

The Global Digital Shopping Index: Brazil Edition

examines how consumers' shopping habits and preferences are shifting amid historic social and economic changes. It also reveals how merchants can develop digital strategies to navigate the shifting retail landscape. The report, a collaboration with Cybersource, is based on surveys of 2,105 consumers and 502 merchants in Brazil.

The Global Digital Shopping Index



Brazil Edition

PYMNTS.com



MARCH 2021

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The Global Digital Shopping Index was done in collaboration with Cybersource, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

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Introduction

Brazil is known for many things, such as a vibrant musical and culinary culture, a love for soccer and a young and diverse population. Brazil has another notable, if less conspicuous, distinction: a widespread embrace of smartphones and a rapidly developing digital payments infrastructure.

Approximately 60 percent of consumers in Brazil have smartphones and the rate tops 85 percent among those aged 18 to 34, approaching the ownership rate in advanced economies, like the United States.¹ Brazil's first account-to-account real-time payments network went live last year as well, and it is expected to greatly accelerate the growth of the country's digital payments ecosystem.²

Brazil's digital commerce infrastructure has been put to the test in major ways since the pandemic began as consumers there have sought to avoid crowded stores and find more safe, efficient and satisfying ways to shop. Our latest research indicates that a significant share of consumers in Brazil have shifted to digital shopping channels since the pandemic, as has been the case in advanced economies around the world. The share of Brazilian consumers who consider digital channels their preferred means of shopping has grown by more than 30 percent to make up 46 percent of consumers overall.

These are among the key findings to emerge from the Brazil edition of PYMNTS' Global Digital Shopping Index series, a

The share of **Brazilian consumers who prefer digital shopping channels** has grown by **more than 30%** since the pandemic's onset

collaboration with Cybersource based on surveys of more than 2,000 consumers and 500 merchants in the country. The series examines how consumers are turning to digital technology to improve their shopping experiences and how merchants are meeting demand for these types of experiences. This is the final edition of a four-part series that previously examined the United States, Australia and the United Kingdom.

Brazil is as unique and distinctive as its consumers' digital shopping preferences and habits. Our data shows consum-

ers in Brazil are highly mobile-oriented, suggesting that the wide penetration of smartphones is serving as an on-ramp to digital commerce for large shares of the population. Digital adoption is also led by younger and relatively affluent consumers — a circumstance that has significant implications for merchants and retailers, considering that the majority of the country's population is younger than 34 years old.

For more on these findings and many more insights, read on.

¹ Silver, L. Smartphone Ownership Is Growing Rapidly Around the World, but Not Always Equally. Pew Research Center. 2019. <https://www.pewresearch.org/global/2019/02/05/smartphone-ownership-is-growing-rapidly-around-the-world-but-not-always-equally/>. Accessed February 2021.

² Brazil Upgrades Real-Time Payments Rails, Goes Live With PIX. PYMNTS.com. 2020. <https://www.pymnts.com/digital-payments/2020/brazil-upgrades-real-time-payments-rails-goes-live-with-pix/>. Accessed February 2021.

Key findings

01

Large shares of Brazilian consumers have gravitated toward digital shopping channels since the pandemic began, and mobile technologies have fueled this shift.

Our research shows that in-store shopping is more prevalent in Brazil than in other studied markets, particularly the United Kingdom and the United States. Sixty-five percent of Brazilian consumers made their last retail purchases in brick-and-mortar stores compared to 53 percent of consumers in the U.S. and 52 percent in the U.K.

The pandemic has triggered a significant digital shift in Brazil, however. The preference for in-store shopping there has plunged 17 percent since the pandemic’s onset, representing the largest drop-off in any of the studied markets. Brazilian consumers’ preferences for buying goods digitally via online, mobile and in-store pickup channels has grown 33 percent since the start of the pandemic and has now reached 46 percent overall.

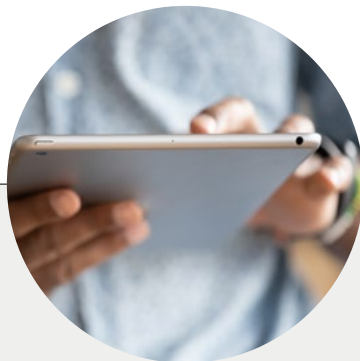
Mobile technologies have been a key enabler of these shifts. Consumers in Brazil are twice as likely to make purchases using mobile channels than computers: 20 percent reported using mobile devices to make their most recent purchases — twice the share that reported using computers. Mobile shopping journeys have surged during the pandemic: The share using mobile-native and cross-channel options has grown 36 percent — a stark departure from the other studied markets, where mobile channel use declined relative to online channels.

02

Young and affluent consumers are spearheading digital adoption in Brazil.

Younger Brazilians with higher incomes are the most prolific adopters of digital shopping channels and features: 49 percent of young high-earners, those under age 37 in the highest of three income brackets, used mobile or online channels for their most recent purchases — 1.7 times the share of other consumers. This gap is far narrower in other markets: There is only a three-point gap between young high-earners and others in digital purchasing in Australia, for example, while the gap between the two groups is seven points in the U.K.

The pandemic also appears to have extended the demographic reach of digital adoption — a phenomenon we observed in the other markets we studied. Brazilian consumers who went from preferring in-store shopping to favoring entirely digital channels are more likely to be older and have lower incomes than those who previously were digital purchasers. Thirty-nine percent of these digital shifters are low-income while 35 percent are high-income and their average age is 42.



03

Consumers in Brazil show a strong inclination toward digital-first shopping practices, and they are especially interested in digital features that make shopping more convenient and informed.

Brazil's consumers share a fundamental similarity with shoppers in the other studied markets. They consider in-store shopping friction-filled, according to our Consumer Satisfaction Index while finding mobile-native journeys — in which products are purchased on mobile devices and delivered — the most satisfying. This further underscores Brazilians' affinity for mobile channels and is reflected more broadly in Brazilian consumers' openness to digital-first approaches to shopping. An average of 41 percent are “very” or “extremely” likely to use digital-first features in making purchases across product categories, exceeding the level of interest found in other studied markets.

Consumers in Brazil are particularly interested in digital features that make the shopping experience more convenient and economical: 13 percent and 11 percent of such consumers consider free shipping and promo codes the most important digital features, respectively. Brazilian consumers ascribe less importance than consumers in other markets to security-focused and profile-based features. Consumers in the U.K. and U.S. are approximately three times more likely than those in Brazil to consider security-based “protect me” features important to overall satisfaction, according to our Consumer Satisfaction Index.

04

Cash use remains prevalent in Brazil and credit cards are still widely used online, but the country also features cashless alternatives for online payments.

Thirty-one percent of consumers in Brazil report paying with cash when purchasing in stores — double the share found in the United States. Consumers are most likely to turn to credit cards when shopping online in Brazil as 62 percent of consumers use them for this purpose and 14 percent use debit. Cardless payment methods, such as digital wallets and cards on file have made limited inroads in Brazil. Thirteen percent of those who made digital purchases in Brazil used such methods — roughly one-third of the share found in the other studied markets.

One circumstance that likely influences these payment patterns is the fact that an estimated 25 percent of Brazilian consumers lack bank accounts. This may help explain the popularity of a unique payment method in Brazil: boleto bancário, which allows online shoppers to receive a ticket with a scannable code that they can use to pay at designated locations or online. Almost 9 percent of Brazilian consumers pay for digital purchases via boleto and 14 percent prefer this payment method.

05

Merchants in Brazil are investing in improvements to mobile ordering and cross-channel commerce capabilities as well as artificial intelligence (AI)-based business systems.

Two areas stand out as priorities for merchants considering their innovation agendas over the next three years: mobile ordering and pickup. Improving store pickup through curbside or in-store options — a key component of cross-channel commerce — is the most-cited priority for Brazilian merchants as 52 percent of them, on average, plan to invest in this area. This is especially important to high-ranked merchants as determined by the Consumer Satisfaction Index: 62 percent of them plan to invest in store pickup options, making it one of the top 10 digital-first areas of investment. Mobile order-ahead is the second-most cited priority, with 49 percent of merchants, on average, planning to invest in it. This includes large shares of middle and low-ranked merchants.

Our research also finds that Brazilian merchants consider AI uniquely compelling. More than 72 percent of merchants in the country consider such business systems very important — nearly double the share that do so in other markets. The chief benefit merchants expect to gain from AI is faster information processing: 78 percent believe the system would be beneficial for this purpose.

Brazil's socioeconomic context

Key economic and social statistics about Brazil:

- **65 percent of Brazilians have access to the internet,** and the share of urban residents that have internet access is 77 percent.
- **One in four** Brazilian consumers lack bank accounts.
- **Brazil has been among the countries hardest hit by the pandemic in Latin America,** with nearly 8 million cases and more than 200,000 deaths. Business lockdowns have been intermittent during the pandemic.³



- **60 percent of consumers in Brazil have smartphones,** including 85 percent of individuals between 18 and 34 years old.

³ Silver, L. Smartphone Ownership Is Growing Rapidly Around the World, but Not Always Equally. Pew Research Center. 2019. <https://www.pewresearch.org/global/2019/02/05/smartphone-ownership-is-growing-rapidly-around-the-world-but-not-always-equally/>. Accessed February 2021.

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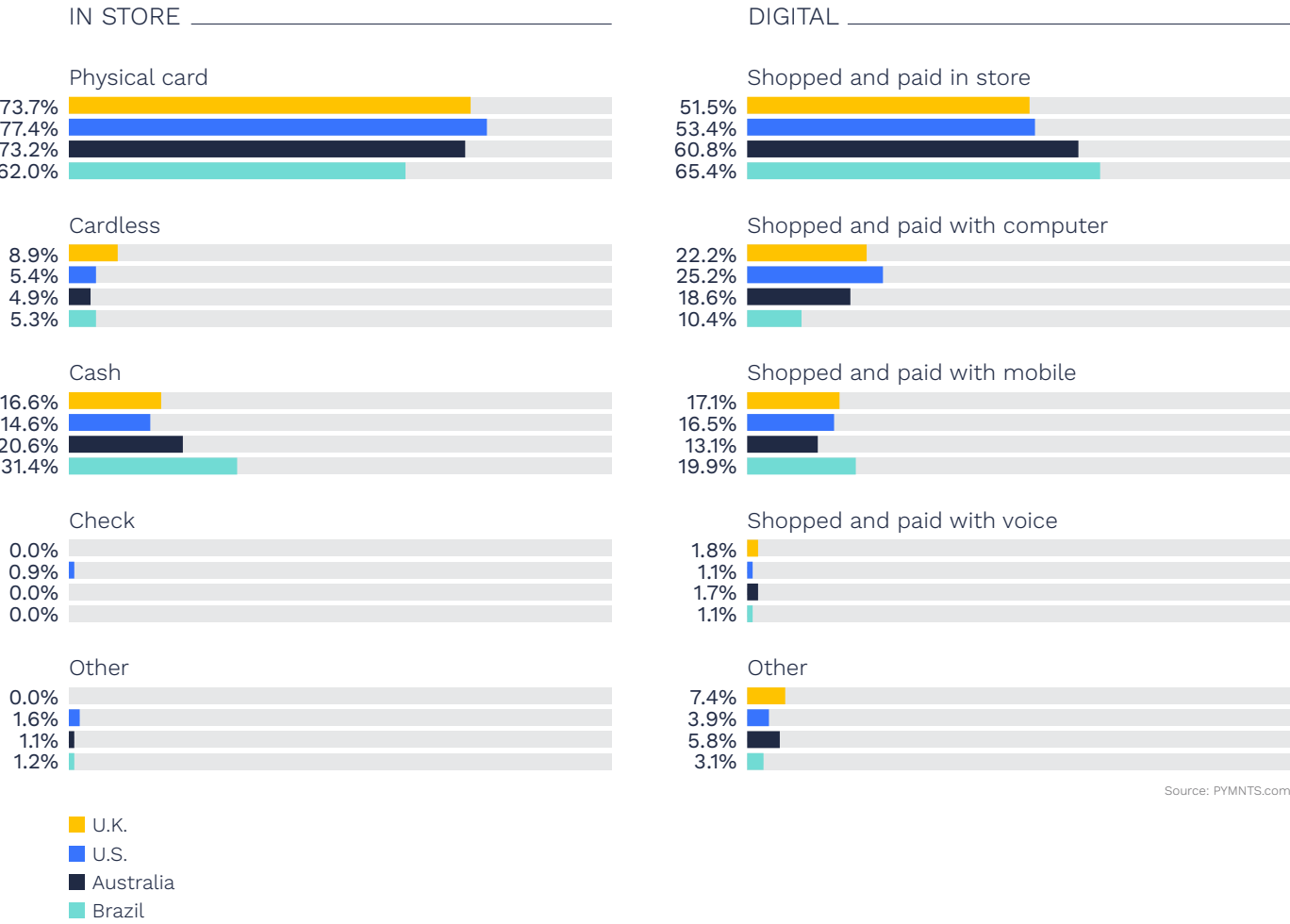
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A seismic digital shift

Brazil is a country of more than 211 million people — the largest by population and geography in Latin America — and has a fast-growing digital infrastructure. At the same time, Brazil is often grouped with Russia, India and China as part of the BRIC bloc of large developing countries. The country’s technological and economic development has progressed considerably in recent years, but gains have not necessarily extended to the entirety of its population.

FIGURE 1:
Digital and in-store purchasing patterns
Share of consumers in the four studied markets who made their last purchases via select channels



62%

of Brazilian consumers report using **credit cards** to pay online

This is reflected in our research, which shows that in-store shopping and cash remain more prevalent in Brazil compared to the other studied markets. Sixty-five percent of Brazilian consumers reported making their most recent purchases in stores, exceeding the shares found in the U.S. and the U.K., where 53 percent and 52 percent of consumers, respectively, did the same.

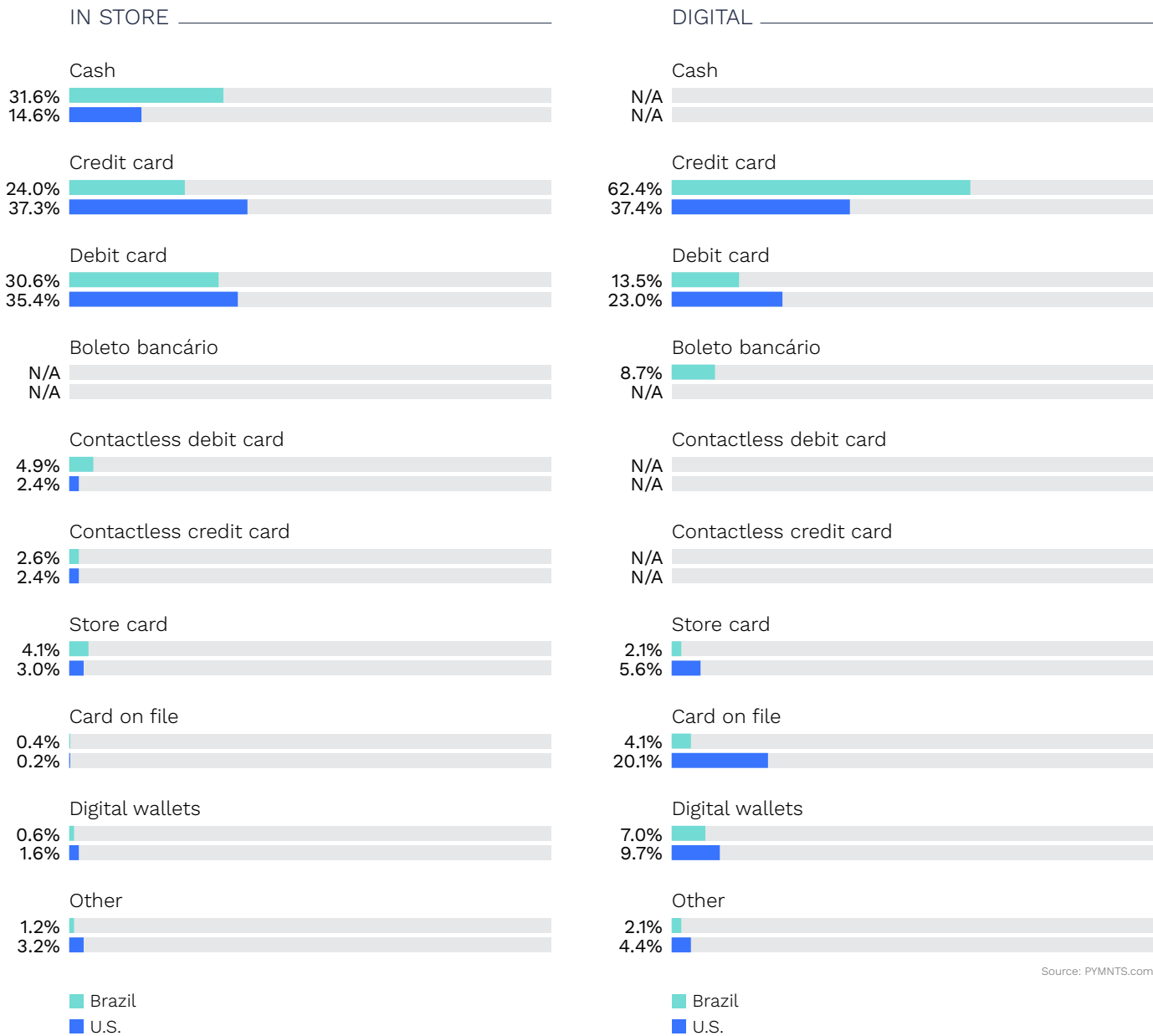
Cash also remains a mainstay for in-store shopping in Brazil: 31 percent of consumers there report using cash to pay in stores — more than twice the share of cash users in the U.S.

Credit card is by far the dominant payment method for online purchases in

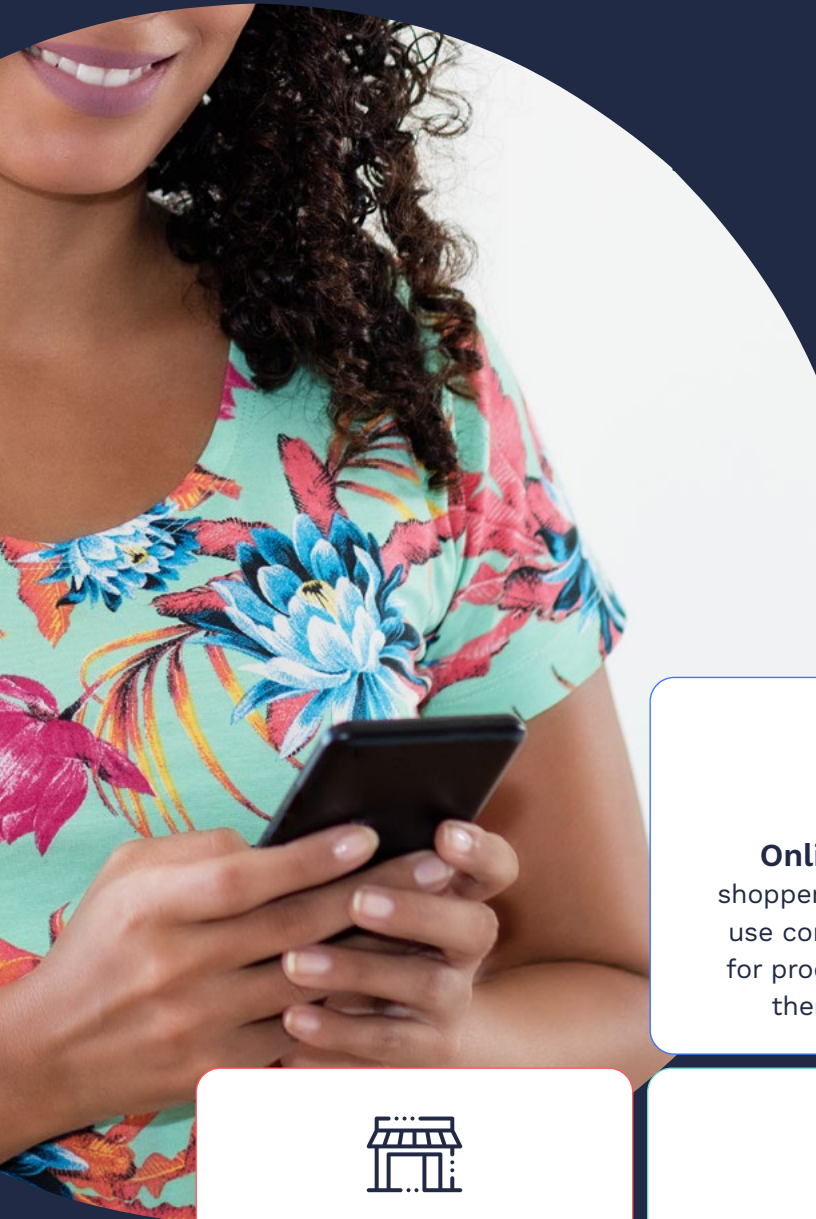
Brazil as 62 percent use it — two to three times the share in other markets. Cardless payment methods, like digital wallets, are also used, but to a lesser extent than is the case in other markets: Just 13 percent use cardless methods — roughly one-third the share found elsewhere.

The Brazil market features a unique payment method, boleto bancário, that enables those without cards — or bank accounts — to make online purchases. Online shoppers can get a ticket with a scannable code that can be used to make a payment at a designated location, like a bank, via their bank apps or other means. Our research shows that 9 percent of Brazilian consumers use boletos to pay online.

FIGURE 2:
Payment methods for in-store and digital purchases
Share using select payment methods for in-store and digital purchases



Source: PYMNTS.com



The relative prevalence of in-store shopping and cash use highlights the digital shift that the pandemic has set in motion in Brazil. Our study divides consumers into five personas based on their preferred ways of shopping to better understand these shifts:



Online native:
shoppers who prefer to use computers to pay for products and have them delivered



Mobile native:
shoppers who prefer to use smartphones to pay for products and have them delivered



Brick-and-mortar:
shoppers who prefer to pay for products and receive them in store



Online cross-channel:
shoppers who prefer to use computers to pay for products and pick them up at the store curbside or via kiosk, for example

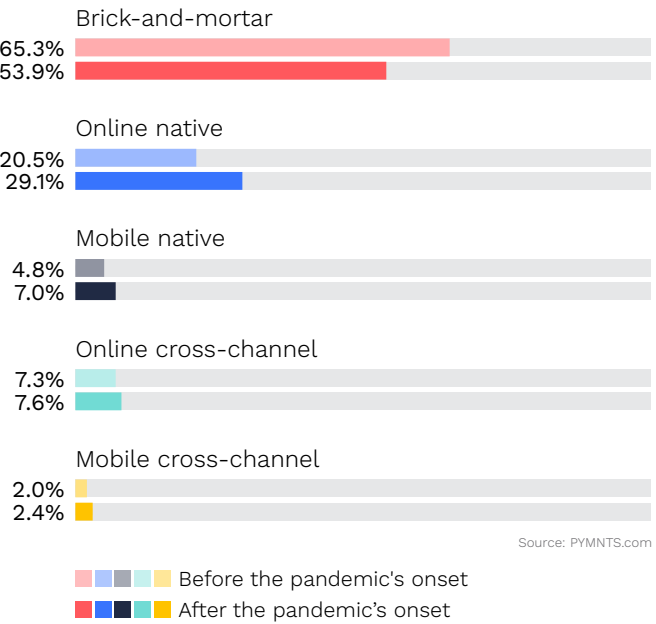


Mobile cross-channel:
shoppers who prefer to use smartphones to pay for products and pick them up at the store

17%

Decline in the share of Brazilian consumers who prefer **in-store shopping** since the pandemic's onset

FIGURE 3:
Shopping persona distribution
Distribution of shopping personas before and after the pandemic's onset



Our research shows that the preference for in-store shopping has plunged 17 percent since the pandemic's onset in Brazil, representing the largest drop-off in any of our studied markets. The preference for buying goods digitally among Brazilian consumers has increased 33 percent since the start of the pandemic, however.

It bears noting that preference may not always be aligned with possibility, since the digital commerce channels in Brazil are not as developed as they are in the other studied markets. One indication of this is the gap between consumers' low preference for in-store shopping — 54 percent — and the 65 percent who reported shopping in stores for their most recent purchases.

Mapping Brazil's distinctive digital shift

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Brazil has seen a dramatic shift toward digital shopping channels since the start of the pandemic.

In-store shopping is more prevalent in Brazil than in other markets.



65%

Share of Brazilian consumers who made their most recent product purchases in brick-and-mortar stores



52%

Portion who did the same in the U.K.

Consumers in Brazil have shown a growing affinity for digital commerce experiences since the pandemic's onset.



33%

Increase in share preferring digital and mobile shopping channels since the pandemic's onset



46%

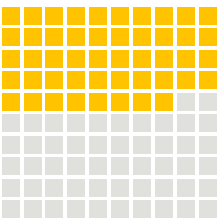
Overall share that prefer digital channels

Mobile technologies are a key component of how consumers shop and pay in Brazil.

Brazilian consumers are twice as likely to use mobile devices to make purchases over computers.

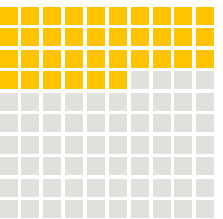
48%

Share of Brazilian consumers who use their mobile devices to make up their minds about what to buy — twice the share that rely on this method in other studied markets



36%

Increase in use of mobile shopping channels since the start of the pandemic



Younger, higher-income Brazilians are robust adopters of digital shopping practices.

49%

Share of those under age 37 with above-average incomes who made their most recent purchases online or via mobile

74%

Share in this group who prefer using digital channels for shopping today

Improving mobile ordering and store pickup capabilities are high on the agenda for Brazilian merchants — as is AI.

52%

Share of Brazilian merchants planning to invest in store pickup options, whether outside or inside the store

49%

Portion of merchants planning to invest in mobile order-ahead

72%

Share of merchants that consider AI business systems very important — nearly double the share found in other markets

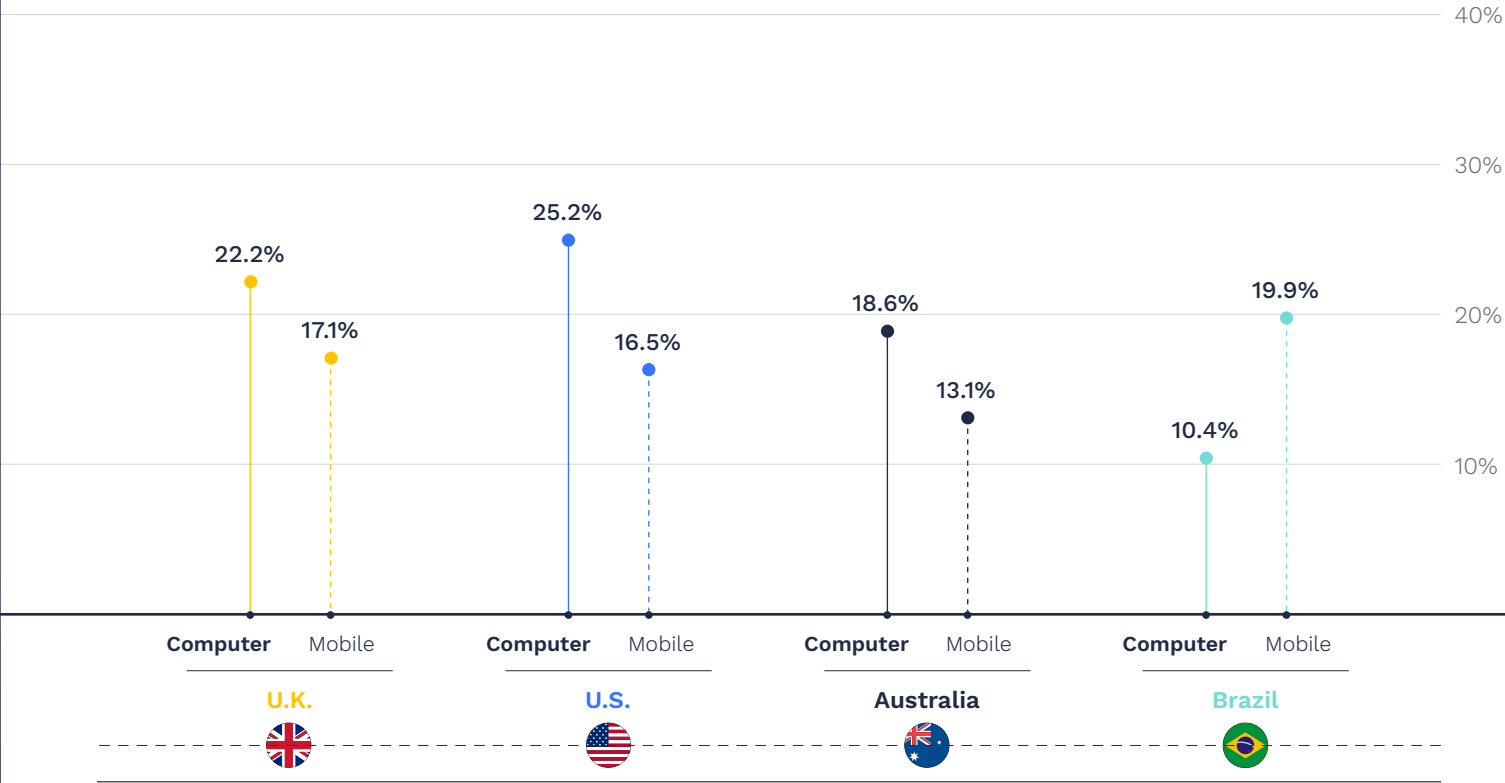
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Mobile-first and digital-first

Brazil is, in many ways, a country that revolves around smartphones. A majority of urban residents have these devices, and the share of younger consumers who have them exceeds 85 percent. These circumstances play an important role in understanding the digital preferences and habits in Brazil.

Our research shows that Brazilian consumers are twice as likely to make purchases via mobile devices than computers: 20 percent reported using mobile channels to make their most recent purchases while only 10 percent reported using computers for their most recent purchases. The reverse is found in the other markets, where computer use outstrips mobile use.

FIGURE 4:
Mobile versus computer purchasing
Shares of consumers in the four markets who used mobile devices or computers for purchases



Source: PYMNTS.com

36%

Increase in mobile-native and mobile cross-channel shopping in Brazil

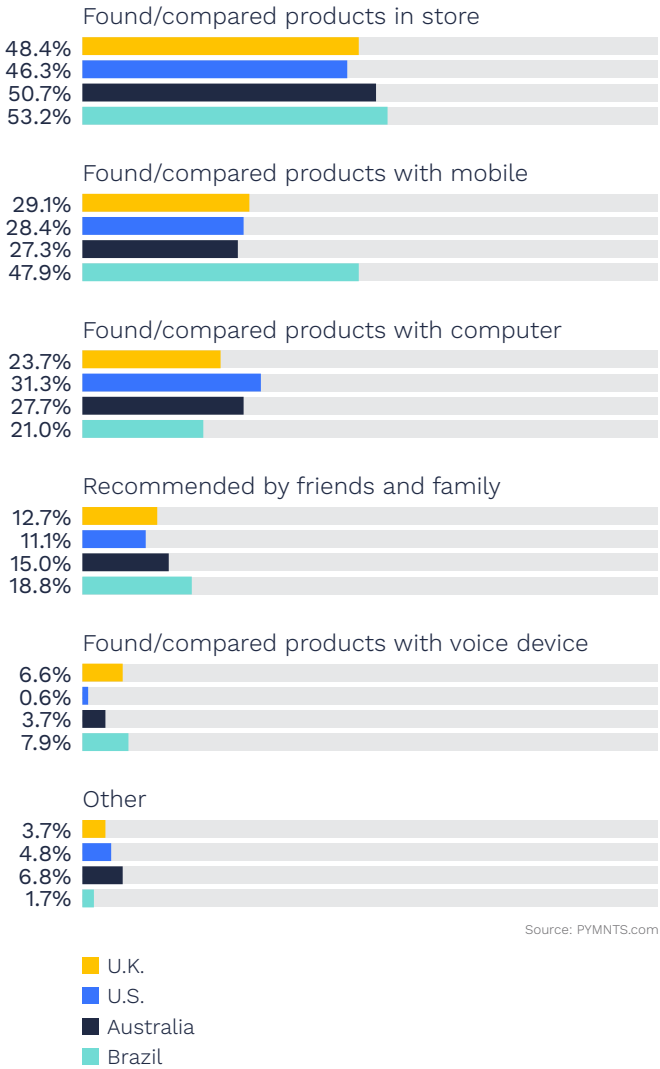
This has led to a highly mobile-oriented digital shift. The use of mobile-native and cross-channel options surged 36 percent in Brazil, — a dramatic departure from the other studied markets, where online channels have been favored over mobile ones. Online shopping has also increased dramatically in popularity in Brazil, although consumers there are far more inclined toward online-native journeys, which grew by 42 percent, versus cross-channel ones, which grew by just 4 percent. This likely reflects the fact that online-native services are less developed in Brazil.

TABLE 1:
Growth in digital channel use
Change in the four markets for shopping channel use since the pandemic began

	 U.K.	 U.S.	 Australia	 Brazil
• Online native	28.9%	17.0%	24.0%	42.1%
• Online cross-channel	13.7%	38.0%	18.3%	4.1%
• Mobile native/cross-channel	-6.5%	-8.4%	-29.0%	35.8%
• Brick-and-mortar	-10.9%	-9.6%	-6.0%	-17.4%

Source: PYMNTS.com

FIGURE 5:
Making purchasing decisions
Share of undecided shoppers who used select methods to decide



The tendency to reach for mobile devices when shopping begins is the earliest phase of the process for many Brazilian consumers. They are considerably more likely than consumers in the other studied markets to use their mobile devices to decide what to buy. Forty-eight percent of Brazilian consumers who were undecided about their purchases said they used their mobile devices to shop and compare products before making purchasing decisions. This is close to twice the share found in the other markets, where consumers are far more likely to make their decisions by going to the store.

This tendency to take a digital-first approach is reflected more broadly in Brazilian consumers’ inclination to start shopping journeys digitally: An average of 41 percent are “very” or “extremely” likely to use digital-first features to make purchases across product categories, surpassing the level of interest found in other studied markets.

The young and the cashless

One of the potential engines of Brazil's economic growth is its youthful population: The country's median age is just 33 years old, and younger consumers in Brazil tend to be eager and early adopters of digital technology.

Our research shows that younger consumers in Brazil — as well as more affluent ones — are helping to drive digital adoption in Brazil. To understand these dynamics, we created a persona of young high-earners: those who are younger than age 37 and out-earn two-thirds of the country. These young high-earners are nearly twice as likely as other Brazilians to report making their most recent purchases via mobile or online channels. Forty-nine percent of them make such digital purchases — 1.7 times the share of other consumers. Digital adoption is demographically more widespread in other markets: Just a three-point gap separates young, high-earners in Australia from others, for example.

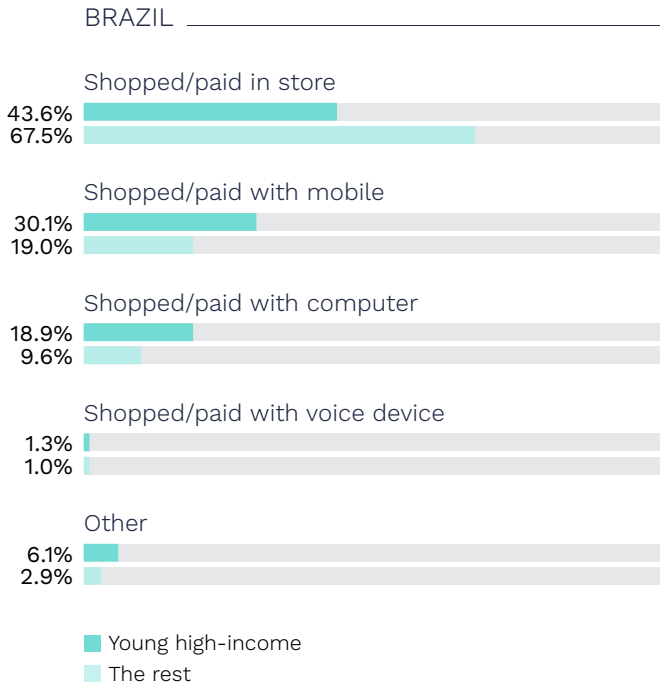


49%
of **young
high-income
Brazilians** make
purchases via
mobile or online
channels

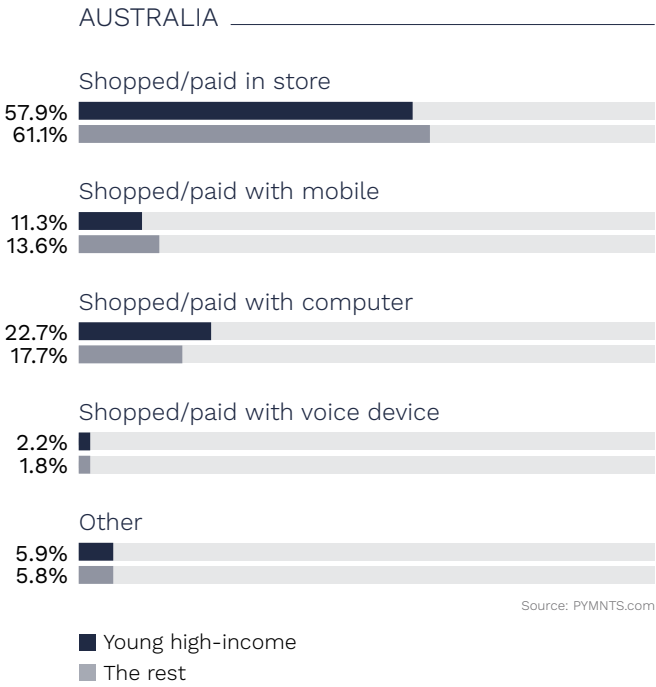
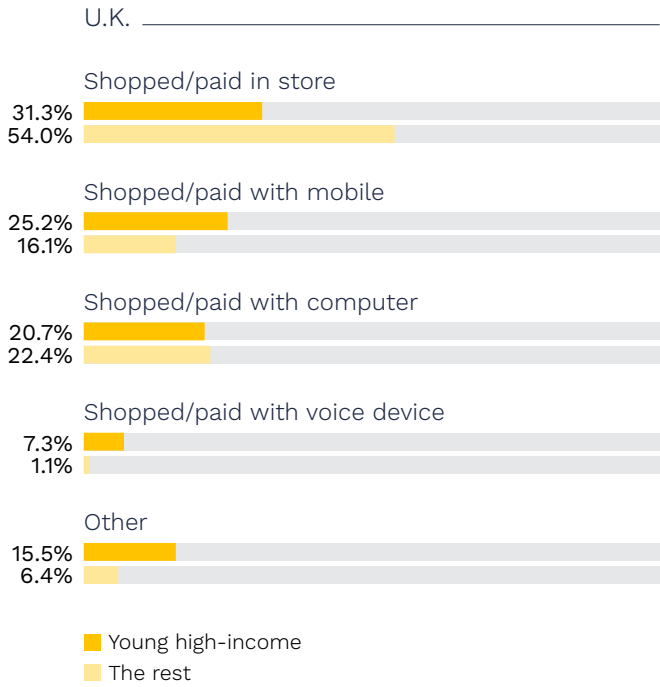
FIGURE 6:

The shopping habits of young high-earners

Share of young earners who purchase via select channels versus others



This group of young high-earners also stands out for embracing digital channels since the pandemic began. Only 26 percent of young high-earners prefer in-store shopping today while 45 percent prefer online-native journeys. Another 17 percent are cross-channel online shoppers and slightly more than 11 percent are mobile native.



Source: PYMNTS.com

TABLE 2:

The digital shifters

Demographic characteristics of Brazilian digital shifters versus overall sample

	Sample	Young high-income	Digital shifters
Total respondents	100.0%	8.6%	12.3%
Have college degree	13.7%	33.3%	20.1%
Female	55.2%	46.0%	67.9%
Low income	46.4%	N/A	38.7%
Middle income	28.6%	N/A	26.6%
High income	25.0%	100.0%	34.8%
Average age	42.3	32.0	42.0

Source: PYMNTS.com

It bears noting that digital shopping is by no means the territory of the young and affluent. Digital shopping is also practiced among consumers who went from preferring entirely in-store shopping to preferring entirely digital channels, and these shifters are more likely to be older have lower incomes than those who previously shopped digitally to some extent. Thirty-nine percent of digital shifters are

low-income, 35 percent are high-income and their average age is 42. We also found that 68 percent of shifters are women.

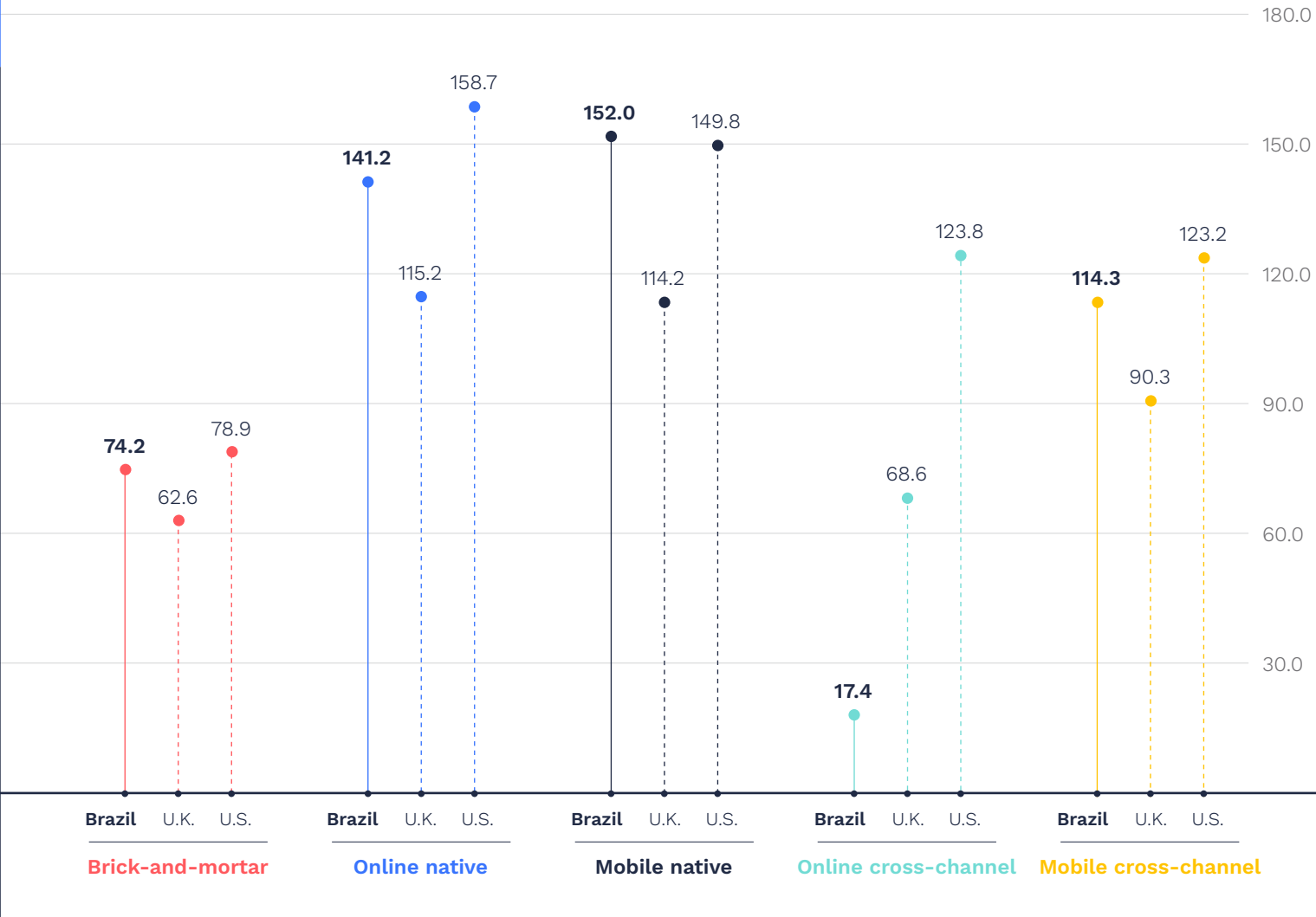
Our research suggests that Brazil may be following a trajectory observable in advanced economies whereby the young and technology-oriented pave the path toward broad-based adoption.

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The habits and preferences of the digital Brazilian consumer

Our study series has uncovered distinctions among consumers’ digital shopping habits and preferences around the world. One factor unites consumers across the four studied markets: They all regard purchasing in stores as the most friction-filled means of shopping and they tend to look to digital shopping tools to ameliorate these frictions and otherwise enhance their shopping experiences.

FIGURE 7:
Index scores and shopping journeys
Satisfaction scores associated with each shopping journey



Source: PYMNTS.com



Brazilian consumers consider mobile-native channels the most satisfying

We have sought to quantify this through our Consumer Satisfaction Index, which assigns scores to various aspects of the shopping process based on the satisfaction consumers report getting from them — or the lack thereof. The Index reveals that brick-and-mortar shopping is the least satisfying mode of shopping in Brazil, netting just 74 on a scale with a median of 89. On the other end of the spectrum, mobile-native journeys score the highest at 152, exceeding the scores of online-native journeys. A reverse pattern is observable in the other studied markets, where online-native journeys score higher, reinforcing Brazilians’ distinctive affinity for mobile.

These patterns extend to the specific digital shopping features Brazilian consumers use or are inclined to use. We analyzed 27 distinct shopping features and divided them into five groups based on the primary benefit they offer users.

The taxonomy of digital features

We examined consumers’ use of and interest in nearly three dozen digital shopping features, which can be categorized into five groups.



Know me

features that store profile information to prevent users from having to enter and reenter such details



Value me

features that make shopping more economical, such as rewards and promo codes



Do you have what I want?

features that make it easier for consumers to find what they are looking for



Make it easy for me

features that drive convenience, such as reviews, recommendations and in-store pickup



Protect me

features concerning security, such as data protection, refunds and dispute resolution

The taxonomy of digital features



KNOW ME

- **PROFILE:** I can set up a digital profile with this retailer.
- **INFORMATION SHARING (SHIPPING):** The retailer has access to my shipping information.
- **INFORMATION SHARING (HISTORY):** The retailer has access to my order history.
- **INFORMATION SHARING (PAYMENTS):** The retailer has access to my previous payment methods using stored card credentials.



VALUE ME

- **REWARDS:** The retailer has loyalty or reward programs that I can use in the store, online and on my mobile devices.
- **COUPON USAGE:** I can use the same coupons digitally.
- **RECOMMENDATIONS:** I receive suggestions about things that I might like based on past purchases or my browsing history.
- **PROMO CODES:** I receive promo codes targeted to my specific interests.
- **MARKETING OPT-IN:** I can opt into personalized marketing communications with special offers.



DO YOU HAVE WHAT I WANT?

- **PRICE MATCHING:** The merchant will match the prices of other merchants selling the same products.
- **INVENTORY:** The available inventory is updated digitally in real time.



MAKE IT EASY FOR ME

- **PRODUCT DETAILS:** Product details are available digitally.
- **VOICE:** I am able to order products using my voice-activated device.
- **PRODUCT REVIEWS:** Reviews are available digitally.
- **FREE SHIPPING:** Free shipping is available for digital orders.
- **PRODUCT RECOMMENDATIONS:** Recommendations are available digitally.
- **BUY ONLINE, PICKUP IN STORE FROM A KIOSK:** Customers can use an automated method to receive the product.
- **MOBILE ORDER-AHEAD:** The retailer offers a mobile app I can use to make purchases for delivery or pickup.
- **MOBILE PRODUCT FINDING:** I can use a mobile device to locate a product when in a physical store.
- **BUY ONLINE, PICKUP IN STORE:** Customers can buy online, pickup in store from an employee at a customer service desk or have an employee deliver the product to my car.



PROTECT ME

- **PURCHASE RETURNS:** I can return purchases either by mail or to a store location.
- **PROTECT DATA:** I am able to securely store my card details.
- **DISPUTES:** It is easy to resolve issues with the merchant.
- **DIGITAL PURCHASE REFUNDS:** The retailer will refund my digital purchases either online or at the store.
- **FRAUD PURCHASE REFUNDS:** The retailer will refund fraudulent charges.
- **LIVE HELP:** I can get live help via a phone call, online chat or other method when I am not in the store.
- **ONLINE RETURNS:** I can make free returns using printable shipping labels.



70%
of Brazilian
consumers have
employed or
would employ
**free shipping for
digital orders**

Our research shows Brazilian consumers are most likely to value “make it easy for me” features while ascribing less importance to “protect me” and “know me” features, such as data security and profiles. Consumers in the U.K. and the U.S., in contrast, are approximately three times more likely than those in Brazil to consider “protect me” features important to overall satisfaction.

TABLE 3:

The features that drive satisfaction

Scores associated with each feature set contributing to satisfaction

	 U.K.	 U.S.	 Australia	 Brazil
• Know me	6.6	12.4	3.1	6.4
• Value me	18.0	21.5	14.1	22.5
• Do you have what I want?	5.1	7.3	2.0	12.7
• Make it easy for me	38.3	45.9	48.3	51.4
• Protect me	15.8	22.6	6.6	4.2
TOTAL	83.9	109.8	74.1	97.2

Source: PYMNTS.com

Several “make it easy” features stand out as the most popular and compelling for Brazilian consumers. At the top of the list is free shipping, which a combined 70 percent have either used (37 percent) or would be interested in using (34 percent). Following that are features that are information-based and those that help consumers make wise or economical choices. Sixty-nine percent use or would use product details, for example, and 67 percent use or would use product recommendations.

69%
of Brazilian
consumers
have used or
would use
**product detail
features**

TABLE 4:
Consumers’ propensity to use various features
Share of consumers who currently use or would be interested in using various shopping features

	Have used	Would use	Total
• Profile	22.4%	40.3%	62.6%
• Information sharing (shipping)	21.3%	36.0%	70.0%
• Information sharing (history)	27.9%	31.5%	59.4%
• Information sharing (payments)	27.2%	28.3%	55.5%
• Rewards	28.9%	37.5%	66.4%
• Coupon usage	28.4%	36.7%	65.1%
• Recommendations	33.3%	32.8%	66.1%
• Promo codes	32.7%	33.8%	66.5%
• Marketing opt-in	22.0%	39.5%	61.5%
• Price matching	25.3%	41.2%	66.5%
• Inventory	23.5%	38.8%	62.3%
• Product details	38.5%	30.2%	68.7%
• Voice	17.5%	35.7%	53.2%
• Product reviews	29.3%	36.9%	66.2%
• Free shipping	36.6%	33.5%	70.1%
• Product recommendations	34.9%	32.0%	66.9%
• BOPIS from a kiosk	21.2%	34.1%	55.4%
• Mobile app availability for purchase with delivery/pickup options	28.9%	33.0%	61.8%
• Locate product in store with mobile phone	26.8%	37.6%	64.4%
• BOPIS from employee or curbside	25.8%	32.2%	58.0%
• Purchase returns	23.1%	33.0%	56.2%
• Protect data	31.6%	31.0%	62.5%
• Disputes	26.6%	32.2%	58.8%
• Digital purchase refunds	23.0%	35.0%	58.0%
• Fraud purchase refunds	23.3%	34.7%	58.0%
• Live help	24.6%	34.9%	59.5%
• Online returns	18.7%	37.0%	55.7%

Source: PYMNTS.com

“Value me” features are also important for many Brazilian consumers. Our research shows that 66 percent of them use or would use rewards, and the same share use or would use promotional codes. The importance of these features looms even larger when we consider which features consumers in Brazil believe are the most important. These are free shipping — considered the most important feature by 13 percent of respondents — followed by promo codes (11 percent), rewards (10 percent) and data protections (8 percent).

It bears noting that consumers in all of the studied markets tend to regard the above features as highly important, which suggests that pocketbook considerations are always high on shoppers’ agendas, no matter where they live.



11%
consider
promo codes
the most important
digital feature

The Global Digital Shopping Index

The merchant agenda

The digital commerce ecosystem in Brazil may not be as developed as it is in more advanced economies, but it has made remarkable strides in a relatively short period of time. This is reflected in our merchant survey, which shows that majorities of them offer broad selections of digital features. Our research also shows that merchants do not necessarily have their fingers on the pulse of consumer demand: There is a mismatch between merchants' and consumers' digital priorities.

Our research shows that majorities of merchants offer nearly every one of the nearly three dozen digital features we examined as part of our study. Several features are most prevalent, including dispute resolutions (79 percent), refunds of fraudulent charges (80 percent) and product details (77 percent). In most of these cases, however, merchants are at least 1.3 times more likely to say these features are available than are consumers.

These gaps notably extend to the features consumers and merchants consider to be most important. Brazilian consumers consider the following fea-

tures most important in shares nearly twice as large as merchants: free shipping (13 percent of consumers versus 7 percent of merchants), promo codes (11 percent of consumers versus 5 percent of merchants) and rewards (10 percent of consumers versus 5 percent of merchants).

Merchants are far more likely than consumers to prioritize profiles, stored information about shoppers, such as their payment, shipping and product preferences. The largest share of merchants, 16 percent, consider this feature the most important. A similar trend can be found across the four studied markets, but findings are especially pronounced in Brazil. This reinforces a basic discovery: Merchants must get to know their customers by creating value for them, not by requiring user information as a prerequisite for using their services.

This disconnect between merchants and consumers is not unusual. It speaks to the need for merchants to use digital features not just for the consumer-facing benefits but to leverage the data embedded in these services to get real-time insights from their customers.

TABLE 5:
The feature-availability gap
Share of consumers and merchants that say features are offered or available

	Merchants	Consumers
• Profile	47.8%	39.3%
• Information sharing (shipping)	61.6%	42.1%
• Information sharing (history)	66.9%	47.0%
• Information sharing (payments)	62.2%	46.1%
• Rewards	61.0%	48.3%
• Coupon usage	51.6%	49.1%
• Recommendations	70.3%	51.4%
• Promo codes	59.8%	52.9%
• Marketing opt-in	60.6%	42.7%
• Price matching	63.1%	45.1%
• Inventory	54.4%	44.2%
• Product details	76.7%	57.9%
• Voice	41.2%	38.8%
• Product reviews	64.9%	49.8%
• Free shipping	66.5%	53.7%
• Product recommendations	70.9%	55.2%
• BOPIS from a kiosk	54.6%	43.9%
• Mobile app availability for purchase with delivery/pickup options	59.6%	51.9%
• Locate product in store with mobile phone	56.8%	45.0%
• BOPIS from employee or curbside	70.7%	50.5%
• Purchase returns	74.7%	51.5%
• Protect data	71.3%	53.1%
• Disputes	79.1%	53.7%
• Digital purchase refunds	71.9%	51.4%
• Fraud purchase refunds	79.7%	52.9%
• Live help	77.5%	51.0%
• Online returns	58.2%	47.1%

Source: PYMNTS.com

TABLE 6:
The feature-importance gap
Share of consumers and merchants that say select features are the most important

	Merchants	Consumers
• Profile	15.7%	0.6%
• Information sharing (shipping)	6.9%	2.0%
• Information sharing (history)	5.2%	3.0%
• Information sharing (payments)	5.2%	3.6%
• Rewards	5.0%	9.8%
• Coupon usage	3.1%	4.5%
• Recommendations	4.0%	3.8%
• Promo codes	5.0%	10.5%
• Marketing opt-in	3.8%	2.4%
• Price matching	4.8%	5.7%
• Inventory	2.7%	1.9%
• Product details	4.8%	2.9%
• Voice	0.2%	1.0%
• Product reviews	1.0%	1.0%
• Free shipping	7.1%	13.4%
• Product recommendations	0.8%	2.2%
• BOPIS from a kiosk	1.7%	0.9%
• Mobile app availability for purchase with delivery/pickup options	2.3%	3.0%
• Locate product in store with mobile phone	0.4%	2.6%
• BOPIS from employee or curbside	1.9%	2.7%
• Purchase returns	0.6%	1.8%
• Protect data	5.8%	8.4%
• Disputes	3.5%	2.5%
• Digital purchase refunds	0.6%	1.8%
• Fraud purchase refunds	1.3%	3.5%
• Live help	6.5%	2.7%
• Online returns	0.0%	1.7%

Source: PYMNTS.com

Our research shows that many merchants in Brazil recognize the importance of enhancing certain key digital features over the next three years, especially the merchants that score highest according to the Consumer Satisfaction Index. Scores are determined by the degree to which merchants offer digital features that connected to consumer satisfaction. Forty-nine percent of these high-ranked merchants, on average, plan to invest in several of the 10 digital-first features we examined. One area stands out as a priority for Brazilian merchants across the spectrum: improving buy online, pickup in store (BOPIS) options. Sixty-two percent of top-ranked merchants plan to invest in improving product pickup services through curbside or in-store options. A related store pickup option — mobile order-ahead — is notably popular with all merchants,

FIGURE 8:
Top digital-first priorities for merchants, by ranking
Share of Brazilian merchants that consider select digital-first features important investment priorities over the next three years, by Index ranking

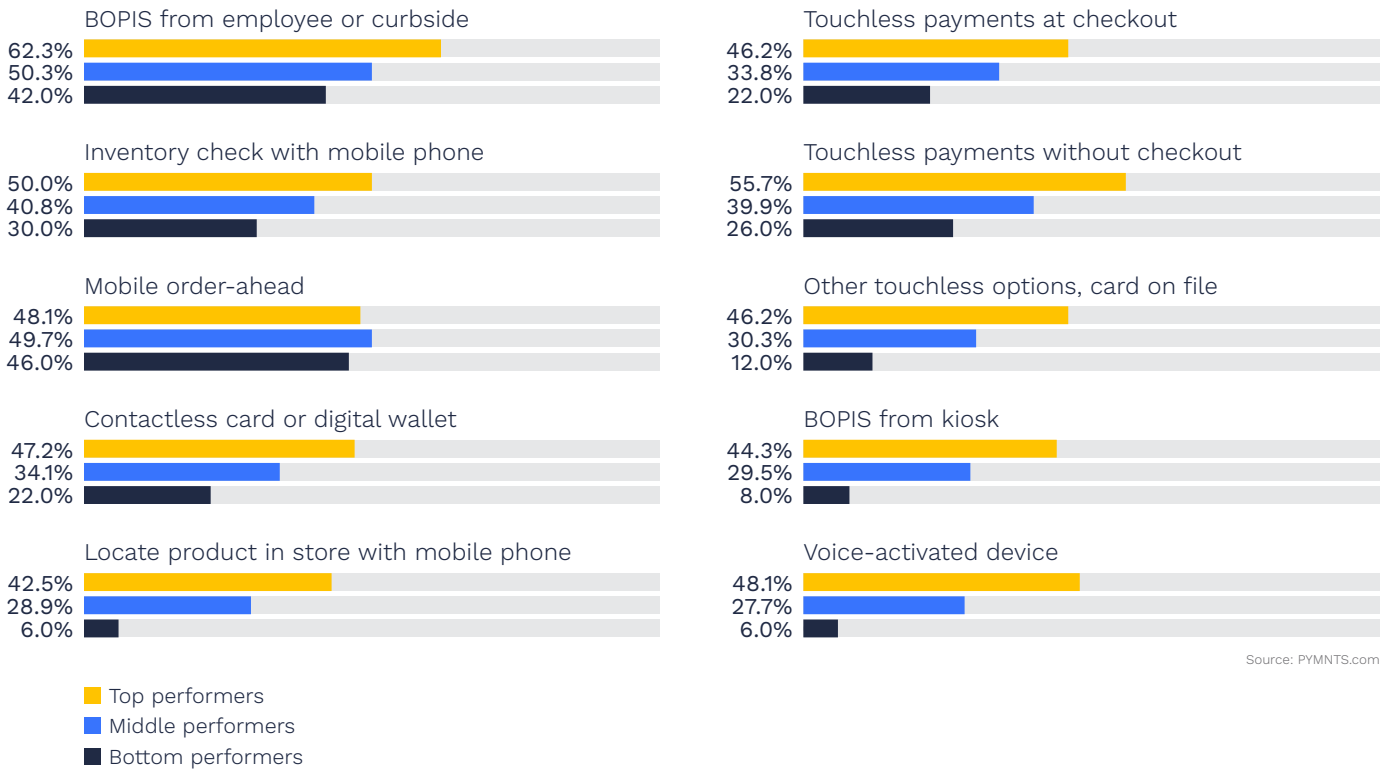
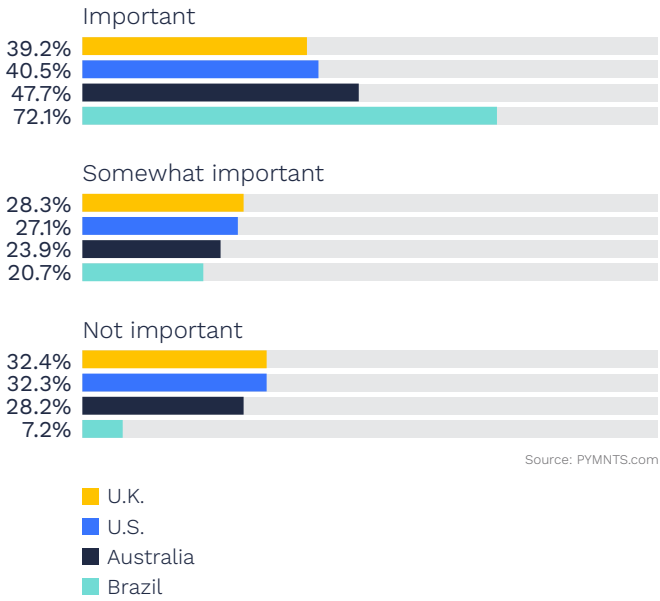


FIGURE 9:
AI systems importance
Share of merchants in the four markets that consider business and AI systems important



regardless of ranking. Approximately 49 percent of all merchants, on average, plan to invest in this digital-first feature.

Another distinctive aspect of the merchant innovation agenda is present in Brazil: Merchants there regard AI-based business systems as highly important. More than 72 percent of merchants in Brazil consider AI important — nearly double the share of merchants in other markets. Just 7 percent of them consider AI unimportant — roughly one-fourth the share of merchants in the other markets with this view.

Our data indicates that merchants are most intrigued by AI as a means of speeding up information processing. Seventy-eight percent believe this would be a benefit of AI systems, and large shares also believe benefits would be more consistent analysis, more access to data and better customer understanding.

These findings — coupled with ones showing relatively low satisfaction with current cross-channel commerce options — lay out a path ahead for merchant innovation in Brazil. Consumers want even more shopping functionality out of their smartphones. They want to not only find information about products but also order them and choose how to retrieve them, whether at a designated area at their local store or shipped to their homes. Merchants want to be able to deliver these services to their customers as efficiently and broadly as possible and thus may well tap the assistance of sophisticated technologies like AI.

Conclusion

Brazil is home to more than 200 million people, a vibrant culture and a strong digital commerce infrastructure that has been both tested and strengthened by the pandemic. Our research reveals that the preference for digital shopping channels in Brazil grew by more than 30 percent while in-store shopping — an entrenched tradition in the country — has plunged.

These trends represent a significant opportunity for brands and retailers in Brazil and those looking to enter the market or grow their presence there. Merchants have to be mindful of several unique aspects of digital retail commerce in Brazil, however — starting with its mobile-centric nature. A majority of urban residents in Brazil have smartphones, and the share of those younger than 34 years old is higher than 85 percent. Brazilian con-

sumers are twice as likely to use their mobile devices to shop online as computers.

Merchants must also be aware of the unique financial circumstances in Brazil and be capable of offering a variety of payment options in a country where large shares of consumers lack credit cards or bank accounts. The use of code-based payments through boleto bancário is already well established in Brazil, and the launch of the PIX real-time payment rail could greatly accelerate and expand alternative payment methods, such as QR codes.

The market opportunity in Brazil is massive. It is essential, however, for merchants to work with payment partners that not only know the lay of the land — from both technical and regulatory perspectives — but that are also attuned to the drivers of satisfying shopping experiences.

The Global Digital Shopping Index

Brazil Edition ■

Methodology

The Global Digital Shopping Index: Brazil is based on surveys of 2,105 consumers in Brazil and 502 merchants. The survey samples were balanced to roughly match the demographics of Brazil. The consumer survey consisted of 38 questions and the merchant survey had 30 questions. They were conducted online between Nov. 25, 2020, and Dec. 16, 2020, and Nov. 4, 2020, and Nov. 18, 2020, respectively.

About

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