time employee	5%
Employee/Professional	73%
Retired	6%

### Age

20 - 24	16%
25 - 34	33%
35 - 44	28%
45 +	23%

Source: \* America Economia, eCommerce Study 2008. \*\* Ipsos e-Commerce Study - August 2007

# My first online purchase



- Brazilians respondents are more “experienced” buyers, as most of them started doing e-Commerce more than 3 years ago
- Mexicans respondents are “newcomers”, with 40% of buyers having less than 1 year of experience

Source: Ipsos e-Commerce Study - August 2007

# LAC e-Commerce Opportunities



## Overall

- Low Internet and low broadband penetration

## Low Debit usage on Internet

- Banks don't enable Debit for online purchasing

## International Acceptance

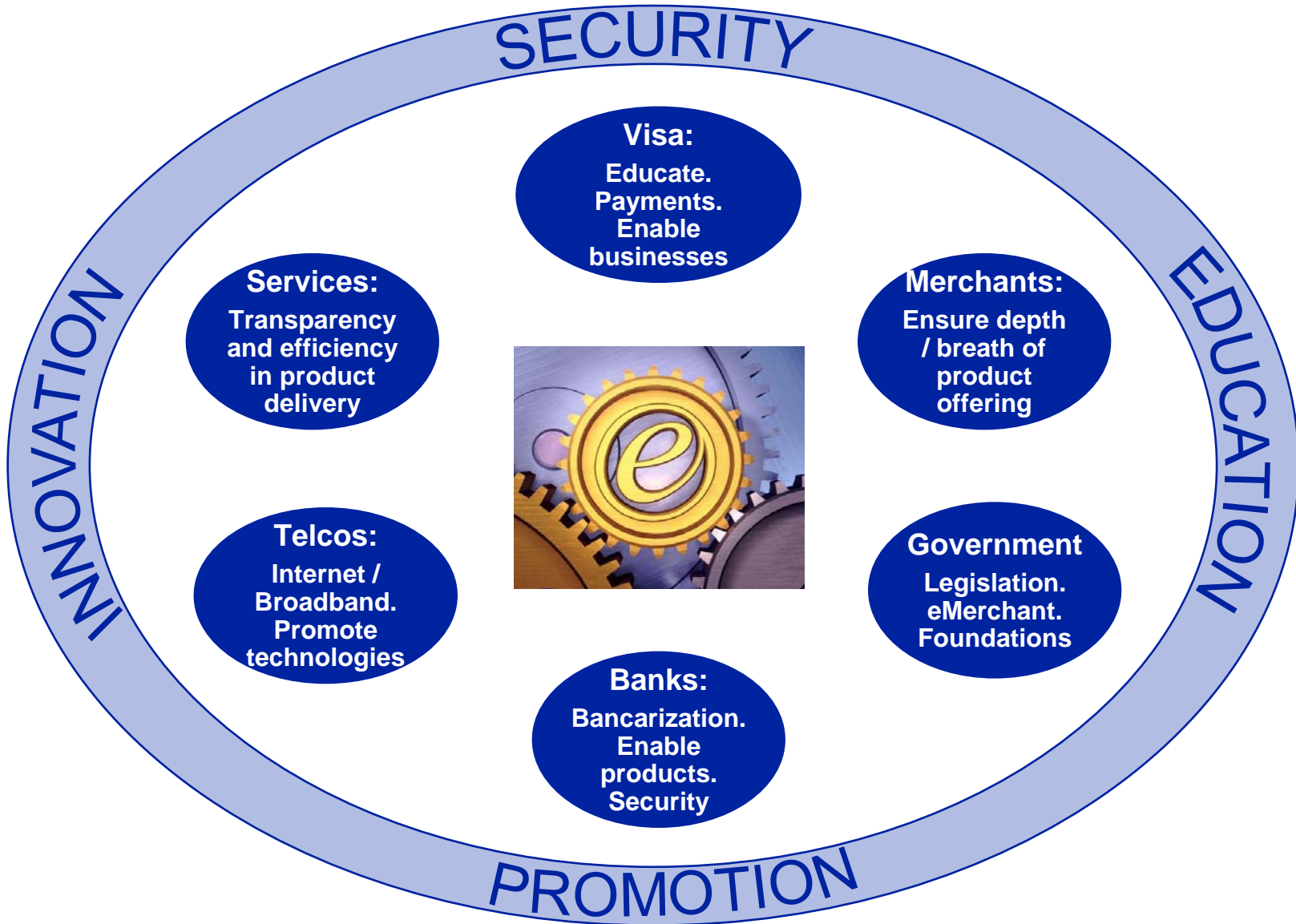
- Merchant Declines
- Lack of adequate information
- Limited shipping options
- Perceived incremental risk

## Issuer Declines

- Tight risk policies, rigorous scoring models, risk associated with CNP transactions and lack of education drive this behavior

## Enable SME's / New Segments

# e-Commerce, a combined effort





# e-Commerce Status and Trends in Latin America



**Guillermo Rospigliosi**  
**Visa Inc.**  
**Presentation for CTST The Americas**  
**May 4 – 7, 2009. New Orleans**