The 2015 Global Retail E-Commerce Index™

Global Retail E-Commerce Keeps On Clicking

In markets big and small, retail e-commerce is maintaining its impressive growth.

The 2015 Global Retail E-Commerce Index highlights the big and the small: the countries that are always going to be e-commerce behemoths because of their size, and the smaller yet still-promising markets where potential matters more than size.

This dichotomy plays out in the results of this year's Index: The world's largest markets for e-commerce dominate the top half of the top 30, led by the United States, China, and the United Kingdom (see figure 1). In the bottom half are some smaller markets, such as Mexico, whose potential for growth is impossible to ignore.

Figure 1
The 2015 Global Retail E-Commerce Index™

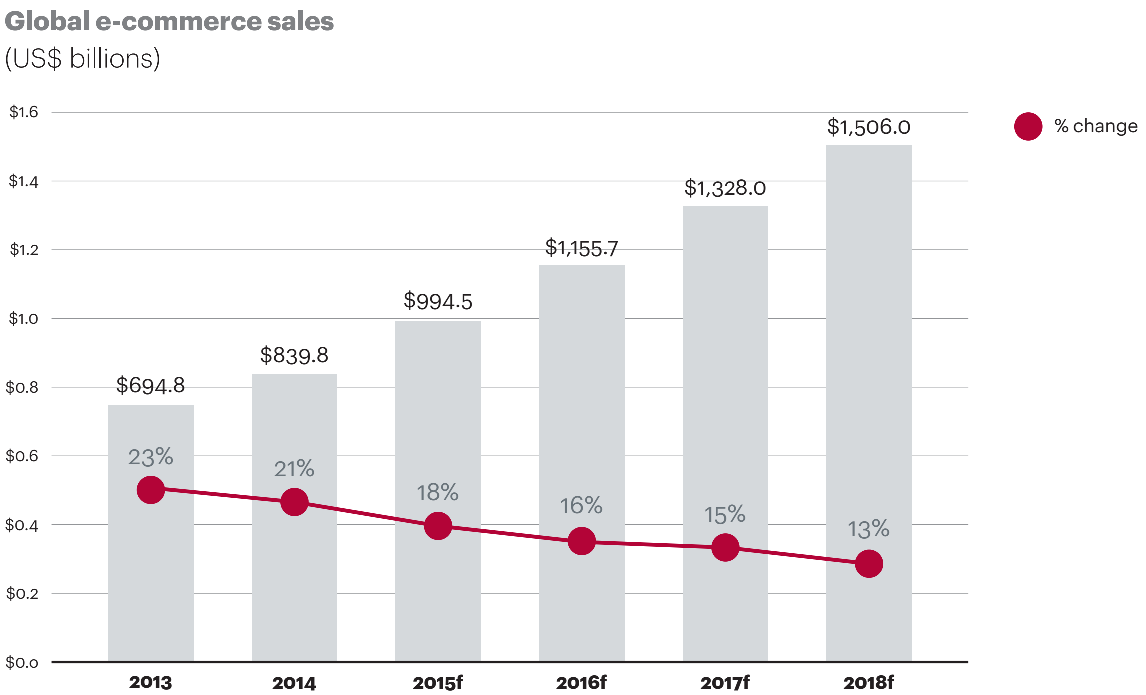
Rank	Change in rank	Country	Online market size (40%)	Consumer behavior (20%)	Growth potential (20%)	Infra-structure (20%)	Online market attractiveness score
1	+2	United States	100.0	83.2	22.0	91.5	79.3
2	–1	China	100.0	59.4	86.1	43.6	77.8
3	+1	United Kingdom	87.9	98.6	11.3	86.4	74.4
4	–2	Japan	77.6	87.8	10.1	97.7	70.1
5	+1	Germany	63.9	92.6	29.5	83.1	66.6
6	+1	France	51.9	89.5	21.0	82.1	59.3
7	–2	South Korea	44.9	98.4	11.3	95.0	58.9
8	+5	Russia	29.6	66.4	51.8	66.2	48.7
9	+15	Belgium	8.3	82.0	48.3	81.1	45.6
10	–1	Australia	11.9	80.8	28.6	84.8	43.6
11	–1	Canada	10.6	81.4	23.6	88.9	43.1
12	+2	Hong Kong	2.3	93.6	13.0	100.0	42.2
13	+6	Netherlands	8.9	98.8	8.1	84.6	41.8
14	–3	Singapore	1.3	89.4	15.7	100.0	41.5
15	+13	Denmark	8.1	100.0	15.1	75.5	41.4
16	0	Sweden	8.8	97.2	11.8	77.7	40.9
17	Not ranked	Mexico	10.0	53.3	58.6	68.0	40.0
18	Not ranked	Spain	13.2	73.1	20.2	80.1	39.9
19	+1	Chile	2.7	71.8	49.3	73.2	39.9
20	+6	Norway	8.2	99.4	5.6	76.3	39.5
21	–13	Brazil	19.6	57.4	28.0	72.4	39.4
22	–7	Italy	12.3	71.6	27.8	70.7	38.9
23	+6	Switzerland	7.1	89.6	7.4	82.5	38.8
24	–1	Venezuela	1.7	54.1	79.4	55.7	38.5
25	–4	Finland	6.4	98.3	3.8	77.3	38.4
26	–8	New Zealand	1.7	86.4	25.9	75.4	38.2
27	Not ranked	Austria	5.9	85.3	19.0	74.8	38.1
28	Not ranked	Saudi Arabia	1.1	46.6	67.3	74.6	38.1
29	–17	Argentina	5.7	70.3	43.9	64.3	38.0
30	–3	Ireland	4.9	74.4	27.6	74.1	37.2

Notes: Scores are rounded. 100 is the highest and 0 is the lowest for each dimension.

Sources: Euromonitor, International Telecommunication Union, Planet Retail, World Bank, World Economic Forum, United Nations Department of Economic and Social Affairs; A.T. Kearney analysis

Across the world, the past year brought a continuation of the impressive growth of retail e-commerce around the world. Sales increased more than 20 percent worldwide in 2014 to almost $840 billion, as online retailers continued expanding to new geographies and physical retailers entered new markets through e-commerce (see figure 2). Perhaps the biggest expression of this boom was in the stock markets, which gave e-commerce companies skyrocketing valuations. This was highlighted by Alibaba's record-setting $25 billion initial public offering in September, which valued the China-based company at about $170 billion.

Figure 2
Global retail sales are set to increase, although the rate of growth will slow



Source: Euromonitor

Of course, the boom has brought challenges. For one, both brick-and-mortar leaders and pure-play online behemoths are learning that the future of the industry is not merely online, but rather in creative omnichannel offerings that link online and physical shopping. As a result, the walls between brick-and mortar and e-commerce are already coming down. Brick-and-mortar stalwarts such as Walmart and Nordstrom continue to expand their online offerings, while online leaders from U.S.-based Amazon to Singapore's Zalora are stepping into physical markets. Those retailers that can manage to merge online and offline setups most seamlessly could prove to be the big winners.

A.T. Kearney's third Global Retail E-Commerce Index finds a market still growing fast[1]. The Index ranks the top 30 countries based on nine variables, including select macroeconomic factors as well as those that examine consumer adoption of technology, shopping behaviors,

[1] For past editions of the Global Retail E-Commerce Index, go to http://www.atkearney.com/consumer-products-retail/e-commerce-index.

infrastructure, and retail-specific activities. The Index balances current online retail market indicators with those that predict the potential for future growth (see sidebar: About the Global Retail E-Commerce Index). This study is designed to help retailers devise successful global online retail strategies and identify market investment opportunities while understanding the tradeoffs and barriers to success.

A Leadership Shuffle

The top 30 includes a mix of developed and developing countries, but developed countries lead the top half of the list, starting with the United States. After placing third in 2013, the United States—the world's largest e-commerce market at $238 billion—takes over the top spot from China, thanks to continued growth and an improving economy. In the United States, the broader market is gaining momentum and consumer confidence is improving. Although e-commerce remains less than 10 percent of total retail sales, it has seen consistent growth, and it rose by 15 percent in 2014.

About the 2015 Global Retail E-Commerce Index

A.T. Kearney's Global Retail E-Commerce Index ranks the most attractive countries for online retail on a 0-to-100-point scale. The higher the score, the more potential a country has in online retail.

Online retail is defined as the sale of consumer goods to the general public through websites operated by pure-play online retailers or those owned by store-based retailers. This term also includes mobile commerce sales through smartphones or tablets. Sales are attributed to the country where the purchase is made, not where retailers are located.

Online retail encompasses the following consumer goods categories:

- **Apparel**
- **Beauty and personal care**
- **Consumer appliances**
- **Consumer electronics and video games hardware**
- **Do-it-yourself and gardening**
- **Food and beverages**
- **Home care products**
- **Housewares and home furnishings**
- **Media products**
- **Toys and games**
- **Other products[2]**

Online market attractiveness is based on the following metrics:

Online market size (40 percent). **Current online retail sales. The higher the rating, the greater current online retail market size.**

Technology adoption and consumer behavior (20 percent). **Indicators of online consumer behavior, such as Internet penetration, purchasing trends, and technology adoption. The higher the rating, the more favorable a country's consumer base is for transacting online.**

Infrastructure (20 percent). **Indicators of financial and logistical infrastructure development, including credit cards per household and the availability and quality of logistics providers. The higher the rating, the more conducive a country's infrastructure is for purchasing online.**

Growth potential (20 percent). **Projected online retail sales growth. The higher the rating, the greater the projected rate of growth.**

Data and analyses are based on Euromonitor, International Telecommunications Union, World Bank, and World Economic Forum databases.

[2] Other products include consumer healthcare, tobacco, pet food, pet care, tissue and hygiene, prescription drugs, sports equipment, watches, sunglasses, handbags, jewelry, antiques, souvenirs and collectibles, bicycles, candles, vases, picture frames, and pictures. Excluded from online sales figures are travel and tourism, gambling, services (such as food delivery), event tickets, subscriptions (such as Netflix), B2B, wholesale, and industrial transactions.

In Europe, the United Kingdom (3rd), Germany (5th), and France (6th) all move up one spot in the Index, while Belgium (a 15-spot rise to 9th place), Denmark (up 13 spots to 15th), and Spain (entering the rankings in 18th) have posted impressive progress.

The Asia Pacific market continues to grow—soon it will be the world's largest region in terms of online sales—but many of its representatives in the Index took a slight dip in 2015. China, the previous leader, has seen its e-commerce market continue to expand, but it dips one spot as its e-commerce market expanded but its rate of growth slowed. South Korea drops to 7th place, down from 5th in 2013, as its e-commerce sales growth slowed down relative to other countries. Still, South Korea remains a leader in consumer online and mobile engagement and boasts a solid financial and logistical infrastructure.

In Latin America, while Mexico jumps into the rankings at 17th place, Brazil and Argentina fall steeply in the Index, not surprising in light of their slowing macroeconomies. Fundamental infrastructure challenges—logistics and transportation in Brazil, government regulations in Argentina—may hinder e-commerce growth in the future.

E-commerce in China and South Korea continues to expand, but both countries drop slightly in Global Retail E-Commerce Index as **their growth rates slowed relative to other countries.**

Lastly, India remains unranked. In our 2013 report we examined in depth many of the challenges India faces and why the world's second largest country by population was missing from the top 30. There are only 39 million online buyers in India, a tiny fraction of the more than 1 billion who live in the country. Only 69 percent of India's population has more than limited access to broad-band and mobile Internet, so the market will still prove challenging for some time to come. However, there have been some advances. In 2014, e-commerce in India increased 27 percent to $3.8 billion, and over the next five years spending is expected to grow 21 percent, slightly higher than the global average. Amazon announced a $2 billion infrastructure investment in July, and homegrown Flipkart announced that it raised $1 billion in capital.

The State of Global Retail E-Commerce

Four overarching themes color this year's Index findings as they relate to business strategy, customers, and channels. Following is a look at those four themes.

Internationalization. Large e-retailers are finding possibilities for growth in new markets—often without a physical footprint. Across the world shoppers are buying more products online—and in particular, on their mobile phones—so there is clearly an opportunity. Online payment options are growing more secure: Visa Token Service, which replaces traditional 16-digit account numbers with one-time-use codes, is just one example of ramped-up cybersecurity efforts. In many fast-growing emerging markets, the Internet is the safest, fastest way to get products from international brands. International shipping and fulfillment are also improving, with companies such as Borderfree helping retailers ship products across the world while assisting with currency conversion, customs, and return issues.

Several brick-and-mortar retailers have used e-commerce to expand over the past two years. Upscale houseware retailer Williams-Sonoma has used the Internet to expand to more than 100 countries, and the web now accounts for 44 percent of its sales. It has full-scale e-commerce sites in Australia and the United Kingdom and plans for expansion into Mexico. Marks and Spencer, the UK clothing seller, is embracing a "bricks and clicks" strategy, opening physical stores in a few markets while expanding online in many more. The retailer is investing about $1.5 billion in logistics, IT, and systems, including a new UK distribution center.

The key to success internationally is localizing the online presence while also maintaining a unified global brand. For example, British fashion and beauty e-retailer ASOS created a dedicated team for its Russian market to ensure that its phrasing, language, and image resonated with 20-year-olds in Russia while still meeting global brand standards. Other brands, such as New Look, a teen fashion retailer, sell their products through third-party marketplaces (for example, China's Tmall).

The rise (again) of e-commerce IPOs. Perhaps the best indicator of an industry's rise is the attention paid to it by stock market investors. As private money flooded the e-commerce market over the past decade, and as some high-profile initial public offerings (IPOs) have captured big headlines, it seems likely that more IPOs are inevitable as private investors try to cash out.

The past couple of years have included several examples of just how much investors are interested in e-commerce. The biggest story was the record-setting $25 billion IPO for Chinese giant Alibaba in September 2014. The sale proved the allure not only of China, but also of e-commerce retailers. Alibaba's IPO was preceded by that of U.S.-based Zulily, an online retailer that targets parents and kids, whose late-2013 IPO valued it at roughly $2.6 billion, and JD.com, another Chinese e-retailer that raised $1.8 billion in its May 2014 IPO, thanks to its impressive growth. In Europe, Zalando was valued at about $6.7 billion in its October IPO, while Cnova (owned by France-based Casino) raised almost $200 million in its November IPO.

Of course, bullish IPOs do not guarantee success. As of early March, Alibaba's stock is trading below its IPO value, as it has missed revenue estimates and is facing several other challenges; Zulily's stock is off by 80 percent from its peak, as investors worry about slowing growth. On the other hand, JD.com is recording better-than-expected revenue growth and is trading above its initial price.

The (continuously) connected consumer. A.T. Kearney's 2014 Connected Consumer Study showed just how much consumers around the world are using the Internet, and offered many key insights for retailers.[3] The survey included 10,000 "connected consumers"—those who say they connect to the Internet at least once a week. Of that group, more than half are "continuously connected"—that is, they check the Internet at least once every waking hour.

What connected consumers buy online says a lot about consumer confidence, the adoption of e-commerce, and country-by-country evolution. Overall, electronics, fashion, services, books, and tickets are the top categories for e-commerce; groceries and household items are the least commonly purchased (see figure 3 on page 6).

[3] For more on the Connected Consumer study, see http://www.atkearney.com/consumer-products-retail/connectedconsumers.

Figure 3

Electronic goods, apparel, and books are among the most popular online categories

% respondents who say they have bought online in the past three months

	Global average	United States	United Kingdom	Germany	Japan	India	Brazil	Russia	China	South Africa	Nigeria
Electronics	77%	83%	84%	90%	53%	79%	86%	71%	96%	60%	65%
Home appliances	59%	46%	65%	58%	41%	67%	70%	62%	83%	41%	52%
Home furnishings	53%	56%	65%	66%	53%	59%	48%	43%	65%	34%	30%
Fashion and apparel	76%	87%	85%	88%	66%	84%	75%	64%	97%	47%	65%
Sports and outdoor	52%	56%	53%	66%	36%	52%	49%	51%	78%	35%	35%
Beauty products	57%	50%	56%	62%	48%	68%	59%	53%	85%	41%	45%
Household items	45%	36%	48%	40%	41%	60%	35%	36%	84%	31%	35%
Groceries	45%	26%	60%	36%	68%	52%	29%	31%	90%	31%	30%
Toys, kids, and babies	49%	48%	53%	49%	32%	61%	47%	44%	75%	38%	34%
Tickets	64%	74%	69%	63%	43%	79%	65%	51%	71%	69%	47%
Music and games	62%	74%	75%	66%	46%	65%	62%	43%	69%	64%	57%
Books	73%	82%	82%	80%	65%	70%	75%	52%	89%	64%	71%
Services	76%	80%	76%	77%	63%	82%	70%	63%	87%	79%	80%

>75% have bought the category online 50%-75% have bought the category online <50% have bought the category online

Source: A.T. Kearney Connected Consumer Study

The details, however, vary by country. The U.S.'s fragmented grocery retail market has led to low online grocery penetration, whereas the more concentrated UK market has higher sales, driven by well-developed offerings, led by players such as Tesco, Sainsbury's, and Ocado.

The need for omnichannel. The buzz for e-commerce is justified, yet physical retail is by no means dead. A.T. Kearney's On Solid Ground research found that in the United States 90 percent of all retail sales occurs in stores, and 95 percent are captured by retailers with a brick-and-mortar presence.[4] Physical stores remain the preferred shopping channel and where the most significant value continues to be created, as customers are able to touch and feel products, be immersed in brand experiences, and engage with sales associates. Two-thirds of the customers purchasing online use a physical store either before or after the transaction.

Successful retailers understand how each customer touch point adds value. They have developed omnichannel strategies that maximize customer satisfaction and profitability by seamlessly and securely improving the experience from bricks to clicks. For example, Topshop and Shangpin partnered with Beijing's The Place Mall for "The Mobile Adventure," an event in which more than 5,000 participants scan in QR codes around the mall to virtually select Topshop

[4] For more on the On Solid Ground study, see http://www.atkearney.com/consumer-products-retail/on-solid-ground.

outfits. In Lane Crawford's Shanghai flagship store, the "Future: Play" campaign turned the store into a futuristic arcade that allowed customers to view exclusive videos on their smartphones while shopping in the store.

Conversely, many online-focused retailers are turning their attention to physical stores, understanding that a physical presence can bring significant value. In February, online giant Amazon opened its first brick-and-mortar store at Purdue University, allowing students to order books, computers, and even food. In Singapore, Zalora opened its first physical store in an upscale mall in October 2014, the first time an online retailer has opened a physical store in Southeast Asia. U.S.-based designer eyewear brand Warby Parker, which originated as a website, has now opened 18 stores since its inception in 2010.

Market Spotlights

Many different markets offer different opportunities. Some are broad with heavy competition; others are small with prime opportunities for companies able to make the plunge.

In this year's report, we highlight six markets that represent interesting prospects for online retailers.

China (2nd). China drops behind the United States in the latest Index, due to a decline in the growth in both e-commerce and the broader economy. But make no mistake about China: It remains one of the most attractive online retail markets in the world. The world's most populous country (nearly 1.4 billion people) is active online—more than one-third of those who go online at least once a week are "continuously connected," according to the Connected Consumer Study, and another 58 percent check the Internet two to four times per day.

China's online buyers are sophisticated, with well-developed brand awareness for and trust in the biggest names, including domestic leaders Alibaba, Tmall, and JD.com as well as international players such as Amazon and eBay. Chinese shoppers have also embraced e-commerce as something of a cultural phenomenon, particularly on Singles Day (November 11), which has become much like the U.S.'s Cyber Monday. Alibaba reported $9.3 billion in sales on Singles Day 2014—equivalent to about 7 percent of the country's total-year sales.

The market for e-commerce players is rapidly evolving as it continues to grow. Some domestic leaders, including Alibaba and Tencent, have been active in M&A to build their online capabilities and market share, a trend that should continue in coming years. Domestic business-to-consumer (B2C) sites such as Tmall and JD.com (formerly 360Buy) are growing faster than C2C players like Taobao, as more buyers seek high-quality products and services that can be better guaranteed by larger-scale retailers. Many B2C sites have embraced the Amazon-like model of selling goods to buyers, a contrast to Alibaba's role as a middleman between buyers and sellers.

Online reviews heavily influence customers' purchasing decisions—for example, 40 percent of online shoppers in China want instant "buy or don't buy" advice and reviews, a much higher rate than in other countries. Online retailers, notably Taobao, have review systems for users; dianping.com has become a popular online review site for Chinese consumers.

Social media may hold the key to the future of e-commerce in China. Nike, for example, has multiple accounts on Sina Weibo (a Twitter equivalent), helping to promote the company on a wide scale and driving increased growth. WeChat, a mobile text and voice messaging service, has expanded into e-commerce on its popular site.

China continues to have distinct regional differences, which makes e-commerce a challenge. For example, consumers in tier 1 cities are doing far more luxury shopping—buying more big-ticket items such as cars—and are developing brand loyalty much more than shoppers in the tier 4 cities, where shoppers have less disposable income.

Logistics also poses difficulties. Shipping and distribution conditions are often vastly different depending on the destination, especially when it comes to the last mile. Retailers have also been slow to meet consumers' expectations for refunds and returns, although this is improving in the fashion market, where returns are crucial for driving sales. One company succeeding with its logistics is JD.com, which operates more than 80 warehouses in 34 cities, allowing it to process orders and make deliveries faster than competitors.

Social media may hold the key to the future of e-commerce in China. The leading brands and retailers are using the top networks to promote on a wider scale and increase growth.

Belgium (9th). Belgium is small—its population of 11.2 million people is smaller than many of the world's largest cities—but its market is ripe with potential. Its infrastructure is solid, its connected consumer base is shopping online, and its competitive landscape is fragmented.

Most of the population is connected, more than half of online users shop online, and the country's infrastructure and transportation also rate highly. Strong e-commerce growth is expected—as much as 25 percent per year through 2020—led in particular by the apparel, food, and electronics sectors.

Many Belgian retailers were relatively late to e-commerce, and as a result many Belgians are shopping on foreign websites. Among the other leaders are Germany's Otto Group (under the 3 Suisses banner), Amazon's French website, Netherlands-based Bol.com, and France-based Pixmania and Redcats.

Belgium's online shoppers are looking for low prices, convenience, and no-risk product trials, and the country's top sites are addressing this. Amazon offers free shipping to Belgium and competitive prices, while Carrefour has looked to help consumers with convenience, opening its first click-and-collect location in Auderghem, with plans for another 50 sites. Albert Heijn Belgium recently opened its first click-and-collect as well.

Belgian retailers are catching up. Supermarket chain Colruyt's Collect&Go service is expanding, and grocer Delhaize has seen a 48 percent increase in online sales as it has invested heavily in its e-commerce platforms. Vanden Borre has embraced multichannel engagement, allowing customers to easily make and track orders across channels.

The country's already-strong logistics are seeing some interesting investments. In 2012, UPS acquired Belgian logistics and e-commerce player Kiala, whose Access Points initiative provides more than 900 secure places for online shoppers to collect goods.

Mexico (17th). Unranked in 2013, Mexico jumps to 17th place this year as the country's e-commerce market grows rapidly thanks to a young, connected population that is increasingly willing to shop online. Almost half of Mexicans are connected to the Internet, and of these users, roughly two-thirds make purchases online. Total online sales increased 32 percent year-over-year to $6.6 billion in 2014, and similar growth is expected over the next five years.

Research has shown that Mexican online shoppers today are looking primarily for bargains or doing information gathering. Services such as travel make up a large portion of online sales in Mexico, a sign of a market early in its development as consumers appear more comfortable spending money online for intangible items rather than physical goods. Online shoppers are still wary of delivery, as most Mexican retailers still use independent contractors for last-mile delivery and product return and refund policies are limited.

Mexico leaps into the rankings as its e-commerce market grows rapidly behind a young, connected population that is increasingly willing to shop online.

These signs and others, however, indicate that this market is primed for growth. Only 17 percent of mobile phone users were shopping on their smartphones as of 2012, a percentage that will certainly increase in coming years. Higher-income consumers in Mexico's three largest cities—Mexico City, Guadalajara, and Monterrey—accounted for more than half of all online sales in 2013, so as the rest of the country catches up there will be an opportunity for online retailers.

Mexico's proximity to the United States makes it a prime location for cross-border e-commerce. Roughly half of the country's online shoppers make purchases on foreign websites; the e-commerce leaders in Mexico are international giants such as U.S.-based Amazon and Walmart, Argentine leader MercadoLibre, German-owned Linio, and Brazil-based Dafiti and Netshoes. Walmart, under a variety of banners, has led the way for international retailers, thanks to an assortment that is much larger than that of Amazon or any other local retailer and a localized channel that offers same-day delivery.

Among Mexican brands, Soriana offers same-day delivery, which appeals to online shoppers specifically interested in purchasing fresh food from their devices. Mexican department store chains Liverpool and Coppel offer free shipping for price-conscious Mexican consumers; other websites typically base delivery rates on product weight and distance.

Spain (18th). Spain's leap from unranked in 2013 to 18th this year may be a surprise to some; after all, the country's economic woes and high unemployment rate have been making headlines since the economic downturn hit in 2008. However, green shoots are visible: The country—which has the fourth largest economy in the eurozone—recorded full-year growth in 2014 for the first time in six years, and recent statistics show the growth is continuing. As for e-commerce retailers, the country has connected shoppers and strong infrastructure, and annual online sales growth of 16 percent is expected over the next five years.

Amazon, El Corte Inglés, and FNAC Spain are the largest online retailers in Spain. Amazon has 7 percent share of e-commerce, dominating the electronics and books and CDs categories. It has also strengthened its standing in fashion in the wake of its purchase of Spanish company BuyVIP, a members-only club that sells high-end fashion brands at discounted prices. Amazon also operates a 32,000-square-meter distribution center in San Fernando de Henares, in Madrid's eastern suburbs, and has deals with more than 1,200 businesses to allow for customer pickup.

Madrid-based department store chain El Corte Inglés has expanded in e-commerce with an app, in-store collection, and free delivery on bigger orders. During the 2014 Christmas buying season, the company's online sales increased 60 percent over the previous year, thanks in large part to a click-and-collect service that allowed shoppers to pick up items in store.

About 44 percent of Spanish Internet users between 16 and 55 buy online frequently, and they focus on fashion, electronics, books, and music. Online grocery is underdeveloped, but the major players (including Mercadona, Carrefour, Eroski, and El Corte Inglés) are expanding. Spanish consumers are price-sensitive, perhaps not surprising given the long-term economic malaise. This has driven the popularity of price comparison websites such as German-based Ciao and Spain's Carritus (focused on groceries).

Improvements in logistics could help push e-commerce sales in Spain. Many Spanish online shopping carts are abandoned, and consumers say it's because of overly expensive delivery costs or long delivery times. Same-day logistics companies in urban centers are helping to fill this void and are being used by companies including FNAC, Pull & Bear (owned by Inditex), and Zubi, a Spanish design company.

Brazil (21st). Brazil has one of the world's most connected populations—more than half of the population uses the Internet, and those who do are connected nearly all the time. The country's online market grew about 18 percent year-over-year to about $13 billion in 2014. Even as the country drops 13 spots in this year's Index due to weak infrastructure and e-commerce growth that is somewhat slower than global rates, online retailers still find Brazil to be a growing e-commerce market that is impossible to ignore. In particular, Brazil is highly connected, with heavy use of mobile phones and broadband Internet, attributes that will drive future growth.

Brazil's macroeconomic conditions have been a concern across all industries, as the country is expecting economic contraction of 1 percent for 2015. Still, some companies—primarily those that play across categories—have managed to succeed despite the conditions. One such firm is Argentina-based MercadoLibre, whose Brazilian site accounts for about half of its revenue. It has defied the downturn with strong revenue growth, thanks to a strong and growing payment service (MercadoPago) and efforts to improve the shipping experience.

Some structural challenges have also stymied Brazil's e-commerce growth, starting with burdensome regulations and taxes. The country's shipping network is not as developed as in other markets; it is well developed in the regions with the highest demand, but there is still progress to be made in the more remote areas. Additionally, Brazil's history of payment by installments can create working capital challenges for e-commerce retailers.

Government and business are trying to take steps to improve this. The government has built more than 1 million miles of roads and highways, and plans to invest $30 billion more in infrastructure. eBay has begun allowing shoppers to fund their PayPal accounts using Boleto Bancario; shoppers are invoiced at checkout and can pay bills at banks, post offices, lottery agents, and some supermarkets.

Meanwhile, Rio de Janeiro-based B2W, Brazil's largest online retailer, acquired Direct, a local logistics provider, part of a year's worth of investment in logistics and technology. Walmart, one of the most active international players in Brazilian e-commerce, is investing in distribution, part of a push to capture a larger share of Brazil's online retail market. In 2014 the company redesigned its Brazilian website; it also has plans to increase inventory and hire more employees.

Social media is particularly popular in Brazil, whose population ranks third in the world in terms of total users of Facebook. Kanui.com is one e-commerce site that has been particularly adept at tapping into social media; its Facebook page (with more than 2.8 million followers) includes not only promotions, but also content marketing such as educational videos for using sports gear and apparel.

The Opportunity Is Here

The Global Retail E-Commerce Index reflects some trends that global retailers and brand-builders cannot overlook.

Global retailers and global brands are global for a reason—their brands, systems, scale, or intimacy in regions allow them and compel them to push their boundaries further, but it is never easy. Determining where to put the chess pieces is the only way to tap into today's sales and earnings growth possibilities.

The truth is, the global population today is almost completely connected. The big questions now: What do we do with this powerful technology, and how do we get the most out of it?

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About the A.T. Kearney Global Consumer Institute

The A.T. Kearney Global Consumer Institute is a worldwide network of professionals and executives. The Institute combines proprietary and public data resources with local knowledge to deliver strategic and operational insights to executives in consumer-facing industries seeking long-term growth and competitive advantage. For more information, please contact gci@atkearney.com.

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The signature of our namesake and founder, Andrew Thomas Kearney, on the cover of this document represents our pledge to live the values he instilled in our firm and uphold his commitment to ensuring "essential rightness" in all that we do.