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Mexico Edition

The 2023 Global Digital Shopping Index, a PYMNTS and Cybersource collaboration, examines the behaviors of 13,349 consumers and 3,124 merchants across Brazil, India, Mexico, the United Arab Emirates, the United Kingdom and the United States. This global study, in its third year, examines the factors influencing how and where consumers shop, how they pay for purchases and the features that establish merchant preference.

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The 2023 Global Digital Shopping Index was produced in collaboration with Cybersource, and PYMNTS is grateful for the company's support and insight. PYMNTS retains full editorial control over the following findings, methodology and data analysis.

Introduction

In Mexico, where consumers strongly prefer shopping in-store to shopping online and cash reigns supreme, digital shopping and payment options are still vital to the economy. Seventy-nine percent of all consumers in Mexico used at least one digital feature to complete their most recent retail transaction, highlighting that digital shopping features have become truly widespread as the line between brick-and-mortar and online shopping has blurred. In today's economy, digital can be just as critical to driving sales online as it is to driving sales in-store.

Around the globe, consumers are shifting away from shopping in brick-and-mortar stores and searching for new ways to shop online — but in some Latin American countries, this shift is occurring more slowly.

Shoppers in Mexico have been slower to shift their shopping for retail items online than their peers in countries such as the United States and India. As of 2022, just 52% of global shoppers made their most recent purchase in a brick-and-mortar store. In Mexico, that share was 71%.

71%
of shoppers in Mexico made
their most recent purchase in
a brick-and-mortar store.

Mexico is one of six countries studied in the third annual Global Digital Shopping Index, a PYMNTS and Cybersource collaboration. Our research draws from a survey of 13,349 consumers and 3,124 businesses studied across six key economies: Brazil, India, Mexico, the United Arab Emirates, the United Kingdom and the United States. We asked consumers about how they prefer to shop, pay for and acquire their purchases and then compared their answers to the digital shopping and payment features local merchants provide to determine how well merchants are meeting their connected shoppers' changing demands.

This is what we learned.

01

Most consumers in Mexico say buying retail and grocery products in physical stores is cheaper — possibly because they do not have to pay for shipping.

Mexico's shoppers strongly prefer shopping in-store. Seventy-one percent of local consumers made their most recent purchase in-store, meaning they are 36% more likely to do so than the average consumer in the six countries we studied. Why? Consumers in Mexico who choose to shop in-store do so for one of three key reasons: lower prices, cited by 44% of consumers, immediate access, cited by 40%, and easy navigation, cited by 40%.

44%
of consumers in Mexico who
shop in-store do so because
they believe **prices are lower**
than they would be online.

02

Cards are slowly displacing cash for in-store purchases and may provide a digital payments on-ramp that will boost online and omnichannel purchases.

Consumers in Mexico value the ability to use their preferred payment method more than anything else, with 14% calling it the most important feature they want merchants to provide.

This consumer preference means that local merchants must stay on top of any shifts in the local payments space — and Mexico's payments space is changing quickly.

The use of cash is declining as local brick-and-mortar shoppers opt for contactless payments — especially contactless credit and debit cards. In-store shoppers' use of cash is down 23% year over year. Meanwhile, the share of consumers using contactless credit cards is up from 1.0% to 5.1%, a 418% increase, and the share using contactless debit cards is up from 3.6% to 8.6% year over year, a 137% increase.

03

To earn consumers' trust and encourage their transition to digital, Mexico's merchants need to make security features and refund policies more visible and transparent.

After payments choice, consumers in Mexico most value data protection, guaranteed returns for eCom-merce orders and free shipping. Many local merchants provide these features, but their customers often do not realize it. Our data finds a gap between the share of merchants offering these features and the share of consumers aware these features are available. Sixty-six percent of merchants provide enhanced data protection, for example, but just 57% of local shoppers are aware that merchants offer this feature. Similarly, although 63% of merchants allow consumers to return items bought online either in-store or via mail, just 55% of local shoppers are aware that local merchants offer this.

04

Merchants can create easier digital shopping experiences by boosting consumer awareness of the digital shopping features they already offer, improving the quality of those features and adopting more features that consumers demand.

For merchants to reap the full benefit of their investments in digital shopping features, it is critical that local shoppers know which features their merchants are offering. Boosting consumers' awareness of features such as in-store and curbside pickup can deliver otherwise unaware shoppers the same immediacy that drives many to shop in-store, for example. Sixty-seven percent of local merchants provided in-store or curbside pickup options in 2022, but just 57% of customers knew these features were available, and just 25% used them. This suggests that many consumers are unaware that pickup options are available and that many consumers who know these options are available are not using them.

Slow and Steady Improvement

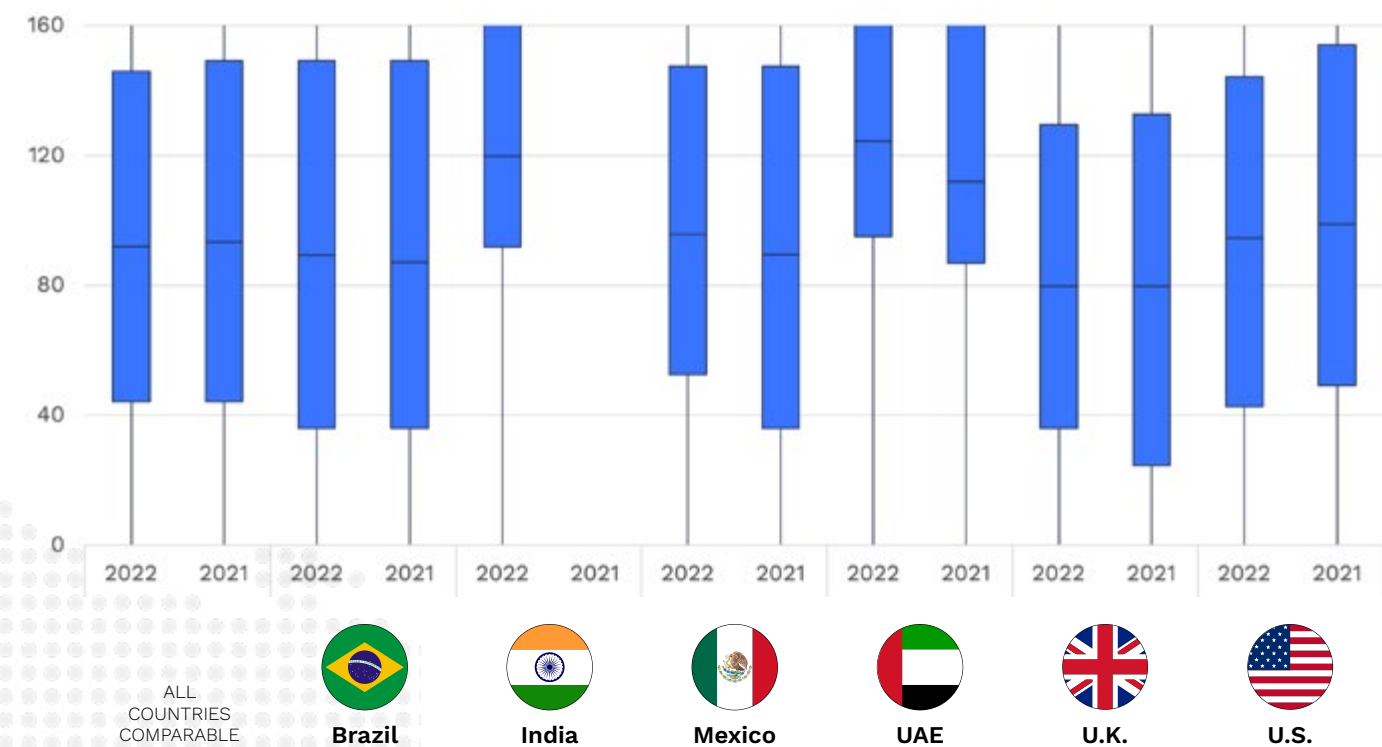
Among the six countries in our study, Mexico ranks third in terms of how easily local shoppers can shop and pay for their retail purchases, only below the UAE and India. The average merchant in Mexico earns an average Global Digital Shopping Index score of 95.8, compared to an average Index score of 89.5 in 2021. This increase means that merchants in Mexico have improved the quality of their shopping experiences by roughly 6.9% in the past year. Most of this improvement results from a rising number of merchants offering cost-saving features such as promo codes, coupons and rewards and price-matching guarantees.

The average merchant in Mexico offers a shopping experience **that is 6.9% smoother** than one year ago.

FIGURE 1:

The year-over-year variation in Index scores

Average Index score distribution for merchants in different countries, by year



Source: PYMNTS

The 2023 Global Digital Shopping Index, June 2023

N varies by country; Mexico N = 2,223; Complete responses, fielded Sept. 27, 2022 – Oct. 31, 2022

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Why
brick-and-mortar
reigns supreme

Brick-and-mortar shopping is more important for consumers in Mexico than for consumers in any other country we studied. Seventy-one percent of local consumers ages 18 and up who made a retail purchase in the week leading up to our survey made their most recent purchase in a brick-and-mortar store. This makes consumers in Mexico 36% more likely than the average to shop in-store.

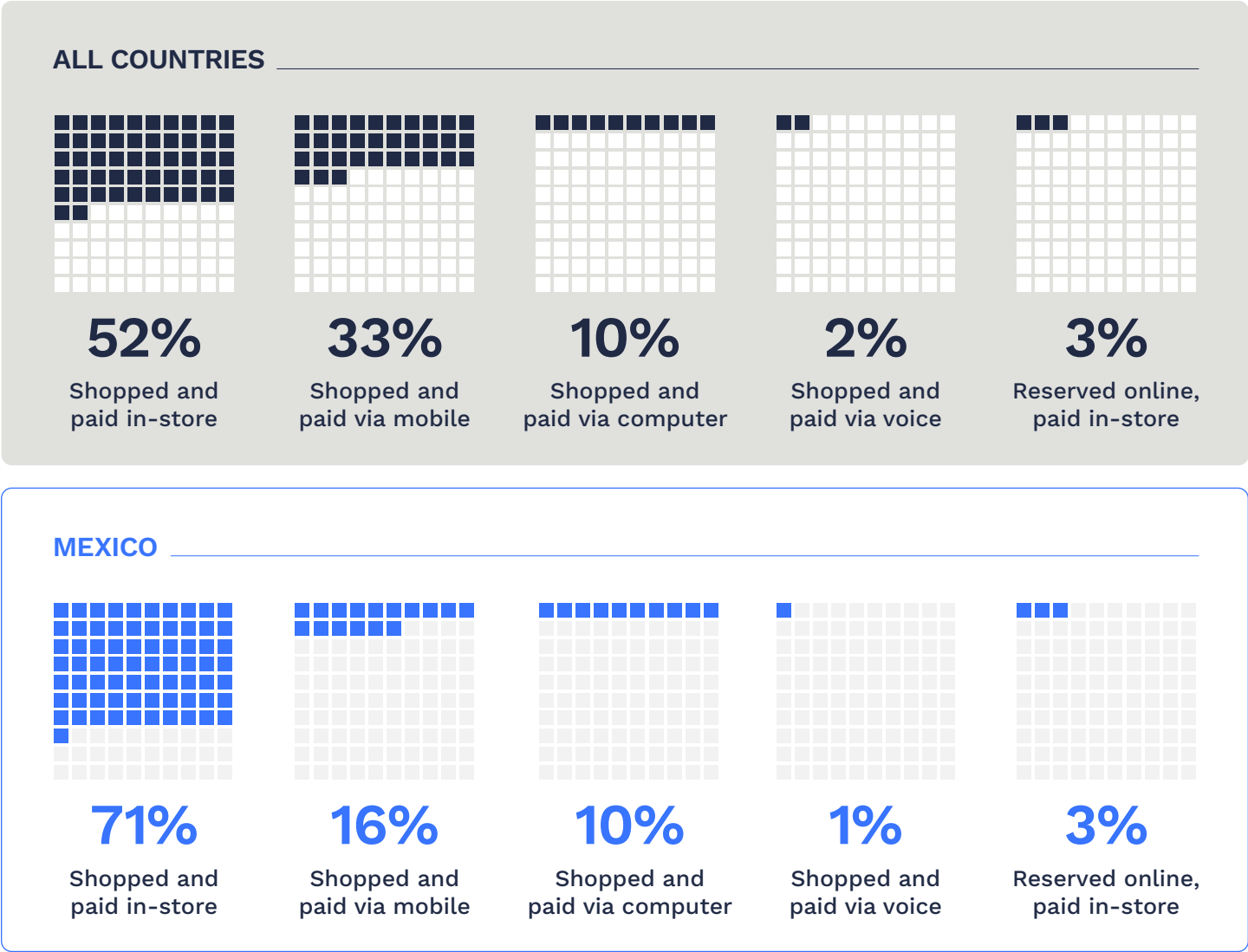
There are three key reasons why consumers in Mexico report preferring to shop in-store. The first has to do with cost. Local shoppers believe they can buy the same products in-store for a lower price than they could online. Forty-four percent of brick-and-mortar shoppers cite this as a motivation for shopping in-store — a share far exceeding the 32% average across all six countries. It might also be possible that some cost-conscious consumers in Mexico prefer to shop in-store to avoid paying for shipping, and this may help explain why they believe that brick-and-mortar shops have better prices.

The second reason why consumers in Mexico prefer to shop in-store is the immediate access it provides. Forty percent of local consumers prefer to shop in-store because they can obtain their purchases immediately instead of waiting for eCommerce merchants to ship and deliver purchases.

FIGURE 2:

How consumers shop

Share of consumers who shopped for their most recent purchases in select ways, by year

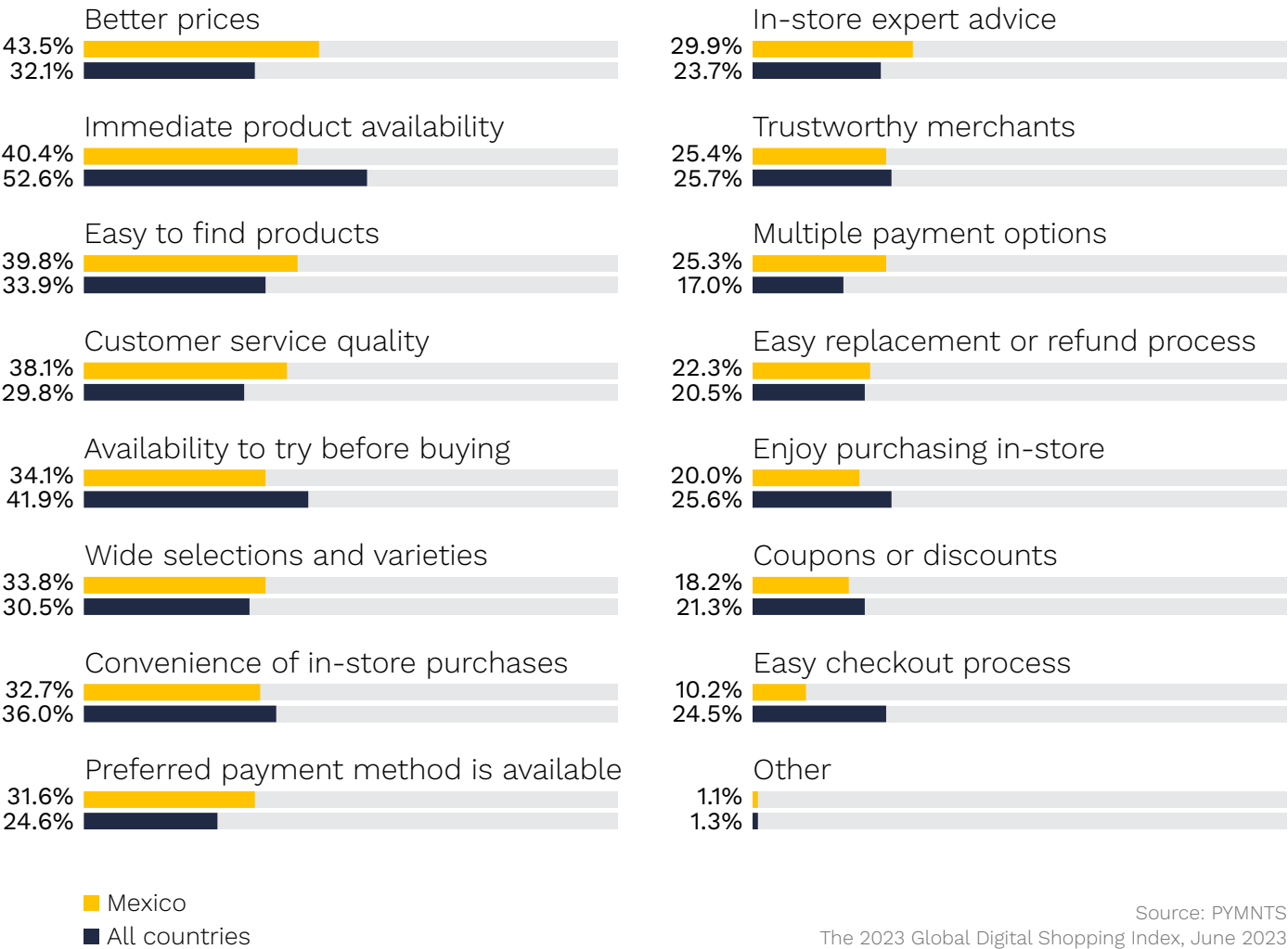


Source: PYMNTS
The 2023 Global Digital Shopping Index, June 2023
N varies by country and represents complete consumer responses; Mexico N = 2,223; Complete responses, fielded Sept. 27, 2022 – Oct. 31, 2022

FIGURE 3:

Why consumers in Mexico shop in-store

Share of consumers who cite select reasons for preferring to shop in-store



Source: PYMNTS
The 2023 Global Digital Shopping Index, June 2023
N = 1,982: Consumers who preferred to purchase a retail product in-store rather than online for at least for one type of retail product in last 12 months, fielded Sep. 27, 2022 – Oct. 31, 2022

34%
of brick-and-mortar shoppers
in Mexico prefer to shop in-store
because it allows them to
try products before buying them.

The third key reason why consumers in Mexico prefer shopping in-store is all about navigation. Forty percent of local shoppers find it easier to navigate brick-and-mortar stores than merchants’ eCommerce sites.

Other key factors driving local shoppers to favor brick-and-mortar commerce include superior customer service, the ability to test and inspect products before purchasing them, wide in-store product selections and the perceived convenience of shopping and paying in-store.

To drive more eCommerce sales, Mexico’s merchants must deliver high-quality online customer service, immediate product availability, more user-friendly sites and other features local consumers have come to expect when shopping.



02

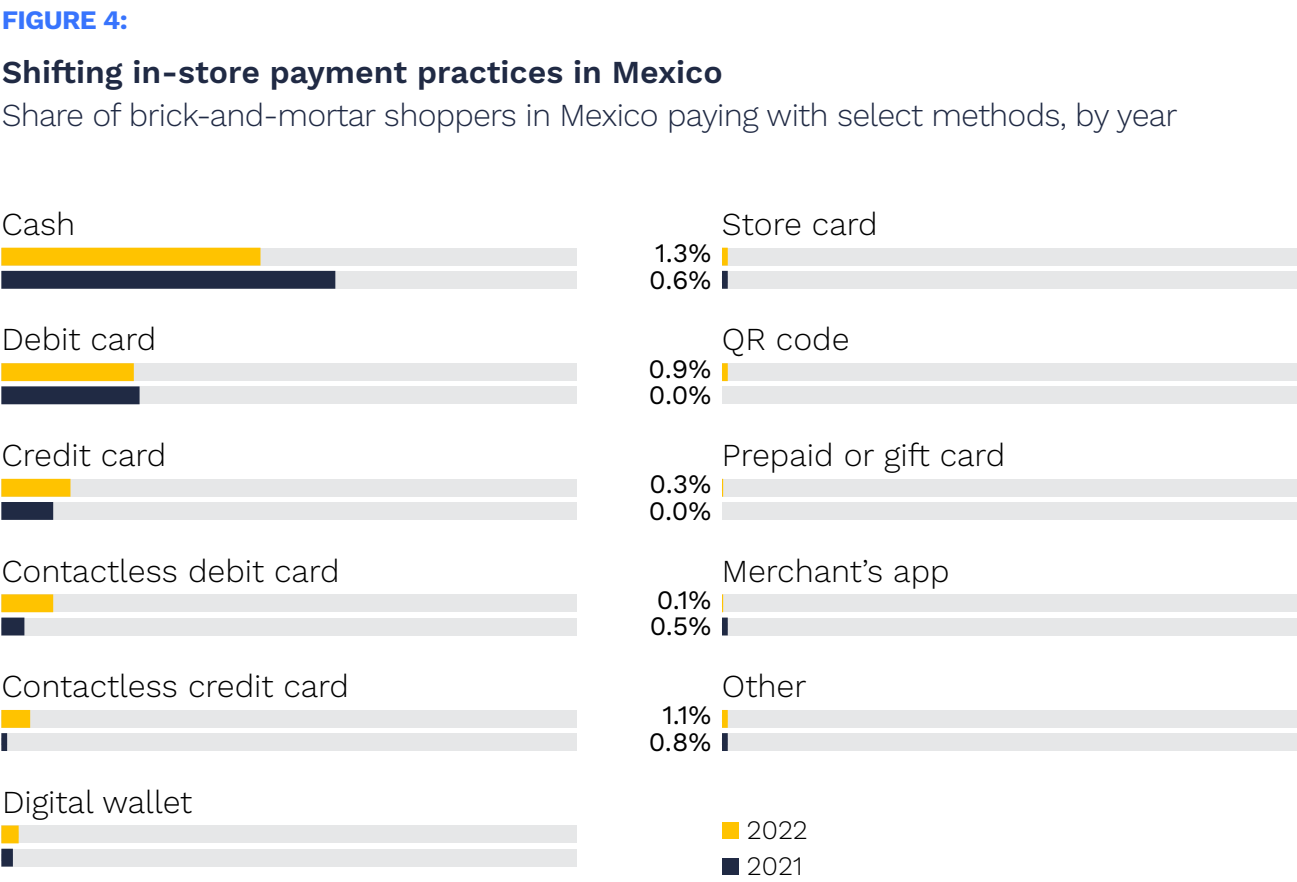
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Shifting
from cash
to cards

Like their counterparts in other countries, consumers in Mexico value payments choice more than any other type of feature that merchants can provide. Fourteen percent of local shoppers say it is more important for merchants to allow them to pay using their preferred method than it is for them to provide any other type of shopping or payment feature, and 62% consider this feature to be very or extremely important. This consumer desire makes it critical that merchants ensure the payment options they provide align with local consumer demand.

Cash has long been the most common payment method local shoppers use to pay for retail purchases. As in other historically cash-centric economies, however, that is rapidly changing. Mexican shoppers’ use of cash payments dropped 23% year over year in 2022, with 45% saying that they paid for their most recent purchase in cash. That this figure has fallen below 50% means that while cash is still king in Mexico, its dominance is beginning to slide as other payment methods gain traction.

Contactless card payments, in particular, are rapidly growing more common in Mexico’s brick-and-mortar shops. The share of in-store shoppers paying via contactless debit cards increased 137% from 3.6% in 2021 to 8.6% in 2022. The share of in-store shoppers paying via contactless credit card increased by 418% in the same time frame, growing from 1.0% to 5.1%.



Source: PYMNTS
The 2023 Global Digital Shopping Index, June 2023
N = 1,579: Consumers who made their last purchase in-store, fielded Sep. 27, 2022 – Oct. 31, 2022

In total, 14% of all in-store shoppers paid for their most recent purchase using either a contactless debit card or a contactless credit card, up 197% year-over-year.

03

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**Security, shipping
and refunds:**
**Three key sales drivers
in Mexico**

14%
of consumers in Mexico consider **payments choice** the most important feature that merchants can provide.

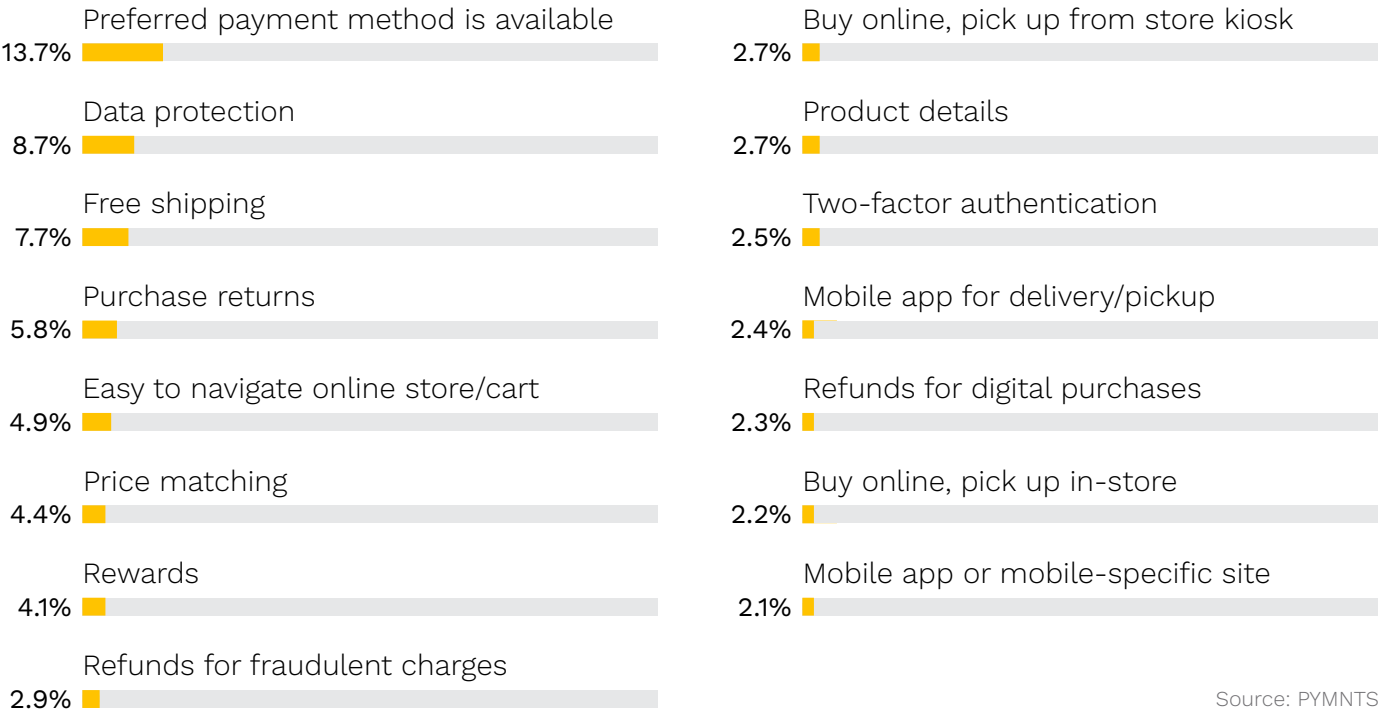
Payments choice is critical to winning customers in Mexico, but it is hardly the only feature that local shoppers want merchants to provide. Data shows that consumers in Mexico also highly value data protection, guaranteed returns for eCommerce orders and free shipping. Our research shows that 8.7% of local consumers cite data security as the most important feature they want all merchants to provide. Similarly, 7.7% identified free shipping, and 5.8% cited guaranteed returns for eCommerce orders as the most important features.

Ample local merchants already provide these features; the trouble is that many of their customers do not realize it. The

FIGURE 5:

Most valued features in Mexico

Share of consumers citing select features as the most important ones they want merchants to provide



Source: PYMNTS
The 2023 Global Digital Shopping Index, June 2023
N = 2,223: Complete consumer responses,
fielded Sept. 27, 2022 – Oct. 31, 2022

result is what we call an “awareness gap,” in which consumer perceptions about the availability of certain features fall short of reality. This means that many local shoppers are not getting the smooth, streamlined experiences they want, not because of a direct fault of the merchant but because they do not know where to find or how to use the features merchants already provide.

67%
of merchants in Mexico offer
buy online, pick up in-store (BOPIS)
options, but just 57% of consumers
realize merchants offer this.

In Mexico, this awareness gap tends to be especially large for the very features consumers want most, including enhanced data protection. Sixty-six percent of merchants provide enhanced data protection, but just 57% of local shoppers believe that merchants do so. In other words, many consumers incorrectly assume that local merchants are not using the strong data protection measures they expect — a mistake that could, in turn, make them less willing to make online purchases.

Similarly, 63% of merchants allow consumers to return items they buy online either in-store or via mail, but just 55% of local shoppers believe that local merchants offer this feature. This lack of knowledge about being able to return items easily could make consumers less willing to take a chance on purchasing items they are not sure they will like.

TABLE 1:

The awareness gap in Mexico

Share of merchants offering select features versus the share of consumers who believed said features were available

FEATURES	Consumers	Merchants	Gap
• Buy online, pick up in-store from an employee at a service desk/employee delivers products to the car	56.9%	67.1%	18.0%
• Purchase returns	54.6%	62.9%	15.3%
• Data protection	57.3%	66.0%	15.2%
• Buy online, pick up in-store from a kiosk	56.4%	63.1%	11.9%
• Refunds on fraudulent charges	51.9%	57.6%	11.0%
• Refunds on digital purchases	58.7%	64.5%	9.8%
• Ability to use preferred payment method	73.6%	79.2%	7.6%
• Product details available	66.0%	70.9%	7.4%
• Free shipping is available for digital orders	62.1%	65.6%	5.5%
• Rewards	55.2%	54.5%	-1.3%
• Easy-to-navigate online store and shopping cart	67.2%	64.2%	-4.4%
• Price matching	48.2%	45.0%	-6.5%
• Mobile app or mobile-specific site	64.6%	58.5%	-9.4%
• Two-factor authentication	51.2%	45.9%	-10.3%
• Mobile app to make purchases for delivery or pickup	63.9%	55.2%	-13.7%

Source: PYMNTS
The 2023 Global Digital Shopping Index, June 2023
N = 2,223: Complete consumer responses; N = 453: Complete merchant responses, fielded Sept. 27, 2022 – Oct. 31, 2022



04

**Availability,
awareness
and quality:**

**How to deliver on
local digital demands**

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The average merchant in Mexico offers 20 features — fewer than the average merchant in any other country — and consumers in Mexico use just 10 of these features, which is fewer than the number the average consumer in any other country uses. Lack of awareness is not the only issue, however. Sometimes, merchants either do not provide the specific shopping features that their customers want to use or the features they provide are difficult for customers to find and use.

Shoppers in Mexico use **just half of the features** local merchants offer, on average.


TABLE 2:

The digital features awareness gap around the globe

Average number of features merchants offer versus the average number of features consumers believe merchants offer and that consumers use, by country

	ALL COUNTRIES	 Brazil	 India	 Mexico	 UAE	 U.K.	 U.S.
• Consumers' perception	20	18	24	19	24	16	19
• Merchants' self-report	23	21	28	20	25	23	21
• Consumers' use	13	10	16	10	13	10	12

Source: PYMNTS
The 2023 Global Digital Shopping Index, June 2023
N varies by country and represents complete consumer and merchant responses, fielded Sept. 27, 2022 – Oct. 31, 2022



25%
of shoppers in Mexico
use the **BOPIS** options
that local merchants provide.

It is not clear precisely why so few consumers use the features they want, even though they know such features are available. It is unlikely that one overarching reason can explain low use in each case; instead, there are probably unique explanations for low usage in every case.

Consider curbside and in-store pickup options: Boosting consumer awareness of in-store and curbside pickup can provide eCommerce shoppers with the immediacy others get when shopping in-store. According to our research, 67% of merchants in Mexico provided in-store or curbside pickup options in 2022, but just 57% of their customers knew these features were available, and just 25% used them, despite curbside pickup options being more popular than ever. In this case, the low usage of pickup options likely results from local shoppers' enduring preference for in-store shopping.

Moreover, when consumers shop with merchants offering enhanced data security features, it is possible that they do not fully realize how well merchants are protecting their data. There are many actions merchants can take to enhance customers' data security, and not all of them are apparent to shoppers. Consumers might notice merchants asking for two forms of identification when logging into their accounts and thus learn to trust multifactor authentication, but they are unlikely to notice security features operating in the background.

In addition to boosting consumer awareness of the features already offered, merchants must invest in more valuable digital features. Providing more promo codes, discounts and sales online can help deliver the low prices that drive cost-conscious customers to shop in-store. Fifty-two percent of local merchants offered promo codes, and 48% offered coupons; 53% and 55% of consumers believed that merchants offered promo codes and coupons, respectively. This differential suggests that consumers were likely flocking to the few merchants offering coupon codes and ignoring those that did not. It also suggests that the supply of promo codes and coupons in the market is insufficient to meet local demand.

That just 28% of consumers report using promo codes and just 29% report using coupons suggests that the promo codes and coupons may be only applicable to particular products or be usable during limited time frames.

05

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Women:
**Mexico's most digitally
savvy shoppers**

30%
of women in
Mexico are
digital
enthusiasts.

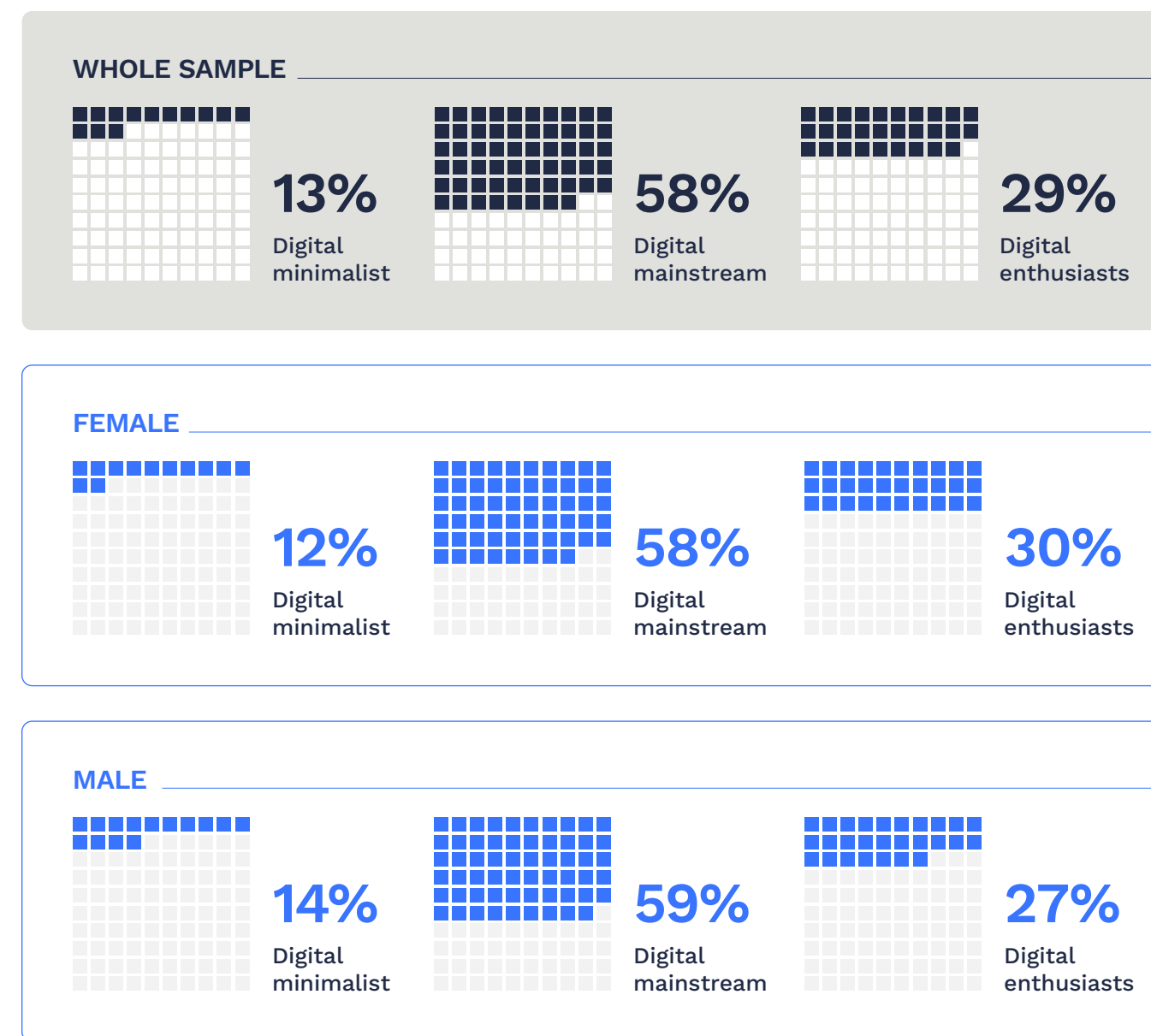
Consumers in Mexico tend to be less digitally engaged than the average consumer in our study, but digital plays a significant role in their shopping journeys. Seventy-nine percent still used at least one digital shopping feature during their last purchase — a share that reaches 87% among shoppers from all six countries studied.

The demand for digitally enabled shopping experiences is even higher among Mexico’s digital enthusiasts, a group of consumers who want to use digital in every aspect of their shopping journeys — and a group that is predominantly female. In Mexico, digital enthusiasts make up 29% of the population, and the average digital enthusiast in Mexico uses 14 digital shopping features, exceeding the average of 10 features for the general population.

FIGURE 6:

Consumer persona distribution

Share of consumers falling into select persona groups, by gender



Source: PYMNTS
The 2023 Global Digital Shopping Index, June 2023
N = 2,223: Complete consumer responses, fielded Sept. 27, 2022 – Oct. 31, 2022

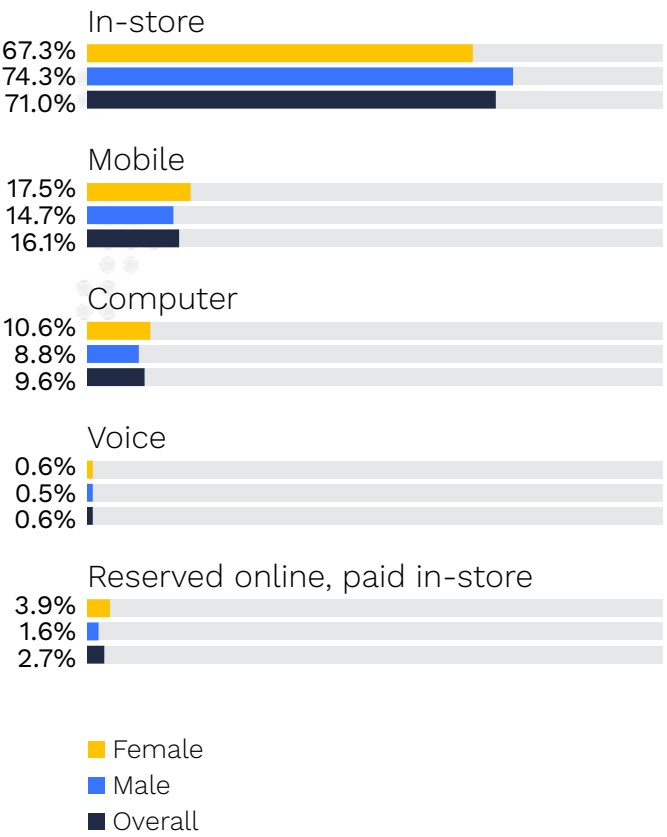
18%
of women in Mexico
made their most recent retail
purchase **via smartphone.**

Thirty percent of Mexico’s women are digital enthusiasts, as are 27% of men. Women’s preference for digital-first shopping experiences is visible in every aspect of their shopping journeys. They are more likely than men to complete their entire purchases via mobile: 18% of women made their last purchase entirely on their smartphones, compared to 15% of men.

FIGURE 7:

Channels consumers use
when shopping

Share of consumers shopping for retail
products via select channels, by gender



Source: PYMNTS
The 2023 Global Digital Shopping Index, June 2023
N = 2,223: Complete consumer responses,
fielded Sept. 27, 2022 – Oct. 31, 2022

Women in Mexico are also more likely to pay using digital wallets. Twenty-four percent of women paid for their most recent eCommerce purchase using a digital wallet, and 4% used a digital wallet to pay for their most recent in-store purchase. By contrast, just 20% and 1.8% of men paid for their most recent eCommerce purchase and in-store purchase via a digital wallet, respectively.

Merchants in Mexico that want to win over the most digitally savvy local shoppers should keep women — and their penchant for leading the pack in digital feature adoption — in mind.

Conclusion

Consumers in Mexico favor brick-and-mortar shopping more than their counterparts in any other country we studied, but data shows that local merchants must still provide digital shopping and payment features to succeed. Mexico's shoppers place a premium on tight data security, easy-to-navigate online stores, digital deals and pickup options, and they are increasingly searching for merchants that can provide those features. Many local merchants have already taken the first step of adopting features like these; they must now take the next steps to ensure that customers are aware of the features they offer and make these features easy to use. Once local merchants take these steps, they can reap the full returns on their investments and maximize their sales potential.

Methodology

The 2023 Global Digital Shopping Index is the third annual study of consumers and merchants in six countries that examines the frictions consumers experience when shopping and paying for grocery and retail products. The Index is based on census-balanced surveys of 13,349 consumers, with more than 1,500 consumers surveyed in each of the studied markets — Brazil, India, Mexico, the United Arab Emirates, the United Kingdom and the United States. It is also based on surveys of merchants from each market — 3,124 merchants in total. We collected data on merchants generating annual revenues of less than \$1 million USD, between \$1 million and \$50 million, between \$50 million and \$1 billion, and \$1 billion or more, and asked them about the digital methods and capabilities they use and offer. The consumer surveys consisted of 38 questions, and the merchant surveys had 29 questions. They were conducted from September 2022 to November 2022.

About

PYMNTS®

PYMNTS is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



At **Cybersource**, we know payments. We helped kick start the eCommerce revolution in 1994 and haven’t looked back since. Through global reach, modern capabilities and commerce insights, we create flexible, creative commerce solutions for everyday life — experiences that delight your customers and spur growth globally, all through the ease and simplicity of one digital platform to manage all your payment types, fraud strategies and more. Knowing we are part of Visa and their security-obsessed standards, you can trust that your business is well taken care of — wherever it may go.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at feedback@pymnts.com.

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