

Latin America eCommerce

Is cross-border shopping losing its luster? Shein cedes share to Shopee in our survey

Industry Overview

Brazil cross-border eCommerce slows, faith/trust concerns

Our Brazilian eCommerce survey suggests concern over customs delays/taxation and lower cross-border spending intent. Shein appears to have lost momentum to Shopee, consistent with traffic data (Exhibit 19). Our findings coincide with reports of delay and disruption associated with Remessa Conforme certification and implementation. Central Bank data (Exhibit 17) also shows sharp deceleration.

Still highly popular; 90%+ shop cross-border...

Cross-border sites remain widely used by consumers. 94% of respondents said they made at least one purchase over the last 12 months, with 40% buying more than 7 times (Exhibit 1). Though price matters, selection was the top draw. The popularity of cross-border sites also underscores the political sensitivity to taxing purchases.

...but cross-border appears to be losing momentum

Despite high penetration levels, consumers appear to be shopping fewer categories. The number of consumers indicating purchases declined in 11 of 12 categories vs July (Exhibit 3). Purchase intent also fell. Only 37% of respondents planned to spend more on cross-border sites over the next 12 months, down from 44% in July. Overall eCommerce trends were slightly better; 42% planned to spend more on online shopping in general.

Consumers concerned about delays and taxation

Consumers appear increasingly concerned about the customs process. 60% cited risk of customs delays and taxation as a top 3 concern, up from 54% in July. 55% indicated that at least one purchase had been taxed, up from 45% in July. 15% said that a purchase had been returned to the sender by customs, with the most frequent reasons being the incorrect value or description of contents.

Shopee edges out Shein

Shopee and Shein were the most widely used sites. However, while 28% of respondents said they were most likely to buy on Shein, this was down from 37% in July (Exhibit 14). Shopee and AliExpress both improved on this metric. Shopee also had the highest purchase intent score. 92% planned to shop on the site, with 42% planning to spend more. Shein and MELI tied for #2, followed by Amazon.

Shopee & Shein lead in apparel

Apparel was the most widely purchased category (by 61% of respondents), and cross-border sites were favored over locals. Shein ranked #1 in the category (among both online and offline retailers) by 17% of participants and was in the top 5 for 48%. Shopee also scored well, named #1 by 10% and in the top 5 by 46%, and topped our survey in total points. C&A led local alternatives and was #4 overall. Lojas Renner ranked #7.

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Refer to important disclosures on page 10 to 12.

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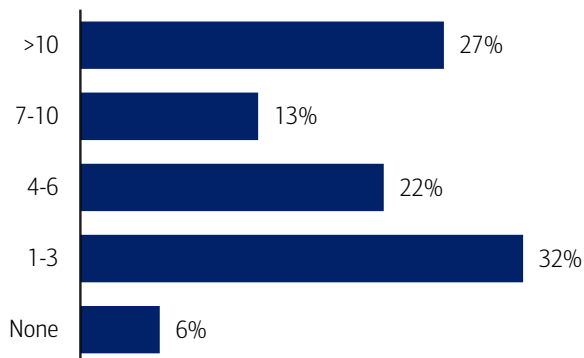
Cross-border survey findings

We surveyed 500 consumers across Brazil on January 24th, 2024. 59.8% of respondents identified as female, and 83.8% were between the ages of 18 and 44 years (37.4% under the age of 30). The margin of error is +/- 4%.

Cross-border shopping habits

Exhibit 1: 94% of respondents made at least one cross-border purchase over the LTM, and 27% made more than 10

How many purchases have you made on cross-border platforms over the last 12 months? % of respondents (n=500)

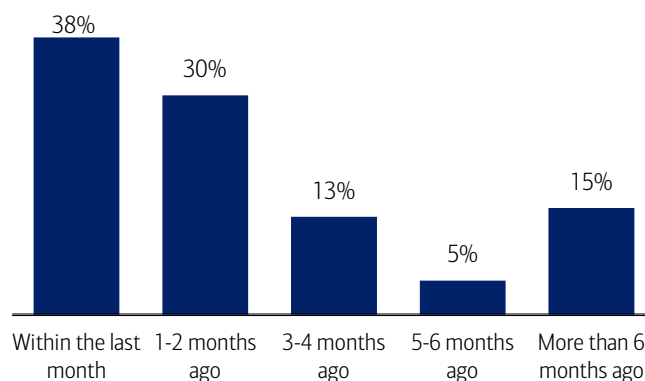


Source: BofA Global Research

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Exhibit 2: 85% of respondents made at least one cross-border purchase in the last 6 months, and 38% made one within the last month

When was the last time you made a purchase on a cross-border site? (n=496)

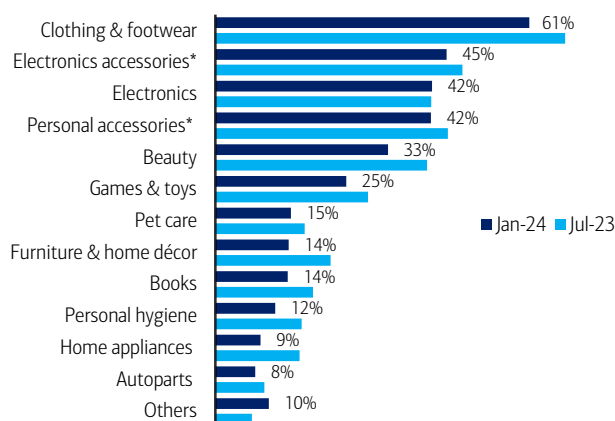


Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 3: The number of consumers indicating purchases declined in 11 of 12 categories vs July; apparel remains the most widely purchased

What products/categories have you purchased from cross-border sites? % of respondents (Jan-24, n=495 / Jul-23, n=499)



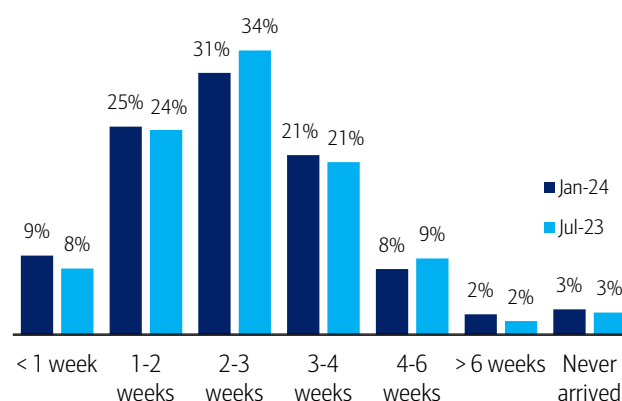
*Personal Accessories: Jewelry, watches, sunglasses and other accessories; Electronics accessories related to mobile phone, tablet or computer

Source: BofA Global Research

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Exhibit 4: 78% of respondents estimated average delivery times at 1-4 weeks, with 2-3 weeks most common

How long did it take to receive your order, on average? % of respondents (Jan-24 and Jul-23, n=496)

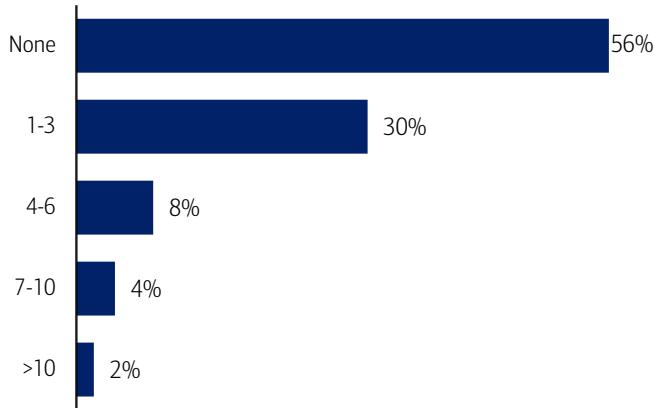


Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 5: Around 44% of respondents were taxed at the time of purchase

How many purchases were taxed at the moment of purchase? % of respondents (n=499)

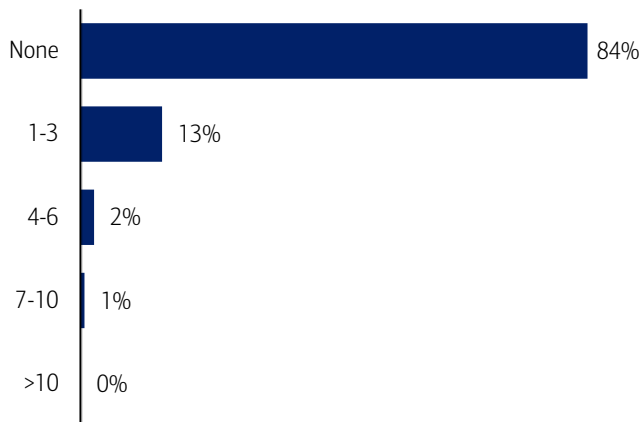


Source: BofA Global Research

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Exhibit 6: 16% of respondents had a package returned by customs authorities...

How many purchases were returned to the sender by customs authorities? % of respondents (n=499)

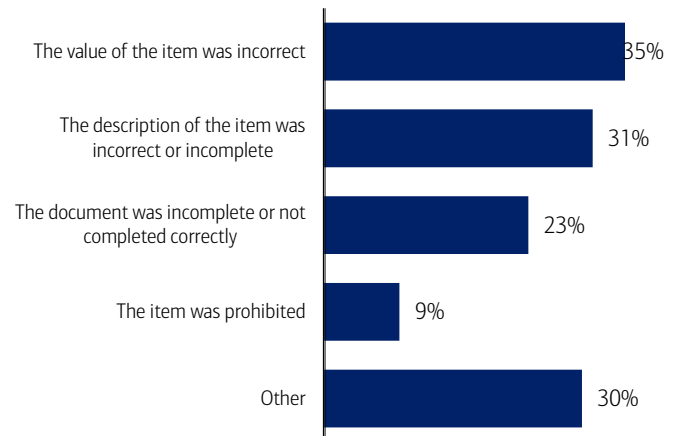


Source: BofA Global Research

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Exhibit 7: ...and issues with value or description of the item were the most common cause

If your package was returned by customs authorities, what was the reason given? % of respondents indicating a package had been returned (n=81)

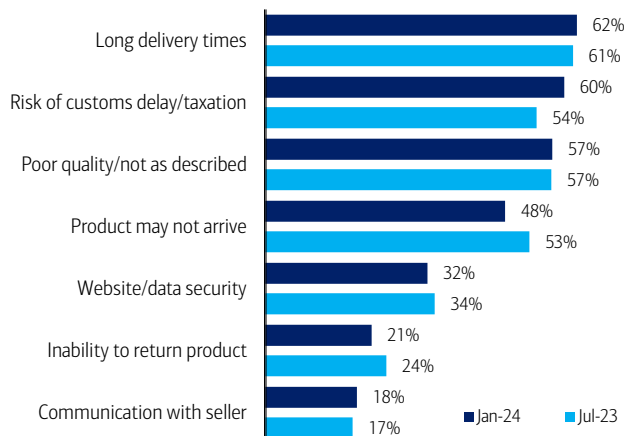


Source: BofA Global Research

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Exhibit 8: Long delivery times and risk of customs delay/taxation were most frequently cited as top 3 concerns,

What are your top 3 concerns about buying on an international site? % of respondents (Jan-24, n=490 / Jul-23, n=488)

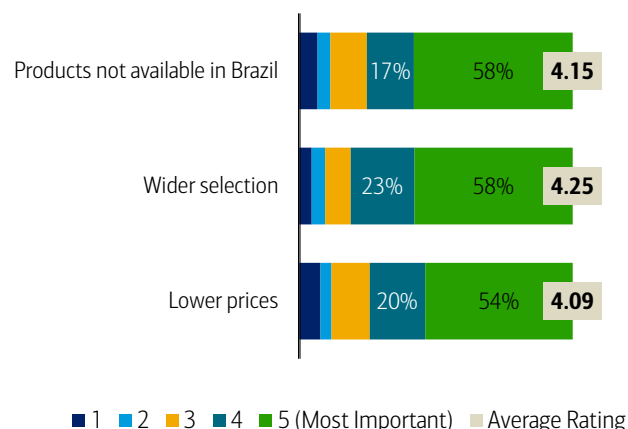


Source: BofA Global Research

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Exhibit 9: Selection ranked higher than prices as a benefit of buying on international sites

What are the benefits of buying on an international site? Scale of 1-5, with 1 least important and 5 most important; % of respondents (n=494)

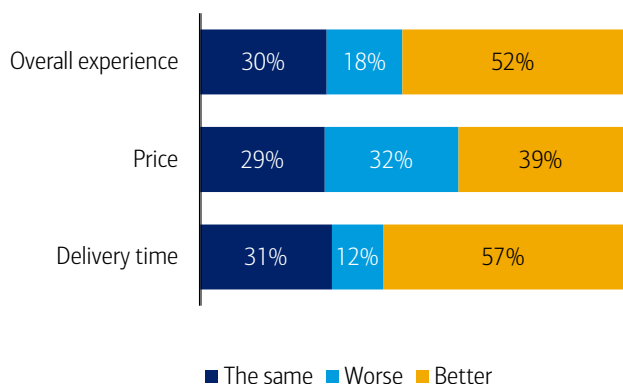


Source: BofA Global Research

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Exhibit 10: 57% said that delivery time improved for their most recent purchase, and 52% said their overall experience was better

How did your most recent experience compare with previous purchases on each of the following attributes (n=498)

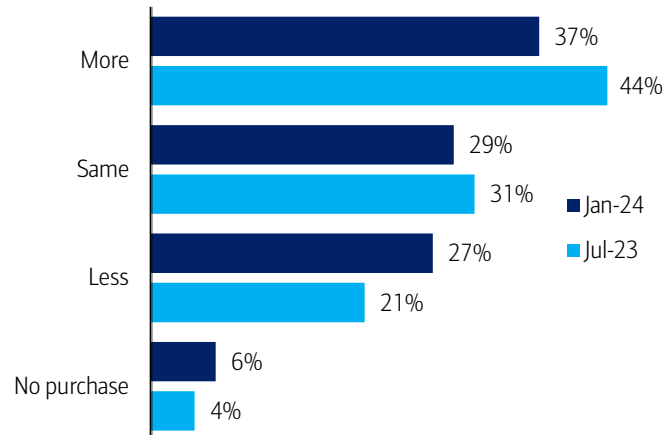


Source: BofA Global Research

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Exhibit 11: 37% of respondents plan to spend more on cross-border platforms, down from 44% in July...

How much do you plan to spend in the next 12 months on cross-border websites? (Jan-24, n=497 / Jul-23, n=500)



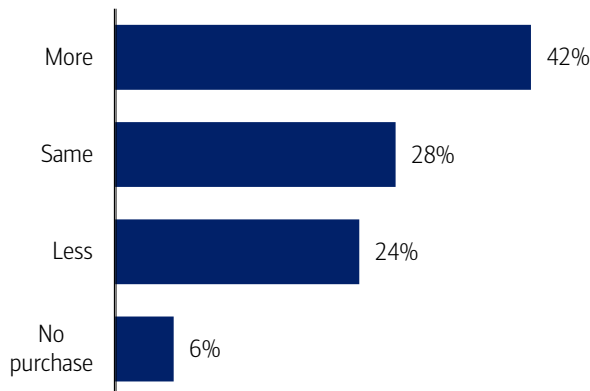
*"More" = more than I spent over the last 12 months; "Same" = the same amount I spent over the last 12 months; "Less" = less than I spent over the last 12 months; "No Purchase" = I don't plan to make a purchase over the next 12 months

Source: BofA Global Research

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Exhibit 12: ...while 42% plan to spend more on eCommerce in general

How much do you plan to spend in the next 12 months on eCommerce purchases? % of respondents (n=495)



**More* = more than I spent over the last 12 months; *Same* = the same amount I spent over the last 12 months; *Less* = less than I spent over the last 12 months; *No Purchase* = I don't plan to make a purchase over the next 12 months

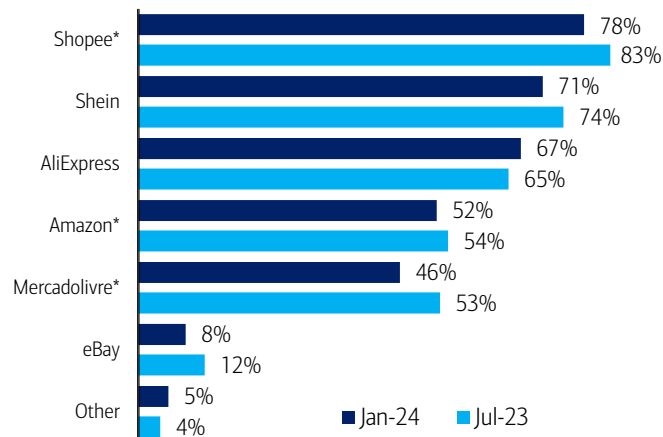
Source: BofA Global Research

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Where do consumers shop?

Exhibit 13: Shopee was the most widely used cross-border site

Which cross-border sites have you made purchase from? % of respondents (Jan-24, n=496 / Jul-23, n=500)



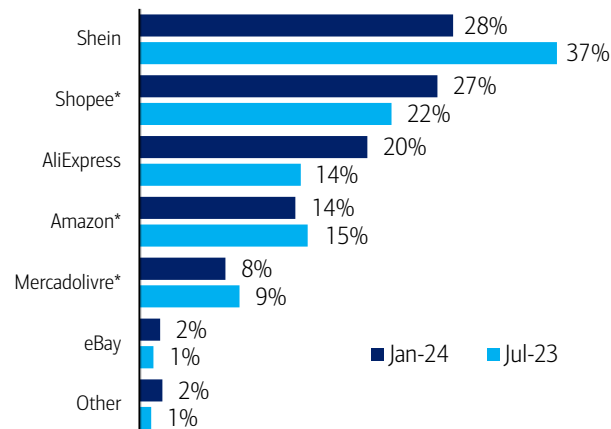
*International purchase

Source: BofA Global Research

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Exhibit 14: Respondents were most likely to use Shein and Shopee for future purchases; but Shein lost share to Shopee and AliExpress

Which site are you most likely to use in the future for cross-border purchases? % of respondents (Jan-24, n=498 / Jul-23, n=500)



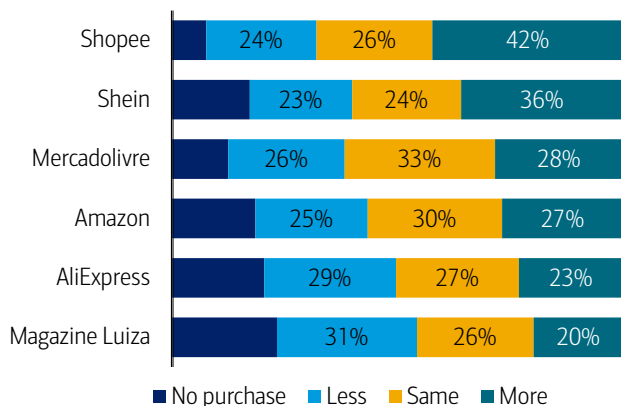
*International purchase

Source: BofA Global Research

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Exhibit 15: 68% of respondents plan to spend the same or more on Shopee over the next 12 months

How much do you plan to spend in the next 12 months on each of the following websites? (n=498)



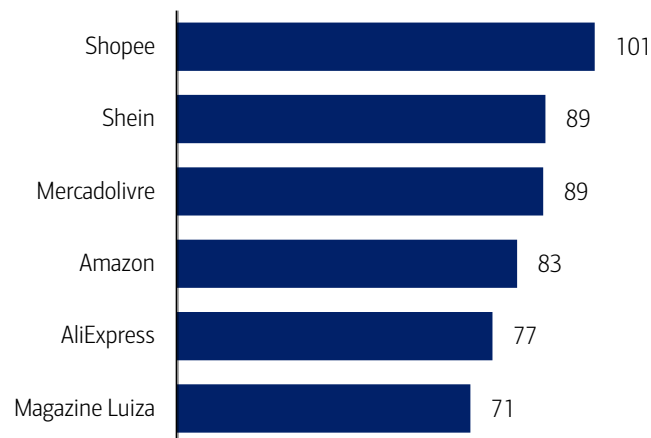
More = more than I spent over the last 12 months; "Same" = the same amount I spent over the last 12 months; "Less" = less than I spent over the last 12 months; "No Purchase" = I don't plan to make a purchase over the next 12 months

Source: BofA Global Research

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Exhibit 16: Shopee leads in purchase intent for the next 12 months

Next 12 month purchase intent index*, 0-150, (n= 1,036)



Weighted average purchase intent, where 0 = do not plan to make a purchase over the next 12 months; 50 = plan to spend less, 100 = plan to spend the same and 150 = plan to spend more.

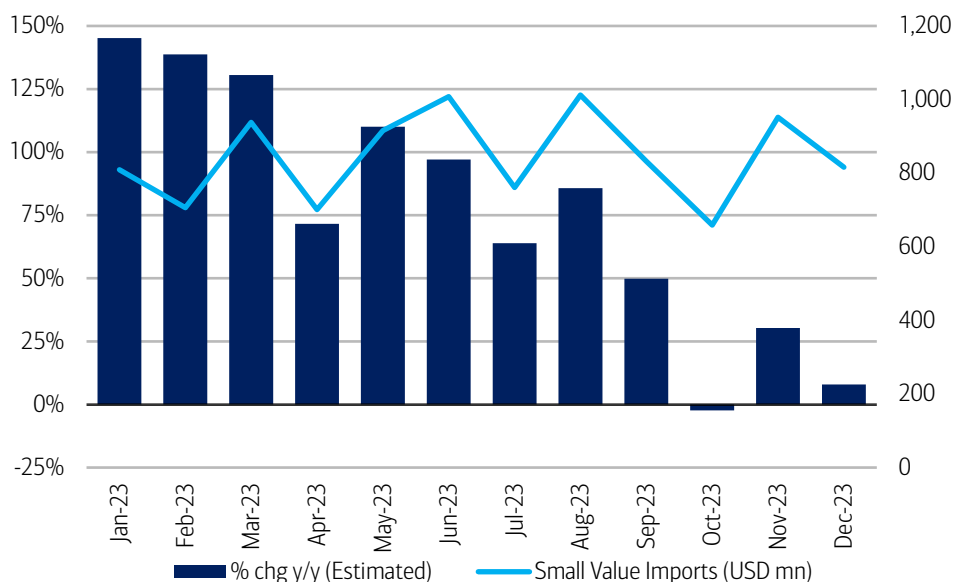
Source: BofA Global Research

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Cross-border purchases

Exhibit 17: Cross-border purchase growth has slowed considerably

Brazilian cross-border purchases (USD mn) - % chg y/y

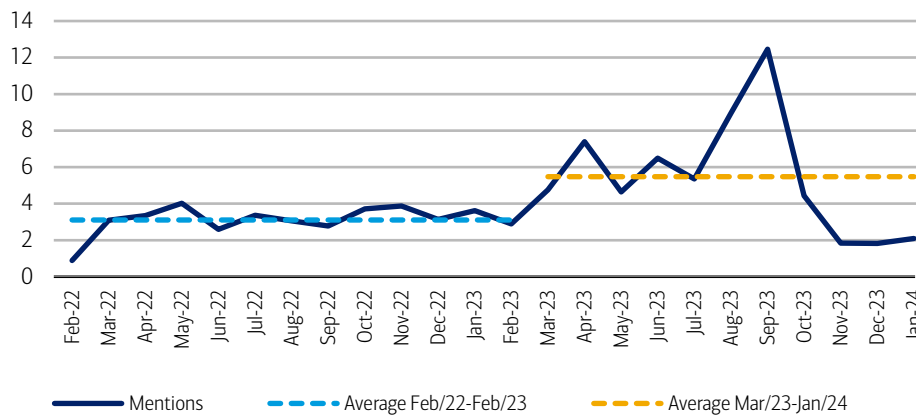


Source: Banco Central do Brasil, MCM, BofA Global Research

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Exhibit 18: X (Twitter) mentions of being taxed spiked during the implementation of Remessa Conforme

Number of monthly mentions on X (Twitter) of being taxed; '000



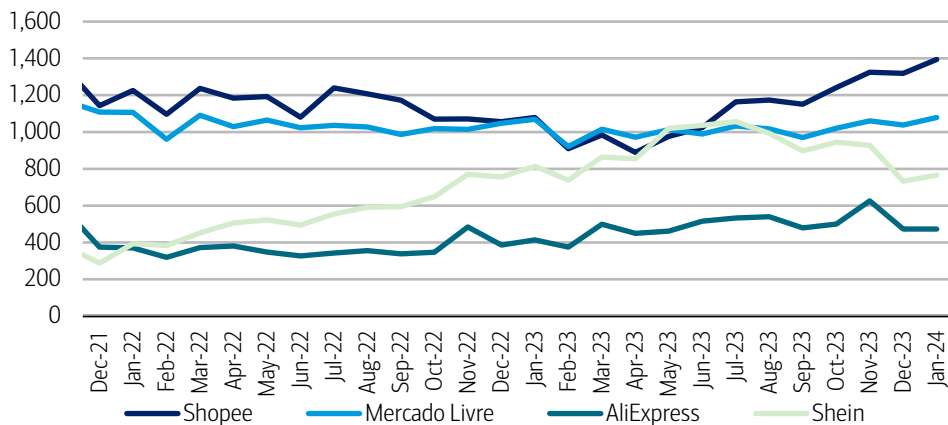
Source: ListenFirst, BofA Global Research

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Digital traffic

Exhibit 19: Shein online traffic is off from its July 2023 peak, while Shopee accelerated

App & URL monthly traffic (mn) - Brazil



Source: SimilarWeb, Sensor Tower, BofA Global Research

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Exhibit 20: Shopee is Brazil's traffic leader, with about 24% of eCommerce broadband traffic

App and URL traffic data summary, eCommerce broadband, Brazil – 4Q23 vs 4Q22

	App & URL Traffic			App Traffic			URL Traffic		Organic Traffic ²		Paid Traffic		MAU ³	Bounce ⁴	Frequency ⁵	Duration ⁶
	Share ¹	Inc/Dec	Growth	% of Traffic	% chg	% of MAU	% of Traffic	% chg	% of URL	% chg	% of URL	% chg	% chg	% chg	% chg	% chg
Shopee	24.2%	+3.2p.p	22%	94%	24.0%	59.4%	6%	-3%	77%	-9%	23%	20%	6%	-1.7p.p	15%	-32%
Mercado Livre	19.6%	-0.6p.p	2%	76%	1.3%	35.7%	24%	6%	70%	-4%	30%	38%	-1%	-1.5p.p	4%	-1%
Shein	16.3%	+2.0p.p	21%	99%	21.7%	89.0%	1%	-40%	61%	-28%	39%	-52%	1%	-1.4p.p	20%	-40%
Alibaba Group	10.8%	+2.3p.p	35%	94%	41.7%	64.7%	6%	-21%	69%	-19%	31%	-24%	2%	-1.7p.p	33%	-21%
Olx	7.7%	-0.9p.p	-6%	77%	-10.5%	37.8%	23%	16%	90%	16%	10%	12%	8%	-0.9p.p	-12%	-4%
Amazon	7.6%	+1.3p.p	28%	53%	31.1%	10.4%	47%	24%	58%	31%	42%	16%	29%	-2.0p.p	-1%	2%
Magazine Luiza	7.3%	-0.7p.p	-4%	57%	-3.1%	26.1%	43%	-5%	68%	-2%	32%	-11%	2%	-1.4p.p	-6%	0%
Grupo Casas Bahia	2.4%	-0.7p.p	-19%	56%	-24.2%	26.4%	44%	-10%	76%	-5%	24%	-24%	-15%	-1.6p.p	-5%	1%
Americanas	2.0%	-5.6p.p	-72%	64%	-75.2%	35.1%	36%	-65%	84%	-54%	16%	-84%	-60%	-1.7p.p	-30%	1%
Enjoei	1.6%	-0.2p.p	-6%	90%	0.0%	58.5%	10%	-39%	78%	-40%	22%	-35%	-17%	-1.8p.p	14%	-32%
Fast Shop	0.1%	-0.0p.p	-24%	14%	-39.2%	4.0%	86%	-21%	40%	-17%	60%	-24%	-19%	-1.7p.p	-7%	-18%
eBay	0.1%	+0.0p.p	16%	N/A	N/A	N/A	100%	16%	87%	18%	13%	2%	24%	-1.7p.p	-6%	-4%
Wish	0.1%	-0.1p.p	-61%	100%	-60.7%	100.0%	N/A	N/A	N/A	N/A	N/A	N/A	-59%	N/A	-4%	-35%
Total			5.8%													

1. Share of category traffic. 2. Based solely on URL accesses. 3. Monthly Active Users. 4. URL traffic immediately exiting landing page. 5. Includes both App and URL. 6. Based on both app and URL use

Source: Similarweb, SensorTower, BofA Global Research

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Exhibit 21: Among specialty apparel sites, Shein leads with about 71% of total traffic

App and URL traffic data summary, Apparel, Brazil – 4Q23 vs 4Q22

	App & URL Traffic			App Traffic			URL Traffic		Organic Traffic ²		Paid Traffic		MAU ³	Bounce ⁴	Frequency ⁵	Duration ⁶
	Share ¹	Inc/Dec	Growth	% of Traffic	% chg	% of MAU	% of Traffic	% chg	% of URL	% chg	% of URL	% chg	% chg	% chg	% chg	% chg
Shein	70.8%	+6.5p.p	20.7%	99.2%	22%	89%	1%	-40%	61%	-28%	39%	-52%	1%	-1p.p	20%	-40%
Netshoes	6.8%	-0.8p.p	-2.3%	66%	6%	37%	34%	-15%	70%	-14%	30%	-20%	-11%	-1p.p	10%	-17%
Lojas Renner	5.5%	-1.0p.p	-6.8%	69%	-5%	26%	31%	-12%	47%	-10%	53%	-13%	-11%	-2p.p	5%	-17%
Dafiti	4.5%	-0.3p.p	1.8%	74%	4%	39%	26%	-3%	59%	-8%	41%	5%	-6%	-1p.p	9%	-22%
Grupo SBF	3.6%	-0.8p.p	-9.3%	41%	8%	16%	59%	-18%	52%	-28%	48%	-4%	-19%	-2p.p	12%	-11%
Arezzo&Co	1.5%	-0.2p.p	-0.5%	30%	-4%	12%	70%	1%	46%	-8%	54%	11%	5%	-2p.p	-5%	17%
Riachuelo	1.5%	-0.5p.p	-16.4%	67%	-4%	39%	33%	-34%	50%	-30%	50%	-38%	-29%	-2p.p	18%	-15%
Grupo Soma	1.2%	-0.0p.p	6.9%	7%	334%	2%	93%	1%	52%	-2%	48%	5%	-2%	-1p.p	9%	-18%
C&A	1.2%	-0.1p.p	1.4%	61%	12%	28%	39%	-11%	66%	-16%	34%	-2%	-14%	-2p.p	18%	-17%
Adidas	0.9%	-0.1p.p	-6.2%	40%	9%	18%	60%	-14%	60%	-13%	40%	-17%	-10%	-1p.p	5%	-8%
Zattini	0.9%	-1.8p.p	-63.8%	40%	-66%	17%	60%	-62%	59%	-62%	41%	-63%	-61%	-1p.p	-8%	-10%
Decathlon	0.6%	-0.0p.p	5.7%	60%	19%	29%	40%	-10%	60%	2%	40%	-23%	-4%	-2p.p	10%	-24%
Marisa	0.4%	-0.7p.p	-57.4%	64%	-62%	36%	36%	-46%	72%	-44%	28%	-48%	-50%	-1p.p	-14%	-21%
Zara	0.3%	-0.0p.p	3.3%	100%	3%	100%	N/A	N/A	N/A	N/A	N/A	N/A	3%	N/A	0%	-31%
Amaro	0.1%	-0.2p.p	-55.0%	54%	-32%	21%	46%	-68%	76%	-51%	24%	-84%	-64%	-3p.p	24%	-9%
Veste	0.1%	-0.1p.p	-37.9%	N/A	N/A	N/A	100%	-38%	34%	-53%	66%	-26%	-30%	-1p.p	-11%	26%
Grupo Malwee	0.1%	+0.0p.p	68.2%	N/A	N/A	N/A	100%	68%	57%	45%	43%	113%	87%	-1p.p	-10%	27%
Track & Field	0.0%	-0.0p.p	-20.5%	N/A	N/A	N/A	100%	-21%	31%	-49%	69%	7%	-26%	-2p.p	7%	5%

1. Share of category traffic. 2. Based solely on URL accesses. 3. Monthly Active Users. 4. URL traffic immediately exiting landing page. 5. Includes both App and URL. 6. Based on both app and URL use.

Source: Similarweb, SensorTower, BofA Global Research

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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