

Online shopping faces big hurdles in Tijuana. Amazon hopes to change that

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Credit: Unsplash/CC0 Public Domain

Like many Amazon shoppers, Sergio Rodriguez Sanchez saw his online buying habits—mostly home goods and kitchen gadgets—escalate as the pandemic wore on.

Now it's more of ingrained habit for the operations specialist. One recent weekday, Rodriguez waited at his apartment in the La Mesa neighborhood of Tijuana for Amazon's outside delivery service, Estafeta, to deliver a fancy water carafe he had ordered online. "I just love to surf on Amazon and then get whatever I want," said the 38-year-old bachelor.

Online shopping is fast-growing in Mexico, but not yet as ubiquitous as it is north of the border. E-commerce in Mexico faced some of the same challenges it faced in India: low Internet use, unreliable networks, degrading roads, weak postal address systems and the lack of widespread use of credit cards. Deliveries cannot be left at doors unattended in Tijuana, some shoppers say, so the customer has to wait in the home until the delivery comes, which can be inconvenient.

Mexico e-commerce was valued at \$15.8 billion in 2020—an 81 percent increase over 2019, accounting for 9 percent of the country's total retail sales, according to the Mexican Online Sales Association. By comparison, online retail as a percentage of total sales in the United States topped 15% during the initial months of the coronavirus pandemic, and was 13% in the third quarter of 2021, according to the Federal Reserve Bank of St. Louis.

Amazon is betting Mexico's market will continue to develop rapidly as customers grow accustomed to the convenience. In September, Amazon Mexico opened a \$22 million fulfillment center on the northern edge of the border city. And in a promotional video, set to be released across Mexico soon, the company says it is aiming for same-day delivery on certain products to Amazon Prime members in seven cities, including in Tijuana. Next-day delivery is going to be offered in more than 50 Mexican cities and two days for the rest of the country, according to Sandra de la Vega, an Amazon associate featured in the promo.

First photos of the new Amazon fulfillment center by Tijuana-based photojournalist Omar Martínez went viral because of the contrast they showed between the massive e-commerce giant and the extreme poverty of the surrounding community. The photos also highlighted the lack of suitable housing in Baja California, prompting concerns about what the company's presence means for residents of the Nueva Esperanza squatter neighborhood surrounding the warehouse.

Nearly a quarter of the population in Baja California lives in poverty, according to 2020 statistics provided by the National Council for the Evaluation of Social Development Policy (CONEVAL), a decentralized public body of Mexico's Federal Public Administration. That compares with 13.8 percent in San Diego. But about a million Americans take advantage of less expensive rents to live south of the border, leaving them with more disposable income and purchasing power. An Amazon company spokeswoman declined to disclose what percentage of the company's customers in the border region are U.S. citizens living in Baja.

For Rodriguez and other Mexicans who shop online, the allure of Amazon is the same as elsewhere: its speed and customer service. Rodriguez said he once received a piece of broken furniture that arrived in a box that had been banged up during the delivery process. Returns in Mexico are rare—once a customer purchases an item at a traditional brick-and-mortar retailer, the sale is usually final—so Rodriguez figured he was going to have to go back-and-forth between Amazon and the outside delivery company. But the e-commerce giant immediately took responsibility.

"They just completely refunded the purchase," Rodriguez said, amazed.

According to Statista, Amazon was the second-largest online retailer in Mexico in 2020, behind Mercado Libre (which means "free market" in

Spanish.) Argentina-based Mercado Libre had a 13.6 percent share of total e-commerce sales in Mexico; Amazon ranked second with 11.6 percent.

Some customers told the Union-Tribune they preferred the quality of products delivered by Amazon over Mercado Libre.

"Mercado Libre will sometimes send items that are used, but Amazon always has the newer products," said Alberto Lugán, a 60-year-old from Monterrey who was doing Christmas shopping at Las Americas outlet mall in late November.

Before Amazon Mexico arrived in 2015, many wealthy Mexican consumers were buying from the U.S. website and paying extra to ship products across the border. Those in border regions like Baja California can pay for a U.S. postal office box and ship their items there, crossing into the U.S. to pick them up.

"Amazon in the U.S. will send items to Mexico but it can be expensive, so I just asked for a post box in Calexico and I pick up my purchases there in Calexico," said Gabriela Montoya, a 39-year-old mother and student who lives in Mexicali, just on the other side of the border from Calexico.

From Amazon Mexico, Montoya has bought toys for her daughter, tennis shoes, a selfie stick and educational items such as white boards and books.

Traditional brick-and-mortar retailers in Mexico have lagged in tapping into the full potential of [e-commerce](#) because they haven't been able to match Amazon's customer service, said Flavio Olivieri, an economic development specialist in Tijuana.

"I tried to order some pants for my mom from Sears online and they kept sending the wrong pants and never got it right," said Olivieri.

In Mexico, as in India, Amazon has partnered with brick-and-mortar stores—mostly "mom-and-pop" type bodegas—to offer more localized services and in-store pickup. Marisa Vano, a company spokeswoman, said that service has not yet been launched in Tijuana, "but we are planning to continue expanding this package pickup network across the country and we are actively looking for more businesses to join."

"With the recent launch of Amazon lockers and counters in Mexico, we are aiming to empower businesses of all sizes (including mom-and-pop stores) to leverage our customer base and sophisticated technology to build their business," said Vano.

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