



# Impacts that matter

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How the Mercado Libre ecosystem  
creates value in Latin America

## INTRODUCTION

For 22 years, we have resorted to technology and relentless innovation in the pursuit of our goal: democratizing electronic commerce and digital financial services to transform the lives of millions of people in Latin America. Each of our endeavors is based on that mission; every day, we take risks to be disruptive, step up our game and **cause a positive, crosscutting and transformative impact.**

We want to contribute to the **sustainable prosperity of our region.** We are determined to become the Latin American tech company with the largest positive impact on society. This goal steers our direction—we size our impact periodically by assessing concrete and tangible results, so as to have a clear understanding of our footprint.

Hence, we requested a study of socio-economic impact from Euromonitor, which would allow us to understand and evaluate how our ecosystem of solutions creates value and furthers development in the countries of the region.

In order to enhance the impacts that matter, during the pandemic we scaled up our cooperation with strategic partners, customers and different stakeholders, unleashing a multiplier effect in value creation, which is something we are very proud of. We managed to support hundreds of thousands of SMEs so they could recover from hardship, by providing technology and solutions that enabled them to adapt to the new scenario.

**The positive impact** of our ecosystem is channeled through digital transformation, job creation, financial inclusion, and economic growth—vehicles to boost our purpose with a collective spark.

Today, our platform constitutes the main source of income of around 900,000 families of the region, while creating an average of **6 jobs per hour.**

This multiplier effect is echoed by the SMEs we are linked to. Six out of 10 are family projects and create an average of 4 to 11 new jobs. Moreover, **1 out of 4** SMEs is headed by a woman.

These **impacts** are the ones we truly care about, those **that assert our mission** and those we wish to continue **furthering connected to our own growth.**

# OBJECTIVES

The study was divided into chapters, with the aim of addressing the whole Mercado Libre ecosystem and in order to:

- Measure Mercado Libre's contribution to the **economy** of the countries surveyed.
  - Understand how SMEs are affected when joining the Mercado Libre ecosystem.
  - Gauge the impact produced by **e-commerce** on each country's logistics chain.
  - Quantify Mercado Pago's contribution to **financial inclusion**.
  - Describe and measure positive rippling effects on other actors of Mercado Libre's **value chain**.
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# RESEARCH METHODOLOGY

The study was conducted between March and September of 2021, and was based on data from two years prior. While Mercado Libre operates in 18 countries, this research centers only on Argentina, Brazil, Chile, Colombia, and Mexico, and it is comprised of different methodologies and different types of sources:

- **+4.000 surveys** administered on Mercado Libre sellers and Mercado Pago users, both individuals and merchants.
- **+50 detailed interviews** conducted on logistics operators from our value chain and leaders of the region's shipping system.
- Analysis and triangulation of **370** statements that confirm Mercado Libre's **impact** on the economic development of the countries assessed.
- Secondary data regarding **macro and microeconomic** variables in countries analyzed.

# Our 5 scopes of impact



The Mercado Libre ecosystem transforms the lives of millions of people in Latin America by stimulating and fueling the democratization of electronic commerce and digital financial services.

- Mercado Libre is the main source of income of around

# 900 K FAMILIES

in the region



and provides marketing opportunities for around

# 500 K SMALL AND MEDIUM-SIZED ENTERPRISES

- In 2020, **175 thousand** new companies joined the marketplace. Today, we are the main source of income of almost **900 thousand families** in the region.
- More than **480 thousand SMEs (4.3%** of the region's SMEs) make profits from operating in Mercado Libre.
- **65% of the SMEs** that sell at our marketplace are family businesses which create an average of 4 to 11 jobs each.
- The total volume of money transactions on Mercado Libre's marketplace **was 1.4-fold greater** than the volume of private consumption in the region.
- Mercado Libre's **input to tax collection** in countries assessed increased threefold as compared to the previous year.

## LOCAL EXAMPLES

 On average, **2 out of 3 companies that** are part of the Mercado Libre ecosystem are families who have been selling their products on the marketplace for **4-6 years**.

 **5 out of 10 SMEs** state that they would not have been able to survive during the pandemic were it not for the sales made via Mercado Libre's marketplace.

### CONTEXT

- In 2020, the upturn of e-commerce in Brazil amounted to **13.4%**, and it is expected that it continues growing by an average of **11.6%** over the next 5 years.
- On average, companies that sell through Mercado Libre are **10 years old**, and they have been selling their products on the marketplace for 4 years.
- In 2020, around **650 million packages** were shipped via Mercado Libre.

## 02. EMPLOYMENT

The increase of transactions via e-commerce in general, and via Mercado Libre in particular, brought about benefits in terms of direct and indirect job creation and job security during times of uncertainty.

- In 2020

# 6 NEW JOBS PER HOUR



were created in Latin America thanks to operations in Mercado Libre.

- Mercado Libre only grows when companies whose development is driven by the solutions offered in our ecosystem grow as well. Overall, the logistics industry created **200 thousand jobs** in 2020: **13%** was on account of Mercado Libre.
- **Over 85%** of SMEs selling on Mercado Libre kept their full staff or hired more employees regardless of the pandemic.
- In 2020, Mercado Libre created almost **6 thousand new jobs**. Half of that figure corresponds to the Shipment department.
- Regarding indirect employment, the logistics solution ecosystem that manages our operations created over **27 thousand jobs** along the entire chain of distribution.
- Estimations show that **the growth of the logistics industry** in 2020 equals what was envisaged for the next 5 years.

## LOCAL EXAMPLES

 **1 out of 10 packages** shipped to homes comes from Mercado Libre.

 Thanks to the increase in shipping via Mercado Libre, approximately **4 thousand new jobs** were created, thus feeding the logistics value chain.

### CONTEXT

- The whole **logistics, transportation and distribution industry saw a sharp increase in 2020**—it created new jobs in areas such as shipment, consolidation, deconsolidation, logistics centers, first and last mile delivery, among others.
- In a year marked by the pandemic and economic shrinkage in the region, **e-commerce and logistics** stand out as two of the most **buoyant sectors** of economy, therefore proving their capacity to support and fuel private employment.

### 03. GROWTH

Mercado Libre's boosting effect is substantial: when an entrepreneur or SME steps on board our ecosystem, their digital transformation speeds up, and a brand new universe of possibilities is revealed.

- In 2020,

**84%** OF SMEs

in the region expanded beyond their cities, thanks to e-commerce, getting new customers and increasing their sales turnover.



- Today, **14% of SMEs** trading on Mercado Libre make the total of their income by using our platform, and over 1 out of 4 make 51-90%.
- **4 out of 10 SMEs** operating in Mercado Libre sell exclusively via e-commerce.
- On average, in 2020 **63% of SMEs' sales** were made via the online channel versus **37%** made via the **in-store channel**.

#### LOCAL EXAMPLES

 **Almost all of Brazil's SMEs** managed to expand geographically and lure new customers.

 **46% of SMEs** on Mercado Libre sell exclusively on its platform.

 **90% of Colombia's SMEs** got new customers through Mercado Libre.

#### CONTEXT

- On average, SMEs that sell on Mercado Libre have been selling on digital ecosystems for **6 years**.
- Direct tax revenue collected by Mercado Libre was **219% higher** than the previous year. This reflects the exponential growth of SME activity and the increasingly predominant role played by e-commerce and digital financial services in formalizing the economy.

Access to digital payment methods and new financial services triggered by Mercado Pago reduced the use of cash and informality rates.

40%  
OF SMEs



received  
their first credit  
offer through  
Mercado Pago



#### ENTERPRISE

- **Over 60%** of credits granted to SMEs during this period were used to invest in working capital (inventory, equipment, logistics, employment).
- After incorporating Mercado Pago, SMEs and merchants saw their sales surge up by almost **30%**. **50%** consider that their client base grew when they decided to diversify their payment methods by adding Mercado Pago products.
- **7 out of 10 users** who make use of Mercado Pago affirm that joining the platform resulted in concrete benefits for their businesses.
- Up to December 2020, **1.7 million credits** of an average amount of USD 325 each had been granted to 550 thousand sellers.<sup>1</sup>
- The use of Mercado Pago's payment link **grew by over 100%** and enabled many SMEs to continue selling during lockdown. The same growth was accounted for companies that went from selling on their own websites to incorporating check out on Mercado Pago.<sup>1</sup>
- Digital collection methods allowed more women to launch their own enterprises within the context of COVID-19. There was a year-on-year increase of **7%** of the amount of women sellers v. men sellers.<sup>1</sup>
- Over the last three years, the number of active mPOS in Argentina, Brazil, and Mexico increased fourfold. Up to March 2021, **10.5 million devices had been delivered.**<sup>1</sup>
- Card payments enlarged entrepreneurs' income by 62%. Over **40%** of them do not have or use bank accounts. Most of them collected card payments for the first time through the platform.<sup>1</sup>

<sup>1</sup> Data based on Mercado Pago's own research

## 04. INCLUSION



### USERS

- **3 out of 10 users** of the region inform that Mercado Pago was the first payment method they used other than cash.
- **30%** of users stated that thanks to Mercado Pago they were able to hire online services (streaming services, for example) that they could not access before because they did not have a credit card or any digital means of payment.
- Up to March 2021, **1.5 million users** of Mercado Crédito did not have a previous credit history nor credit cards, and **3.7 million users** had accessed the option to purchase in installments.<sup>1</sup>
- Lockdown pushed many people to experiment purchasing all kinds of products and services online: **39 million people** tried out the simplicity of online payments. (March 2021 v. the previous year).<sup>1</sup>

<sup>1</sup> Data based on Mercado Pago's own research

### LOCAL EXAMPLES

 **On average, cash use decreased by 23%** after Mercado Pago was incorporated.

 **7 out of every 10 SMEs** saw an increase of their sales volume thanks to Mercado Pago.

 **49% of SMEs** migrated to Mercado Pago for deeming it safer than cash.

 **8 out of 10 users** of Mercado Pago use cash less than once a week.



### CONTEXT

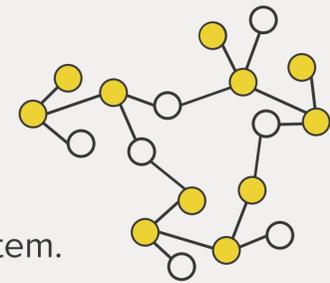
- In most of the countries of the region, purchases in cash dropped by **22% on average**. In countries such as Argentina, Mexico and Brazil, digital payments are increasingly considered a safer method than cash.
- **80%** of respondents state that their financial education comes from informal channels (social networks, magazines/newspapers, relatives, blogs, etc.).
- Given that Mercado Pago poses fewer limitations than traditional banking, people that did not have access to alternative payment methods, today can enjoy the same benefits as people who have bank accounts, and they can subscribe to digital platforms offering education, health, and entertainment.

The rapid digital expansion has changed the paradigm of all industries. At Mercado Libre, we foster new business models that rely on technology's multiplier effect and huge potential of inclusion.

- The e-commerce revolution

## +2000 SMEs

in the region, which provide their services to Mercado Libre and its ecosystem.



- In addition to having providers who offer their products and services directly to Mercado Libre, there is a newly emerged ecosystem of partners and advisors who provide additional services to Mercado Libre sellers and **improve user experience**.
- Just as in the case of companies that take part in the logistics chain, this growing ecosystem of providers allows for job creation in several departments: This study identified at least **17** different economic activities that receive an indirect benefit from Mercado Libre's growth.
- The new technologies' potential of inclusion cross-cuts many areas and is currently pushing a new paradigm in regard to diversity—not only does digital transformation bridge geographic, economic and financial gaps, but also it narrows education and gender gaps.  
**One out of 4 SMEs** surveyed is led by a **woman**.

### LOCAL EXAMPLES

 Chile has the largest participation of women as heads of family companies, occupying the leading position with **34.5%**.

 We have witnessed the fastest paradigm shift to date regarding purchasing and selling: the year-on-year growth rate of Mercado Libre shipments amounted to **432%**.

#### CONTEXT

- In this region, **7 out of 10 homes** have Internet connection. Chile leads the ranking with 90% market penetration, followed by Argentina (**80%**), and Brazil in third place (**70%**).
- In all markets, physical retail shrank by an average of **17.5%** in 2020, while e-commerce grew by **19%** as a result of the pandemic.
- Mexico and Brazil account for **68.2%** of the retail industry of the region, with a respective participation rate of **34.3%** and **33.9%**.

The **digital revolution** sped up processes that were already underway, and clearly brought out the potential held by companies in the region **to trigger paradigm shifts** and improve the lives of millions of people in our region. We are convinced that in order to expand and scale up our positive impact we must open new doors, raise the bar and multiply opportunities. Ours is the story of thousands of companies and entrepreneurs who are committed to the future of Latin America.

## GLOSSARY

- **SMEs.** Small and medium-sized enterprises. For this study, the following annual income ranges in local currencies and in dollars are taken into account:

COUNTRY	LOCAL CURRENCY (min.-max.)	USD (min.-max.)
MLA	97,500 - 169,165,100	1,380 - 2,394,919
MLB	3,960 - 19,800,000	768 - 3,839,442
MLC	504,000 - 203,490,000	636 - 256,696
MCO	2,520,000 - 5,385,503,203	682 - 1,457,569
MLM	15,540 - 18,500,000	723 - 860,545

- **Merchants.** Companies that are retailers and may or may not have physical stores.
- **Marketplace.** Marketplace is Mercado Libre's electronic commerce platform, where millions of users meet to settle different types of transactions.
- **Mercado Pago.** Mercado Libre's fintech business unit, providing the most comprehensive financial services ecosystem in the region and targeted at companies, smaller businesses and individuals who wish to manage their money in a safe, simple, and convenient way.
- **Direct Employment.** Employment created by Mercado Libre by means of direct recruitment and hiring of permanent employees.
- **Indirect Employment.** Employment created by industries that provide products and services to Mercado Libre.



**mercado  
libre**