E-Commerce in Mexico

Session: Cross Cutting Topic 1 – E-commerce

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I. - Introduction

On the concept of electronic commerce or e-commerce, can find a variety of definitions, the following three definitions were taken from internet, the first corresponds to a web site specializing in issues of information technologies, the second definition is taken from the popular Wikipedia web site and the third definition corresponds to that adopted by the OECD, this last definition is more complete and considered e-commerce as a full process in the buying and selling of goods and services.

_E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur as either business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably. The term e-tail is also sometimes used in reference to transactional processes for online shopping._

_E-commerce is a transaction of buying or selling online. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle although it may also use other technologies such as e-mail._

_An e-commerce transaction is the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders. The goods or services are ordered by those methods, but the payment and the ultimate delivery of the goods or services do not have to be conducted online. An e-commerce transaction can be between enterprises, households, individuals, governments, and other public or private organizations. To be included are orders made over the web, extranet or electronic data interchange. The type is defined by the method of placing the order. To be excluded are orders made by telephone calls, facsimile or manually typed e-mail._

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1 Source: [http://www.techtarget.com/network](http://www.techtarget.com/network)
However, there is a common element in these definitions: the sale and purchase of goods and services requires a network of data transmission.

The process necessarily involves different economic activities; from the supply, required trade (wholesale and retail companies), services and transport, as well as crosscutting activities as information and communication technologies, among others.

In Mexico studies on e-commerce are relatively new, dating from 2006, however, is a phenomenon of rapid growth, according to data from the Mexican Internet Association⁴, e-commerce sales grew up 59% in 2015 to 2014⁵, what makes it necessary to have more and better measurements on e-commerce, it allow to adequately measure the size of the market and generate the required statistics for industry and policy makers.

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⁴ The Mexican Internet Association, A.C. (AMIPCI) integrates the companies that represent an influence on the development of the Internet industry in Mexico. Every year, the AMIPCI undertakes the task of carrying out studies based on the use of Internet in Mexico to guide and promote market growth.

⁵ Source: https://www.asociaciondeinternet.mx/es/estudios
II. – The E-commerce market in Mexico

257 million Mexican pesos (about 14,968 million dollars)⁶ is the estimation of the value of the market of e-commerce in Mexico. According to AMIPCI, by 2015 electronic commerce had a growth of 59 percent, compared to the year 2014.

Mexico is currently the second e-commerce largest market in Latin America, after Brazil, who represented 14.3% of the total online sales in South America.

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⁶ Average exchange rate of 2015, which was 17.175 Mexican pesos per U.S. dollar.
III. - E-commerce in Mexico, some figures

According to the results of a study prepared by the Mexican Internet Association (AMIPCI, by its acronym in Spanish), the evolution of e-commerce in Mexico has shown a steady growth, highlighting a 59% from 2014 to 2015.
On the other hand, data from the Annual Trade Survey, elaborated by the INEGI\(^7\), shows an increase in the internet total sales of wholesale and retail trade, for the years 2013-2015.

Continuing with the results of the AMIPCI´s study, about seven in ten online Mexicans made a digital purchase from May to July 2016.

\(^7\) Source: INEGI/Annual Trade Survey, Preliminary data for internal use
Device penetration was high, with almost half of online shoppers owning or regularly using all three devices: computer, smartphone and tablet.

Three in five shoppers purchased from an international retailer in the past year, with the U.S. being the top source for imported items.
IV. - Challenges in measuring e-commerce

The growth of e-commerce (and digital economy), it becomes necessary for statistical offices to develop a conceptual framework for the measurement of this phenomenon, that not only is changing the way in which interact producers and consumers, but, emerging new economic activities, in this sense, the challenges are many, beginning with the adoption of a clear definition on what are e-commerce and the digital economy, what are its scope, limitations, what economic activities are involved, etc., also, from the standpoint of the statistics producers, how to measure production (turnover/output), products (goods and services) are exchanged, what impact have these activities on employment, how are involved the technologies of information and communications, among other technical and conceptual aspects.

In terms of economic classification, standards should contemplate this type of industries, which are cross-cutting to different economic activities:

Understand the process of production of e-commerce, it will enable Statistical Offices to develop instruments for their measurement, either through surveys, administrative records or other alternative methods that consider the basic variables of incomes (turnover), expenses, added value, among others.
V. - Conclusions

The Statistical Office of Mexico (INEGI for its acronym in Spanish), developed a work program which considers different pilot studies to address in the short and medium term the measurement of e-commerce from the basic statistics (surveys, censuses, administrative records), as well as the derived statistics, for example, e-commerce as a proportion of gross domestic product, among other calculations, with the aim of having more and better measurements of this phenomenon and provide necessary data for decision-making and public policy makers.