



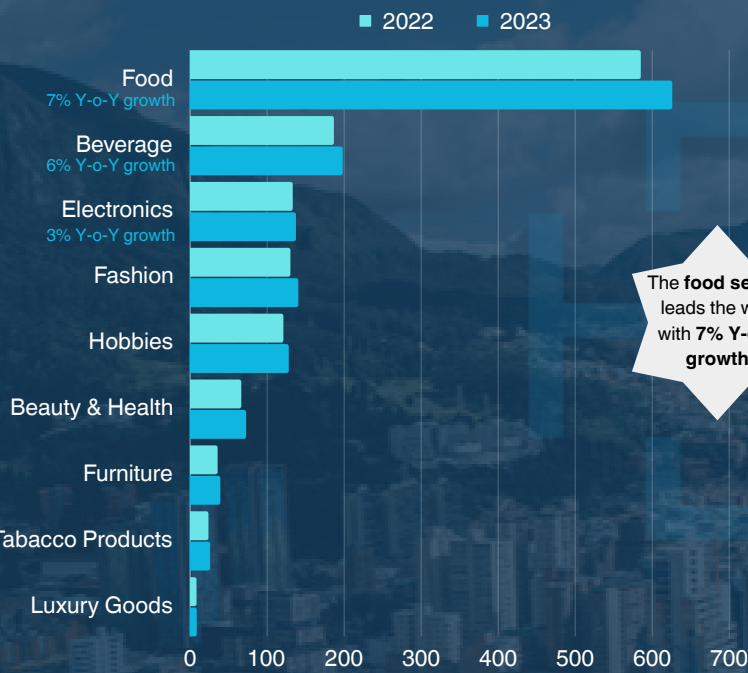
Retail Industry

Latin American Market

Overview

- The Retail Industry is the largest vertical in Latin America, with **US\$1,291 billion of income in 2022**, projected to **increase by 7% Y-o-Y**.
- Latin America is home to **11 companies** amongst the Top 250 retailers, including **Cencosud** and **Falabella** from Chile.
- The Retail Industry is posited for strong growth driven by **rising disposable incomes, increasing urbanization, and a growing middle class**.
- **E-commerce** is a rapidly growing sector in Latin America, and is expected to account for over **15% of total retail sales** by 2025.

Total Revenue by Retail Category in LATAM (billions of US\$)



The **food sector** leads the way with **7% Y-o-Y growth**

The E-commerce Boom

E-commerce represents **9%** of Latin America's total retail sector in 2023

In 2022, there were **317.5 million digital buyers** and the value of online retail sales reached an estimated **US\$168 billion** in Latin America.

Retail Categories with highest share of e-commerce sales

1. Electronics: **32%**
2. Furniture: **25%**
3. Beauty & Health: **19%**

Chile

Retail CAGR: 4.2% (2022-2027)

Chile benefits from its extensive domestic retailers and an **export-oriented food industry**. Its vast network of **free-trade agreements** with major global economies facilitate Chile's foreign participation in consumer goods markets, ensuring competitive import costs.



Chile has the highest percentage of internet penetration in LATAM, with more than 17 million people connected. The **e-commerce market** is projected to grow at a CAGR of 14.9% from 2021 to 2026, reaching an estimated value of US\$15.3 billion by 2026.



Chile is home to well-developed retail infrastructure, with a modern network of shopping malls, including the **Costanera Center**, (the largest shopping mall in South America located in Santiago), supermarkets, and specialty stores, enabling effective consumer outreach for a variety of retailers.



Peru

Retail CAGR: 4.0% (2023-2027)

Peru's **textiles and apparel sector** is renowned for its high-quality fibers and innovative production methods. With over 46,000 companies, the sector generates approximately US\$2.1 million in imports and US\$1.4 million in exports annually.



E-commerce advances strongly in Peru, with sales reaching US\$9.3 billion in 2021, a 55% increase compared to 2020. Before the pandemic, e-commerce represented a 12.5% share of card transactions, and today it represents 45%.



Mall Aventura San Juan de Lurigancho, Lima's latest shopping center, represents an investment surpassing US\$85 million and accommodates over 250 stores. Initial projections anticipate that it will receive approximately 1.5 million monthly visitors.



Colombia

Retail CAGR: 4.5% (2022-2027)

The **food sector** is the largest segment of Colombian retail industry, accounting for approximately 32.7% of total retail sales in 2021. The sector is expected to grow at a CAGR of 5.8% from 2021 to 2026, reaching US\$43.5 billion by 2026.



Thanks to Colombia's rapid digital adoption, **e-commerce** is growing with an anticipated CAGR of 27% from 2023 to 2026. Retailers are encouraged to develop **online sales channels** and **strengthen applications** already present in the market including Rappi and Merqueo.



Colombian retailers are harnessing the **power of social media to enhance sales and reinforce online visibility**. Notably, 65.8% of Colombians engage in brand research on social platforms, a percentage which substantially exceeds the global average of 43.1%.



Argentina

Retail CAGR: 4.3% (2022-2027)

The **food and grocery sector**, comprising approximately 32% of Argentina's total retail sales in 2021, is witnessing a growing emphasis on **health and wellness**. Consumers are increasingly seeking fresh, organic, and minimally processed products within this segment.



Argentina's **e-commerce sector** surged by 28% in 2022, with **clothing and sporting goods** leading online sales. Additionally, higher-revenue items like sound equipment, furniture, and services gained popularity among Argentine online shoppers.



In 2021, Argentina's number of **sustainable vendors** increased by 192%, which today contributes to 37% of the **10,700 companies that sell sustainable products in LATAM**, including solar panels, reusable coffee capsules and composters among others.



Opportunities



Omnichannel retailing

Retailers face the challenge to proactively cultivate greater flexibility across channels and reduce barriers to online purchases, in response to the rising consumer expectation for a seamless shopping experience across various platforms.



Consumer personalization

71% of consumers expect companies to deliver personalized interactions. Retailers who utilize customer data and analytics foundations to customize offers and engagement for specific consumer segments are positioned to enhance sales and strengthen consumer loyalty.



E-commerce

Given increasing internet penetration, smartphone adoption, and rising consumer confidence in online shopping, traditional brick-and-mortar stores are encouraged to adapt to and embrace e-commerce strategies.



Environmental consciousness and ethical sourcing

44% of Latin Americans are discontinuing product purchases based on their environmental impact. Retailers are prompted to increasingly offer more sustainable products, implement eco-friendly practices, and adopt transparent supply chains to demonstrate their commitment to environmental and social issues.