

aNumak  
& Company

*Isha Raj*  
*(Content Writer)*

**Digital marketplaces  
after pandemic in  
South America**





## Introduction

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Since the Covid Pandemic's lockdowns and social distancing became the new norm, companies and organizations progressively "went globally digital," offering and buying more products and services digitally. COVID-19 and the actions of regional countries and governments have influenced and will continue to have an effect on nearly every area of global trade. The COVID-19 dilemma is unprecedented in human history. Evolving socioeconomic dynamics in how people live, educate, work, purchase, and utilize technology emerge simultaneously. While these phenomena were also prevalent prior to the crisis, they are now witnessed with a rapid escalation that will usher in a newfound normal following the crisis.

The digital marketplace is a medium that provides the trade and exchange of products and services between customers and sellers. It connects potential purchasers of a product or a service with their respective suppliers. It's an e-commerce platform that links and connects customers and vendors. It is also described as a virtual marketplace, and the site owner is in charge and possession of all financial transactions. Firms utilize internet marketplaces to connect with clients interested in buying their goods and services



## South America and the Pandemic

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South America, like any other country in the globe, has adopted these digital marketplace strategies. South America, also referred to as Latin America, is a continent in the Western Hemisphere comprised of 12 countries and one French colony with a broad spectrum of ethnicity, culture, and dialect.

The pandemic mirrored global norms, resulting in a striking growth in digital payment transactions in Latin America by 2020, transforming the region into one of the world's most potent e-commerce marketplaces. Before the Covid 19 situation, e-commerce usage in Latin America was rather low due to the region's large unbanked population, convoluted logistics linkages, and lack of faith in online technologies. Furthermore, with many outlets being compelled to close, Covid-19 has somewhat aided in driving tremendous progress in this region. In addition, safety measures such as social distancing and Quarantine helped Latin America keep pace with more digitally developed economic sectors of nations like the United States and China regarding credibility and use of online services. Nevertheless, numerous figures show that e-commerce is getting momentum across the globe, with consumers in growing economies leading the charge. In the second quarter of the year 2020, Latin America's e-commerce marketplace Mercado Libre, for instance, sold twice the times as many things per day as it did in the past.

According to PayU data, Latin America is on its path to becoming the future worldwide powerhouse for developing e-commerce businesses. Through the end of the year 2021, the country is expected to be worth \$187 billion, with no indications of halting or slowing down the development. Even prior to the pandemic, Brazil has showcased to be one of the most successful high-growth industries. Brazil has the world's ninth-biggest economy and the largest economy in Latin America, with a GDP of \$1.87 trillion. PayU has seen more than 50% in digital shopping in Brazil over the last few years. Preliminary evidence indicates that emerging consumer behaviors will persist, making now an ideal time for a retailer to approach and explore the market.

The current scenario has more potential than ever, with the pandemic switching from consumer buying behaviors from physical to digital and e-commerce representing the crucial factor that every seller should embrace. According to industry estimates, the worldwide e-commerce business would produce almost \$4.9 trillion by the end of the year 2021. Therefore, retailers and sellers will need to alter their strategy in an attempt to sustain the pace of e-commerce growth when COVID-19 vaccinations are carried out over the world and offline shopping progressively returns to the retail spotlight. Government Authorities throughout Latin America have indeed made investments in establishing more equitable and accessible settings to aid e-commerce development. This is evident in markets such as Colombia, where the authorities are implementing three VAT-free days in June, July, and November 2020. Two of the three days were allocated to online sales to acknowledge e-commerce to drive financial progress.

Latin America has plenty of potential consumers, and cross-border purchases and transactions within the area are on upswing because of two factors. To begin with, customer-facing businesses like Alibaba, Wish, and Amazon has seen market development prospects and is growing more influential. Second, the introduction of payment technology allows digital shops to accept worldwide cross-border transactions with singular, simple API integration. As a result, cross-border sales give a significant opportunity for individuals who can benefit from these technologies.

According to a survey conducted, Brazilian e-commerce rose by 56.8% year over year during the first five months of 2020, hitting \$20.50 billion in sales income, as more customers switched to online purchasing amid the coronavirus pandemic. Furthermore, as per data provided by Brazilian e-commerce consultant Compre&Confie and industry association ABComm, the number of online purchases increased by 65.7 percent in the same period, with three sectors driving the growth: cosmetics and perfumes, furniture, and electronics. According to the report, small businesses and established brick-and-mortar companies have sought to increase their current online revenues, which has aided Brazil's e-commerce growth. It is feasible to commence selling on the web easily and swiftly without investing a lot money. In the first five months of 2020, internet sales in Brazil's northeastern region increased by 60.9 percent, the biggest percentage increase. Prominent e-commerce companies like MercadoLibre and Amazon.com have invested in logistical infrastructure inside the Northeast of Brazil to ramp up fast track delivery and compete with local stores like Magazine Luiza, B2W Companhia Digital, and Via Varejo.

According to Statista, a business data platform, the COVID-19 pandemic in Colombia changed digital consumer behaviors. The tourism industry is known to be have been affected the most by the required preventative isolation that has been in place since March 24, 2021, with digital shopping tumbling by about 91 percent as of the start of May. However, between February and May of the current year, e-commerce revenues in areas including retail and sports increased significantly by 209 and 187 percent.

The several forecasts all hint to a steep recession as a consequence of the pandemic's worldwide repercussions, which has additionally led to an outcome of the closure, reduction of aggregate supply, whilst the demands also be impacted by more unemployment, reduced wages, and further mounting uncertainty. In answer to the COVID-19 outbreak, the Argentine administration is reportedly undertaking a comprehensive approach. One such strategy is to assist in the digital marketplace. As a result, Argentina's consumer electronics digital sales income climbed by 272% in April 2020 compared to the complete first quarter of the year 2020. Meanwhile, textile digital retail income in South America climbed by 10%, falling short of the total Argentine e-commerce average of 84 %. Again, the adjustments were tied to the COVID-19 epidemic, which had a crucial impact on online transactions in Argentina across many segments.

Peru's Ministry of Foreign Trade and the Commission for Peru's Export Promotion and Tourism unveiled the Peru Marketplace. This major economic digital portal showcases the finest of Peru's export markets supplies, as offered by enterprises across the country that match international standards. And over 5,000 commodities from 1,000 Peruvian manufacturers will be available on the Peru Marketplace e-commerce network, including cuisine, crafts, beverages, fisheries and aquaculture, clothes, presents, cosmetics, household items, gadgets, metallurgy, and equipment, among many others. Following the pandemic's spread, Peru Marketplaces became part of the Peruvian promoter's digital transformation strategy plan, intending to place Peru's export markets supply via online platforms and economical promotional activities at the destination undertaken by PROMPER trade offices abroad. In addition, PROMPER intends to use this technology to capitalize on current prospects in the worldwide market grown due to importers' expanded utilization of digital technology to buy goods using digital channels.

Considering scientific predictions that a global pandemic outbreak, emerging in the coming months, couldn't have been predicted about the negative consequences of Covid-19, particularly in Latin America and the Caribbean (LAC). Its repercussions had wreaked chaos on a region that was already struggling economically. Prior to the pandemic, the Organization for Economic Co-operation and Development (OECD) was alarmed that the LAC area had developed just by 0.1 % in 2019, with an estimated growth rate of 1.3 to 1.6 % expected for 2020. LAC countries have already been compelled to adjust their economic systems to act effectively to the pandemic's entrance in this complicated economic market context. Despite its earlier attempts to promote the application of new technologies in its financial industry, Chile was no exemption. For example, the Santiago Chamber of Commerce noted near the end of the year 2016 in its initial survey that The Digital Economy in Chile 2016 that markets place do not embrace global digital economy patterns as per risk being abandoned adrift by the rest of the globe. Such initiatives, meanwhile, were patently inadequate. The Covid 19 virus, which struck at an inopportune time, transformed the digital market into one of the nation's leading economic drivers, safeguarding the health of a population and revenue. At this point, a slew of legislative and regulatory reforms and public-private partnerships have resulted from the necessity to adjust to a phase of "new normalcy" with no noticeable termination period.

Nevertheless, only two out of ten Chilean businesses had engaged in digital technologies as part of their overall company plan at the onset of 2017. Furthermore, the digital sector accounted for only 22% of Chile's overall GDP. Considering the absence of detailed, up-to-date data, it was anticipated that the volume of transactions conducted via e-commerce channels will have widened significantly by 2020. Nevertheless, Chile managed to cope with the pandemic's escalating demand for the digital economy. Implementing a Digital Economy Partnership Agreement between New Zealand and Singapore, creating new e-commerce laws, and accepting new telework norms have resulted in substantial legal and regulatory reforms

The advancements in the domain of TMT have been substantial, and most of them will have a major impact on the evolution of the digital economy, as well as assisting in the reduction of the severe economic constraints generated by the Covid-19 pandemic. In this progressively digital world, a strong TMT legal and regulatory structure will be a critical distinction for countries attempting to capitalize on this enforced new paradigm. In Chile, the most notable one definitely connects to implementing 5G technology in the coming years. Meanwhile, there are also pressing issues to be resolved; the most essential is modifying obsolete data privacy rules and regulations.

Aruba, for example, is in a similar situation. According to a new study produced in collaboration with Aruba and technology market analysis consultants Vanson Bourne, IT policy and decision-makers are modifying and shifting their expenditure plans and objectives as a response. Since most IT projects have been stalled or rescheduled as a consequence of the COVID-19 pandemic, others are expecting to invest further in essential competencies to meet the growing requirements of businesses and individuals, such as cloud and AI-based connectivity, analytics, and security. IT leaders intend to transform the approach they acquire network services and infrastructure and implement new technologies for the hybrid and flexible workspace. As an outcome, another move towards a better adaptable, dynamic, and cost-effective digital infrastructure is expected to accelerate in Aruba. A balance and simultaneous needs of versatility, security, and cost-effectiveness in a tough economy are required for budgeting for new requirements in a cautious manner that matches and represents current financial circumstances.



According to Statista, a survey performed in 2020 about how often customers decided to make purchases through the use of the online platform before and after the covid outbreak found that 26% of survey participants in Ecuador stated that they bought something from online platforms once a week prior the outbreak, in comparison to 13% before the pandemic hit the South American country. Furthermore, 40% of participants answered they did online transactions once a month after the pandemic emerged in Ecuador, relative to 19% before the sanitary situation. A farmer-owned online market platform developed to help enhance fresh and nutritious food availability in Ecuador is another example of leveraging the digital marketplace after the covid situation. The internet platform, branded as La Cosecha del Da, aids both local farmers and customers. The platform was created by a coalition of four Ecuadorian farmer producer groups to assist local farmers participating in Heifer Ecuador's Future of Food initiative.

The market can offer 200 food items made by 400 small-scale agroecological producers. Vegetables, fruits, fish, cereals, flours, herbs, appetizers, snacks, and baked delicacies are all supplied.

The COVID-19 virus has caused chaos in the realm of economics and consumer behavior worldwide, driving companies all over the globe to adjust and adapt to increased demand and usage for online goods and services. As a result, Uruguay has also proven that it is implementing these measures in effect. As a result, Uruguay is a prominent "digital sprinter" in Latin America, as stated by Google. As per Google, the nation projects its fine guidelines and regulations on internet access, integration, availability, and education, as noted in the Uruguayan newspaper by El Pas. The country, as per El Pas, "is a growing market with the capacity to thrive and enhance its economic growth via digitalization." once during a presentation, Ana Luca Lenis, Google's director of the government affairs and public policy for Latin America, described that referring to a survey endorsed by Google and conducted by the consulting company firm Alpha Beta, the potential to improve digital economic systems and digital society in nations like Uruguay is anticipated to be worth \$1 billion for South America.

## Conclusion

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The contradiction amongst farmers discarding milk, shattering eggs, and shoveling crops back into the field and consumers encountering barren retail stores, long lineups at food supply centers, or industries facing bankruptcy is a common sight of the Covid 19 pandemic. The COVID-19 outbreak has shaken the global economy, and several steps are being taken to level the pandemic curve. But at the same time, the current scenario is more promising, with the pandemic altering customer purchasing behaviors from online to offline and e-commerce representing the crucial criterion that every business should address and implement to survive amidst the difficult times.

The Covid 19 pandemic reveals that in South America, the movement towards more digitalization of the financial sector and promotion of digital marketplaces is here to remain and evolve. To construct inclusive societies as well as resolve increasing inequalities and imbalances during and after the present situation, the policymakers of South America must strike the proper equilibrium for both facilitating financial advancement and highlighting, tracking, and addressing numerous risks, including inadequate consumer rights and safety, a lack of economic and digital infrastructure, and an inadequacy of finance and digital literacy. The COVID-19 outbreak has the potential and possibility to revolutionize digital marketplaces. Innovations and advancements in digital finance, fintech services, and internet banking can considerably impact the low-income in households and small businesses. Still, the Digital market places can also contribute to improving economic growth by increasing access to financial tools. Whilst pandemic is expected to propel the augment for these services, and it has also caused hurdles for the industry's smaller competitors, highlighting inadequate accessibility to digital infrastructures. To assure and enable maximum engagement in the future, a number of planned and researched steps will be required.