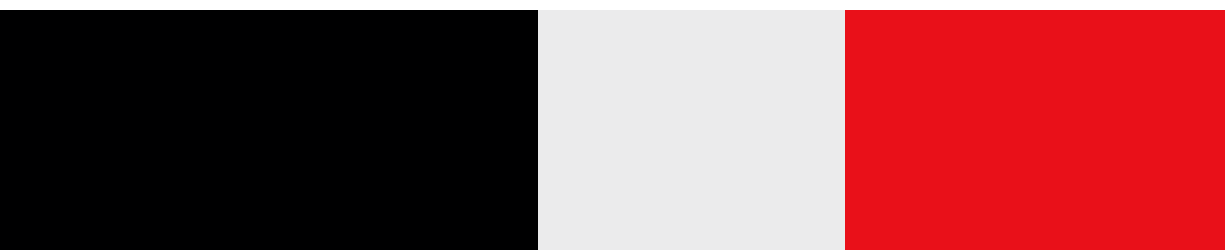
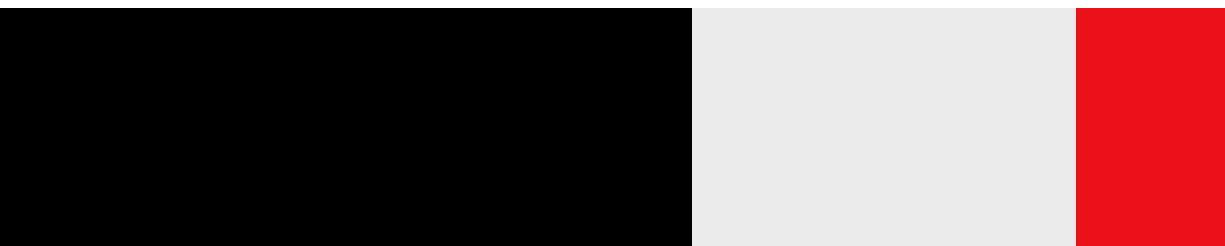


Latin America Retail Media Advertising Trends 2023

Digital's Third Wave Brings a \$1 Billion Opportunity to the Region

Latin America's \$1 billion retail media market boasts some of the highest return on ad spending in the world. Amid worsening economic conditions, marketers are turning to retailers to deliver performance advertising and results at scale. This eMarketer report explores this massive marketing and advertising opportunity, the key frontrunners, and more.



Presented by

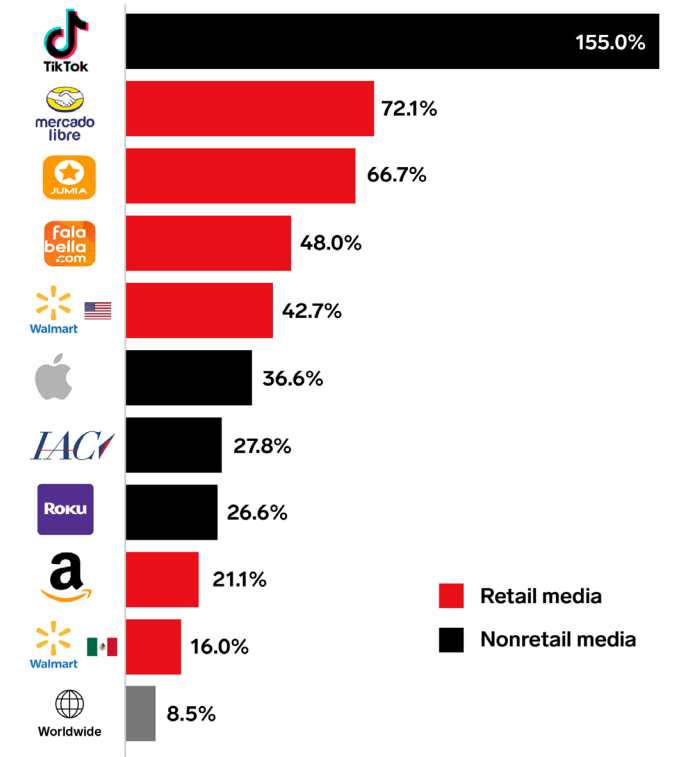


Latin America Retail Media Advertising Trends 2023: Digital's Third Wave Brings a \$1 Billion Opportunity to the Region

Latin America's \$1 billion retail media market boasts some of the highest return on ad spending in the world. Amid worsening economic conditions, marketers are turning to retailers to deliver performance advertising and results at scale. Flush with data and innovative ad formats, several retail media frontrunners are already emerging—and revolutionizing the ad industry as we know it.

KEY QUESTION: How are retail media networks changing the paid media mix in Latin America?

Top 10 Companies Worldwide, Ranked by Digital Ad Revenue Growth, 2022 % change



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites
Source: eMarketer, 2023

1350151

eMarketer | InsiderIntelligence.com

Contents

- 2 Latin America Retail Media Advertising Trends 2023: Digital's Third Wave Brings a \$1 Billion Opportunity to the Region
- 3 Setting the scene
- 3 Retail media is a massive marketing and advertising opportunity in Latin America.
- 10 What should marketers and advertisers in Latin America do to capitalize on retail media?

KEY STAT: Retailers were among the fastest-growing digital advertising players in 2022, according to our estimates.

Three of Latin America's most prominent retail and ecommerce players—Mercado Libre, Falabella, and Walmart Mexico—were among the leaders.

Setting the scene

The setting: The third wave of digital advertising is sweeping the shores of Latin America. Today, more than 15 retailers are vying for marketers' dollars. Inflation-squeezed ad budgets are driving competition and innovation among retail media networks (RMNs), which have deployed a vast array of on- and off-site solutions to help marketers reach consumers close to the point-of-sale.

What happened: The rapid rise of retail ecommerce has transformed consumer behavior. When researching products, shoppers overwhelmingly prefer retailers' platforms to traditional search engines and are swayed by ads there. These changes—along with the impending loss of third-party cookies—are prompting advertisers to go where consumers and data are.

The question: Why RMNs, and why now? The digital landscape will only become more fragmented, and retail media gives marketers the targeting, measurement, and attribution tools they need. And there's no better region for it: Brazil and Mexico boast some of the highest return on ad spending (ROAS) in the world.

Retail Media: Why Now?

Five factors are driving its meteoric rise—and importance—in Latin America.



Retail media is a massive marketing and advertising opportunity in Latin America.

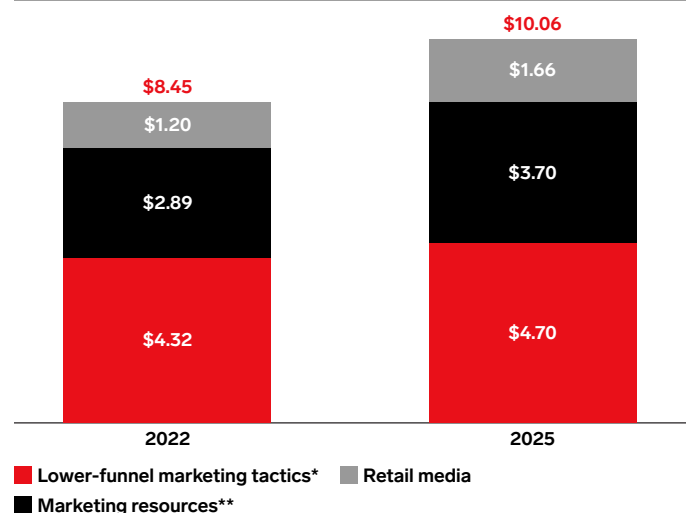
While it's still early days for retail media in Latin America, the medium is quickly taking the region by storm.

The region is surging past \$1 billion in retail media ad spending.

- **It hit that milestone in 2021 and will reach \$1.66 billion by the end of 2025**, according to Portada's inaugural forecast for retail media in Latin America. The format will grow to represent 16.5% of ecommerce marketing spending in the next two years.
- **Advertisers are ramping up retail media spending to diversify their paid media mix.** New retail media dollars will come primarily from shopper marketing budgets as advertisers **prioritize** upper- and lower-funnel objectives. Even as search engines and social media platforms vie for their budgets, advertisers remain committed to **investing more in ecommerce platforms** this year.
- **The US retail media boom is a preview of what's to come.** We estimate retail media accounted for 7.7% of digital ad spending in Latin America in 2022, based on Portada's retail media figures and our ad spending data. That's on par with retail media's 8.3% share in the US four years earlier. As seen with other trends, Latin America could potentially follow a growth trajectory similar to that of the US, where the format will top \$45 billion this year.

Ecommerce Marketing Spending in Latin America, by Type, 2022 & 2025

billions



Note: numbers may not add up to total due to rounding; *includes lower funnel tactics aimed at driving online conversions, like in-app marketing and direct-to-consumer (D2C); **includes marketing resources that facilitate ecommerce and may not be directly related to advertising such as marketing technology enterprise systems, data intelligence, the company's digital transformation, etc.
Source: Portada, "El Marketing de Comercio Electrónico en Latinoamérica: Datos y Lecciones para Ejecutivos de Marca" in collaboration with Comscore, Shutterstock, and Teads; Insider Intelligence calculations, May 19, 2023

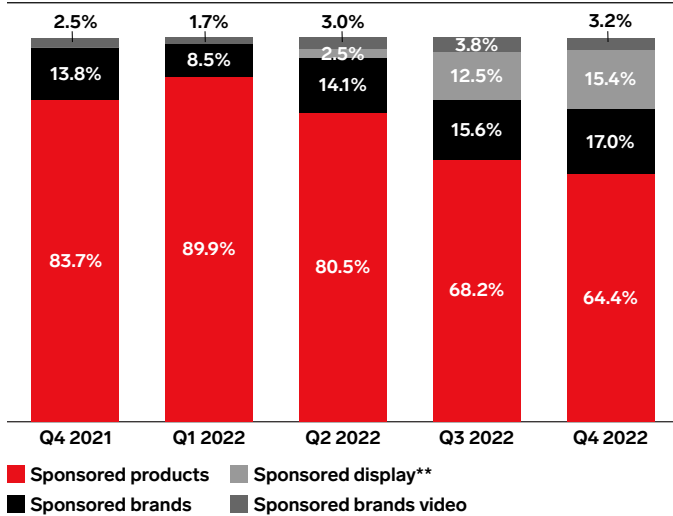
282161

eMarketer | InsiderIntelligence.com

Ad buys are moving up the funnel, but performance campaigns still dominate.

- **Spending skews heavily toward performance-driven ad formats.** This is especially true in Mexico, where more than three-quarters of all ad buys on Amazon's official country site were for sponsored product ads in 2022, according to client activity tracked by DataHawk.

Digital Ad Spending Share on Amazon Ads* Among Companies in Mexico, by Format, Q4 2021-Q4 2022 % of total

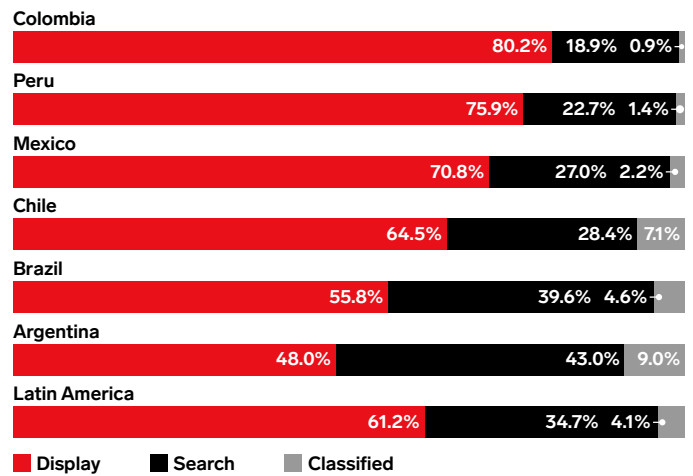


Note: represents client activity in Mexico by DataHawk during 2022, broader industry metrics may vary; numbers may not add up to 100% due to rounding; *on www.amazon.com.mx in Mexico; **tracking of sponsored display ads data for Mexico began in June 2022
Source: DataHawk, April 28, 2023

282070 eMarketer | InsiderIntelligence.com

- **But sponsored display ads are gaining traction—and fast.** Their share of total spending grew sixfold between Q2 2022 and Q4 2022, per DataHawk, which began tracking the format in June 2022. This trend likely extends beyond Mexico's display-first digital ad market, given that display's share will track well above the 55.4% global average for several Latin American countries. The greater ability to attribute branding investments to ROIs on retail media networks will only broaden sponsored display's appeal going forward.

Digital Ad Spending Share in Latin America, by Country and Format, 2023 % of total digital ad spending



Note: digital includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; display includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes banners, rich media, sponsorships, video, and ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets; search includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes contextual text links, paid inclusion, paid listings, and SEO
Source: eMarketer, March 2023

281399

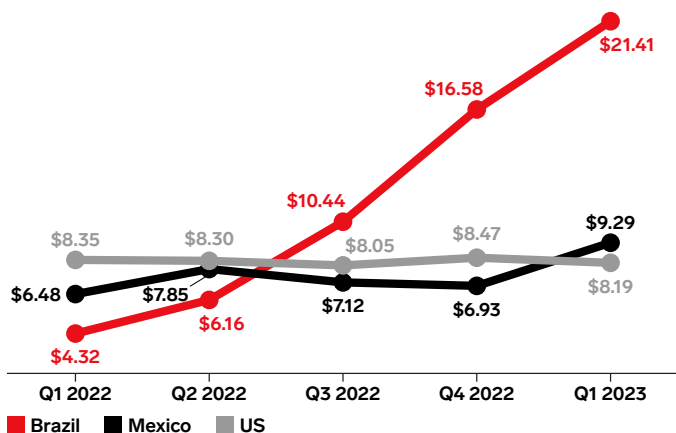
eMarketer | InsiderIntelligence.com

Retail media's ROI is through the roof in Latin America.

The fast-growing medium continues to provide advertisers with impressive ROAS—the attributed sales a campaign generates divided by the amount spent on the campaign.

- **Brazil and Mexico offer some of the highest returns worldwide.** Advertisers in Brazil generated \$10.69 per dollar spent on Amazon ads in 2022, far higher than the \$7.68 global average, according to client data analyzed by Macarta. In Q1 2023, Brazil more than doubled its ROAS, while Mexico's rose to \$9.29 from \$7.10 in 2022.

Return on Ad Spending (ROAS) for Amazon Ads in Brazil, Mexico, and the US, Q1 2022-Q1 2023



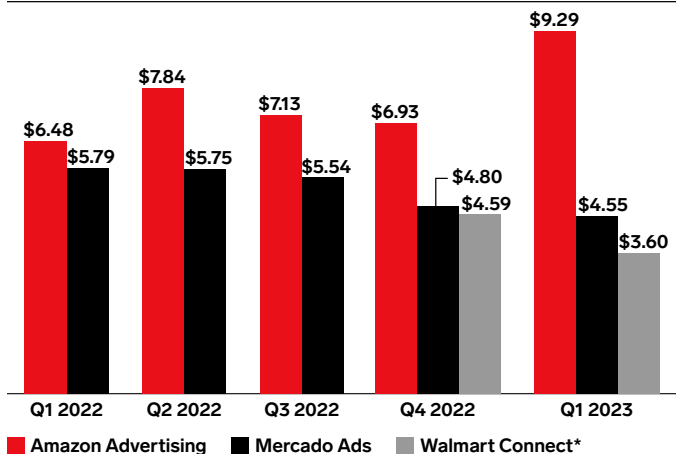
Note: represents client activity tracked by Macarta, broader industry metrics may vary
Source: Macarta, May 3, 2023

282097

eMarketer | InsiderIntelligence.com

- Key shopping events drive ROAS even higher in Mexico.** In May 2022, during the country's annual Hot Sale event, average ROAS jumped to \$9.43 on Amazon and \$6.10 on Mercado Libre. The trend held true later in the year during the Buen Fin and Cyber Five shopping periods in November.

Return on Ad Spending (ROAS) in Mexico, by Retail Media Network, Q1 2022-Q1 2023



Note: represents client activity tracked by Macarta, broader industry metrics may vary;
*client investments on Walmart Connect began in Oct 2022; Q1 2023 Walmart Connect figures are representative of Jan and Feb 2023
Source: Macarta, May 3, 2023

282099

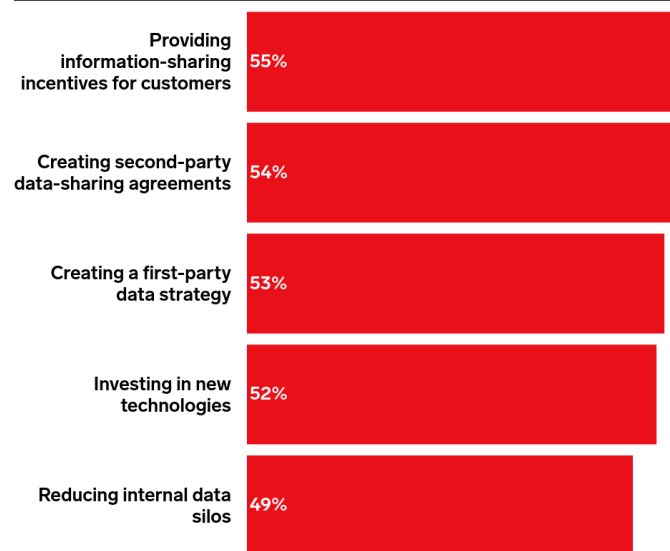
eMarketer | InsiderIntelligence.com

Marketers in Latin America are hungry for first-party data, and retailers are ready to serve.

- Preparations for the cookieless future are underway.** More than half of marketers in the region had already created a first-party data strategy or inked second-party data-sharing agreements as of last August, according to Salesforce. This figure is likely higher today, given that data-driven strategies will be essential heading into an age without third-party cookies.

Actions Taken to Prepare for Privacy Changes According to Marketers in Latin America*, Aug 2022

% of respondents



Note: n=800; *Argentina, Brazil, Chile, Colombia, and Mexico
Source: Salesforce, "The 8th Edition State of Marketing Report"; Insider Intelligence calculations, Nov 1, 2022

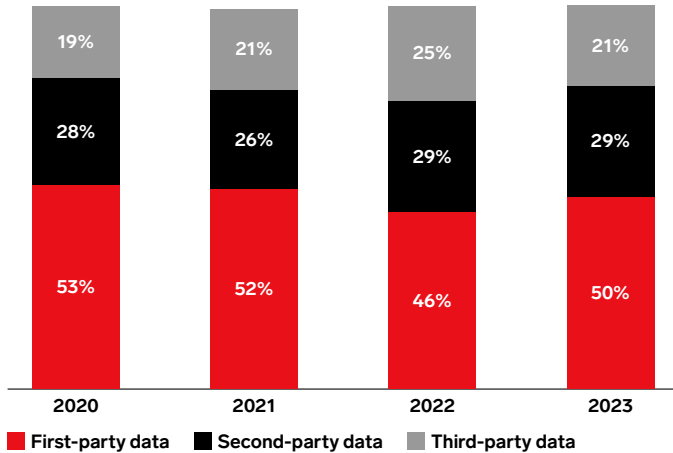
350021

eMarketer | InsiderIntelligence.com

- It's full steam ahead after delays in cookie-cutting.** Mexico will see a 4-percentage-point increase in the share of campaigns planned and implemented using first-party data in 2023, according to IAB México's Q4 2022 survey. Retailers' first-party data sets are a gold mine for advertisers eager to segment, and reach, more niche audiences based on real-time transactions rather than context.

Types of Data Used by Their Companies in Planning and Implementing Campaigns According to Advertising Professionals in Mexico, 2020-2023

% of total



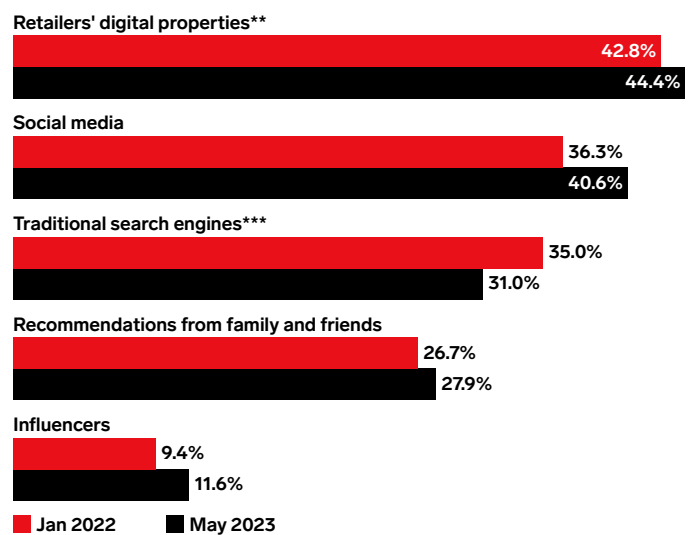
Note: n=44 advertising professionals with a presence in the national market; numbers may not add up to 100% due to rounding
 Source: Interactive Advertising Bureau Mexico (IAB Mexico), "Estudio de Anunciantes Media Ad Spend & Marketing Strategy 2022-2023," with support from Pluto TV, Feb 15, 2023
 280777 eMarketer | InsiderIntelligence.com

Retailers' digital platforms are the go-to channel for product research.

- **Traditional search engines no longer guide the path to purchase.** When researching a product to buy online, far more smartphone users in Latin America used retailers' digital properties as of May 2023, according to our survey conducted by Livepanel. This preference held true across all demographic cohorts and in each of the 13 countries surveyed.

Sources Used by Smartphone Users in Latin America* to Research a Product They Would Like to Purchase Digitally, Jan 2022 & May 2023

% of respondents



Note: Jan 2022 n=3,450 ages 18+; May 2023 n=6,089 ages 16+; *Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, Panama, Peru, and Uruguay; **includes a retailer's or brand's website or app as well as multicategory websites and digital marketplaces like Mercado Libre, Amazon, Americanas, Falabella, Linio, etc.; ***includes Google, Yahoo, Bing, etc.
 Source: Insider Intelligence, "Digital Shoppers in Latin America: Retail Media Flash Survey" conducted by Livepanel, May 24, 2023
 282093 eMarketer | InsiderIntelligence.com

- **New converts are most likely to be older millennials—and from Brazil.** Use of retailers' digital platforms rose most sharply among regional respondents ages 35 to 44 (up 6.0 percentage points from January 2022). At the country level, Brazil saw a 17.0-point increase, to 44.8%, while the Dominican Republic and Chile also posted double-digit gains.
- **Retailers' digital properties are incredibly influential.** In Brazil, more than 4 in 5 digital buyers have been influenced by a retail media ad they saw while shopping online, per an August 2022 Opinion Box and Americanas Advertising survey. The study found retail media to be an effective driver of sales among consumers of all ages.

Digital Buyers in Brazil Who Have Been Influenced by Advertising While Shopping, by Age, Aug 2022

% of respondents in each group



Note: n=2,123 who have made at least one digital purchase in the past 12 months; numbers may not add up to 100% due to rounding
 Source: Opinion Box and Americanas Advertising, "Retail Media: o comportamento de compra online e a percepção do consumidor sobre a publicidade," Oct 20, 2022

279065 eMarketer | InsiderIntelligence.com

Top retail media networks emerge, bringing major scale and innovation.

With more than 15 players for marketers and advertisers to choose from, Latin America's retail media ecosystem is evolving at lightning speed. But not all RMNs can deliver the massive shopper audiences and innovative advertising solutions needed to unlock the format's full potential.

Overview of the Retail Media Landscape in Latin America, 2023



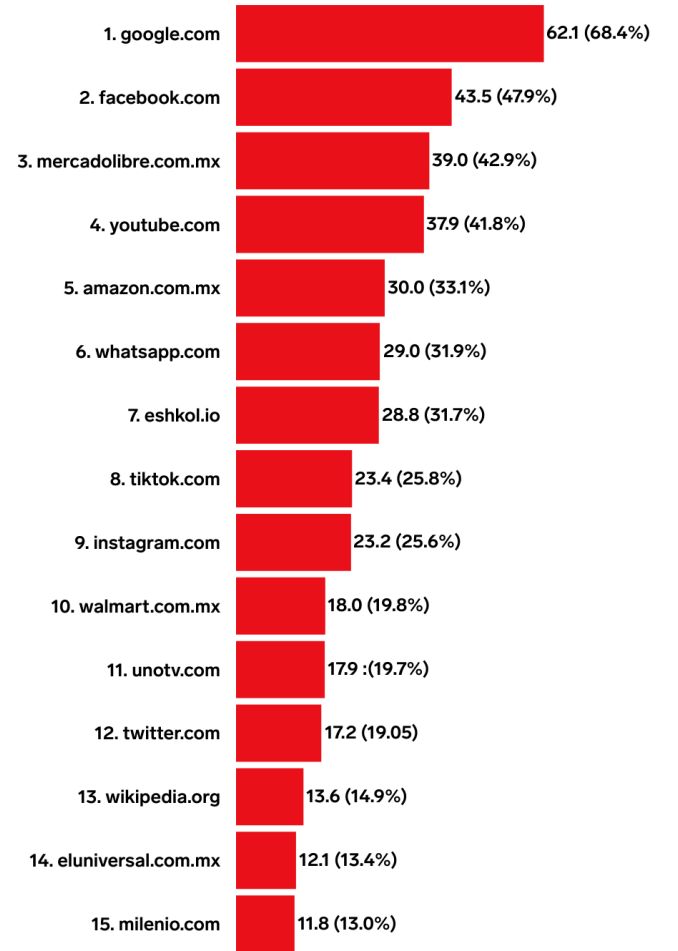
Millions of engaged shoppers flock to ecommerce sites every month.

- User traffic is key when deciding where to invest.** For more than three-quarters (79.3%) of marketing and ecommerce professionals in Latin America, it was "very" or "extremely" important that a retail media network have a large enough audience to be considered for their ad campaigns, according to June 2023 polling for our inaugural study on marketing and retail media trends, conducted in collaboration with the local Interactive Advertising Bureaus in Latin America.

- Several retailers draw bigger audiences than some leading publishers.** In Mexico, for example, Mercado Libre, Amazon, and Walmart de México (Walmex) were among the 10 most visited websites in 2022, according to Admetricks, which monitors online media in the region and Spain. Prominent publishers El Universal and Milenio received fewer monthly unique visitors. Similarly, Mercado Libre ranked above publishers in Argentina, Chile, and Colombia.

Top 15 Websites in Mexico, Ranked by Unique Visitors and Reach Among Internet Users, 2022

millions and % reach



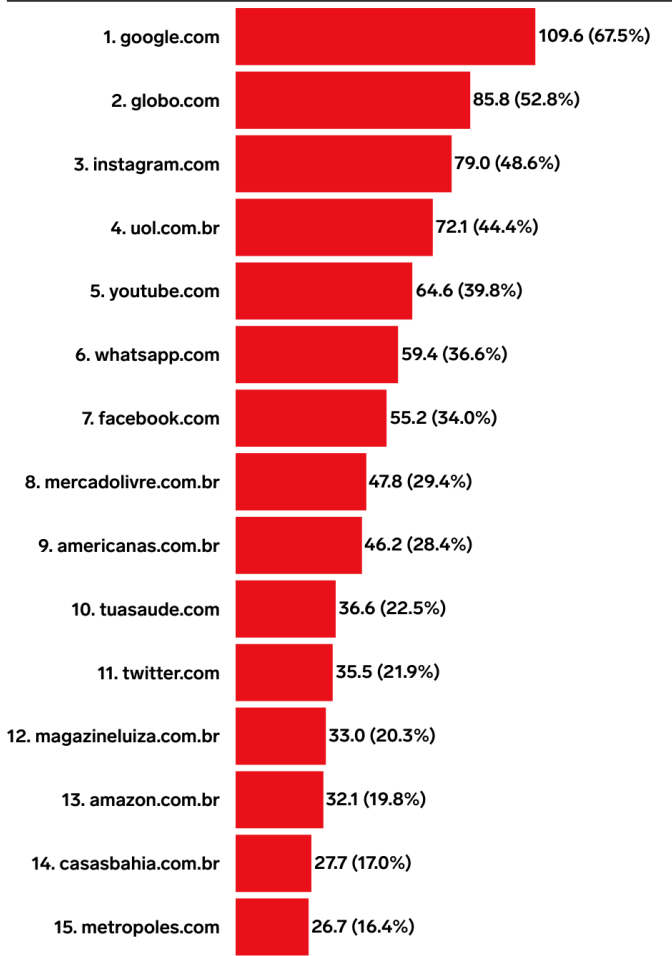
Note: ages 18+; read as: www.google.com reaches 68.4% of the total internet user population ages 18+ in Mexico
 Source: Admetricks, "Media Planner by Admetricks," March 16, 2023

350266 eMarketer | InsiderIntelligence.com

- Even where publishers win out, purchase intent is extremely high.** In Brazil, Mercado Libre—along with Americanas S.A., Magazine Luiza, and Amazon—trail by a wide margin. But they could turn the tables on publishers, if Brazil's skyrocketing retail media ROAS and product research habits are any indication.

Top 15 Websites in Brazil, Ranked by Unique Visitors and Reach Among Internet Users, 2022

millions and % reach



Note: ages 18+; read as: www.google.com reaches 67.5% of the total internet user population ages 18+ in Brazil

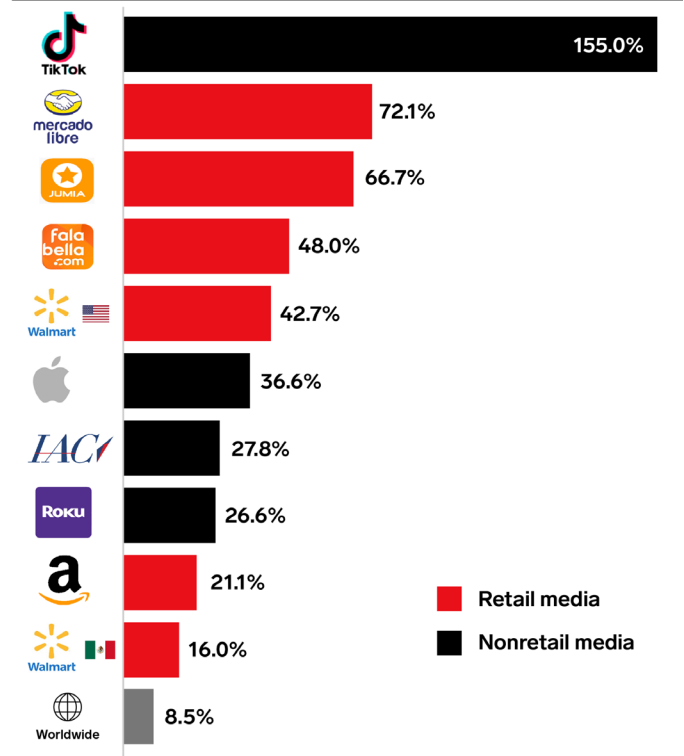
Source: Admetricks, "Media Planner by Admetricks," March 16, 2023

350262

eMarketer | InsiderIntelligence.com

Top 10 Companies Worldwide, Ranked by Digital Ad Revenue Growth, 2022

% change



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites

Source: eMarketer, 2023

i350151

eMarketer | InsiderIntelligence.com







- **Mercado Libre's market share in Latin America will nearly double within two years.** Its digital ad business captured 1.9% of the region's digital ad spending in 2021, per our estimates. This year, we expect the company's digital ad revenues to rise to \$654.8 million, representing 3.7% of the regional market.

Mercado Libre and Walmex are retail media powerhouses in the making.

- **Mercado Libre is a rising star on the global stage.** Its digital ad revenues last year grew 8.5 times faster than digital ad spending worldwide—and 4.5 times faster than our 16.2% growth rate for Latin America. This year's expected growth of 51.0% will make Mercado Libre the company with the world's fastest-growing digital ad business among the 20-plus players we track.

Retail Media Makes Waves Around the Globe

revenues and % of digital ad spending in each market, 2022

	Digital ad revenues	% of market*
 Alibaba	\$28.67B (China only)	24.2%
 amazon	\$28.92B (US only)	11.8%
 Walmart México y Centroamérica	\$0.11B (Mexico only)	3.2%
 mercado libre	\$0.43B (Latin America only)	2.8%
 Walmart	\$2.27B (US only)	0.9%
 JUMIA	\$0.02B (Middle East & Africa only)	0.1%

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; *read as: Alibaba's digital advertising business represented 24.2% of total digital ad spending in China in 2022*

Source: Insider Intelligence forecasts and company financial reports, March 2023

i350270

Insider Intelligence | eMarketer

- **Walmex is quickly making inroads in Mexico.** It was the world's 10th fastest-growing digital advertising player in 2022 among the companies we track. Walmex's retail media business accounted for 3.2% of Mexico's digital ad market last year. That was more than triple Walmart's US market share, despite Walmex's ad business being less than one-twentieth the size.
- **Amazon, Americanas S.A., Cencosud, and Magazine Luiza are also ones to watch.** They are excluded from our revenue analysis due to a lack of publicly available information about their digital ad businesses, but we do examine some of their ad offerings below.

Ad innovation is propelling Latin America's retail media revolution.

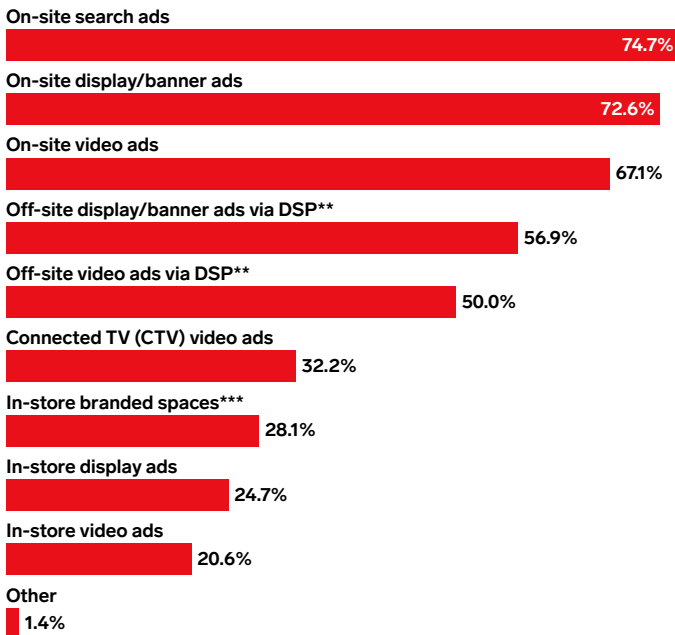
- **New branding ad formats are boosting retail media's appeal as a full-funnel solution.** Retail media has long been viewed as a performance marketing solution, but retailers in Latin America are quickly changing that with a slew of video and display ad products.
 - Amazon launched video capabilities for its sponsored display offering last October. Advertisers can use the format for visual storytelling on and off Amazon sites in the form of tutorials, demos, unboxings, testimonials, and more.

- Mercado Libre released a programmatic solution for display ads in Q1 2023. It gives advertisers greater control over their campaigns through transparent, real-time metrics, and more flexibility in deploying different types of text- and image-based ad content.

- **Programmatic is the next frontier.** Advertisers crave automated ad-buying solutions that better connect them with specific audiences, automate their campaigns, and leverage retailers' troves of first-party data. To stand out, several players have made it a core part of their ad offerings.
 - Walmex is the latest retailer to launch a demand-side platform (DSP), joining, in November 2022, the ranks of Amazon, Mercado Libre, and Rappi, which let advertisers programmatically buy on- and off-site ads.
 - More than half of marketing and ecommerce professionals in Latin America plan to use retailers' DSPs to invest in off-site display and banner ads in the next 12 months, according to our June 2023 survey.
- **In-store retail media shows promise, but it's still early days.** Relatively few respondents to our survey had plans for in-store retail media ads. But that's not stopping retailers from staying ahead of the curve.
 - Players like Walmex, Cencosud, and Americanas S.A. have acted fast to turn their physical stores into a monetizable advertising channel. The latest retailers to follow suit are OXXO, which launched its offering in Mexico last November, and Walmart Chile, launched earlier this month.
 - Advertisers can expect more opportunities to create dynamic, interactive media experiences in shopping aisles, on shopping carts, and in parking lots, to name a few. These ad formats will be vital for successful in-store sales activations and driving brand affinity beyond the confines of retailers' brick-and-mortar locations.

Digital Ad Formats Marketing and Ecommerce Professionals* in Latin America Will Buy via Retail Media Networks, June 2023

% of respondents



Note: n=146; in the next 12 months; *who work with, or directly support, the Latin American market; **demand-side platform; ***includes ads in parking lots, on shopping carts, in shopping aisles, etc.

Source: Insider Intelligence | eMarketer, "Latin America Marketing and Retail Media Trends Survey 2023" conducted in collaboration with the local Interactive Advertising Bureaus in Latin America, as noted, June 15, 2023

282323

Insider Intelligence | eMarketer

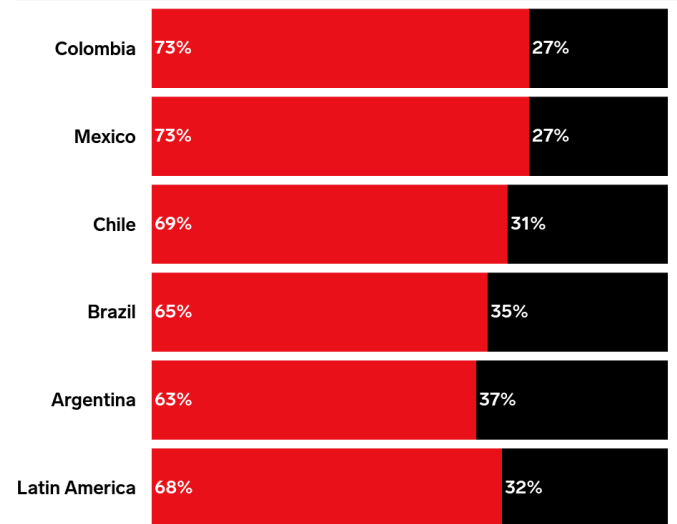
What should marketers and advertisers in Latin America do to capitalize on retail media?

- **Shift ad dollars from traditional search to retail media.** As marketers and advertisers come under increasing pressure to deliver meaningful ROIs, retail media will help them reach shoppers closer to the point of sale and keep pace with consumers' growing use of retailers' digital properties for product research.
- **Choose the right retail media network.** Each platform has varying reach, audience demographics, and ad offerings that can greatly impact the overall performance of a particular marketing campaign. Whether it's to target consumers regionally, locally, or within a particular category—like grocery—advertisers are not short of options. Ultimately, they should select the retailers whose networks best align with the advertising goals and objectives they're looking to achieve.

- **Diversify the retail media mix.** Marketers must integrate their advertising efforts across different touchpoints on the path to purchase, including on-site, off-site, and in-store. Doing so will help them deliver consistent brand messaging on each of these channels, all while improving the advertising experience for customers as shopping habits become more fluid.
- **Personalize campaigns with retailers' first-party data sets.** The imminent loss of third-party identifiers will increase advertisers' reliance on first-party insights to tailor content product recommendations and offers based on individual shopper preferences and behaviors. When done right, this personalized approach will help marketers boost customer engagement and drive conversions at the onset of the buyer journey.
- **Put retailers' reporting tools to work.** Roughly one-third of marketers in Latin America said they couldn't analyze their marketing performance in real time, according to Salesforce. Retailers' easy-to-use reports and dashboards can help mitigate this pain point by allowing marketers to seamlessly pivot their ad buys at a moment's notice, optimize their campaigns, and achieve higher ROAS in the process.

Marketers in Latin America Who Say They Can Analyze Marketing Performance in Real Time, by Country, Aug 2022

% of respondents in each group



■ Yes ■ No

Note: n=800 (Argentina n=150, Brazil n=250, Chile n=100, Colombia n=100, Mexico n=200)

Source: Salesforce, "The 8th Edition State of Marketing Report"; Insider Intelligence calculations, Nov 1, 2022

350022

eMarketer | InsiderIntelligence.com

Retail media: Ready to surf through the third wave of advertising?

This sponsored article was contributed by [Mercado Ads](#).



Florencia Bameule
Marketing Director
Mercado Ads

With its ability to leverage customer data and engage shoppers at the point of sale, retail media offers immense potential for companies in Latin America. Today, 8 in 10 product searches are performed directly on an ecommerce site.* After the emergence of search engine ads in the 2000s and the eruption of social media in the 2010s, retail media is now a key tool for those seeking an efficient sales strategy.

However, retail media remains one of the best-kept secrets in Latin America. This trend already represents about 40% of digital ecommerce advertising investments in China and 14.6% in the US, 2023 eMarketer research shows. But it only accounts for about 5% of digital advertising investment in Latin America, according to Mercado Ads.

Latin America's ecommerce transaction rate and digital advertising investments are projected to grow faster than the global growth rate. In this context, marketers have to face new challenges, such as maintaining growth in high inflationary markets, quantifying their ROI, enhancing brand awareness to drive pricing power, and, of course, continuing to innovate.

We also know that consumers are changing the way they discover and purchase products, and choose brands. The fact that 70% of product searches are generic can be read as an opportunity for brand positioning in a context where consumers have a purchasing mindset.

Retail media is a fast-growing trend not only for its massive scale but also because it offers more efficient results. With the right partners in place, brands can advertise their products and services at the right time, in the right place, and with the power of first-party data.

First-party data

One of the most significant advantages of retail media is its ability to leverage first-party consumer data, which facilitates unprecedented segmentation and targeting. As part of the ecosystem of Mercado Libre, the largest ecommerce marketplace in Latin America, Mercado Ads offers key insights from more than 148 million unique users. Ads are presented organically and in a shopping context that users enter to discover, search, compare, and buy products. Thanks to first-party data, ads display relevant content, are part of a curated experience, and do not interrupt browsing.

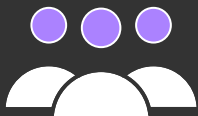
With Mercado Ads, more than 115,000 ads reach nearly 150 million unique purchase-minded users, 24 hours a day, 365 days a year. This has a direct impact on campaign effectiveness and advertisers' ROI. Kantar research reveals there has been a 167% increase in online ad awareness and a more than 400% increase in brand favorability within Latin America in the last 12 months.

Retail media presents an exciting opportunity for businesses in Latin America to revolutionize their advertising efforts. By leveraging customer data, delivering targeted experiences, and enhancing the shopper journey, brands can unlock new levels of engagement, drive sales, and achieve a competitive edge.

Latin America's booming ecommerce market offers fertile ground for innovation. Those who embrace retail media now will reap the benefits for years to come. [Learn more](#) about how retail media is not just an option but a necessity for businesses looking to thrive in the digital age.

*Internal research from GfK and Mercado Ads.

BOOST YOUR BRAND WITH **THE POWER** OF **#1 RETAIL MEDIA** **IN LATAM**



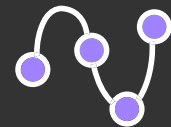
RELEVANCE

**148M
UNIQUE
USERS**



EFFECTIVENESS

**FULL
FUNNEL
STRATEGIES**



DATA DRIVEN

**UNIQUE FIRST
PARTY DATA
& INSIGHTS**

Discover more



**mercado
ads**

Real People.
Real Impact.

Power your next move with clear and credible insights.



Stay informed with daily newsletters

Keep up with timely digital trends delivered straight to your inbox.

[Learn More](#)



Get the bigger picture

Our research is trusted by industry leaders. Over 100,000 business decision-makers, including many of the Fortune 1000 and most major media companies and agencies, subscribe to Insider Intelligence research.

Learn if your company [subscribes](#).



Learn more about retail media trends

For more coverage, visit our [website](#).

We are here to help.

If you are an eMarketer research client and have questions, please contact ii-help@insiderintelligence.com.

If you are not a research subscriber, please send inquiries to ii-sales@insiderintelligence.com.

To learn about advertising and sponsorship opportunities, contact advertising@insiderintelligence.com.