

Global Expansion Guide to Latin America

Why Expanding into LATAM
is a Strategy for Success

THOUGHT LEADERSHIP

**GLOBAL
EXPANSION**

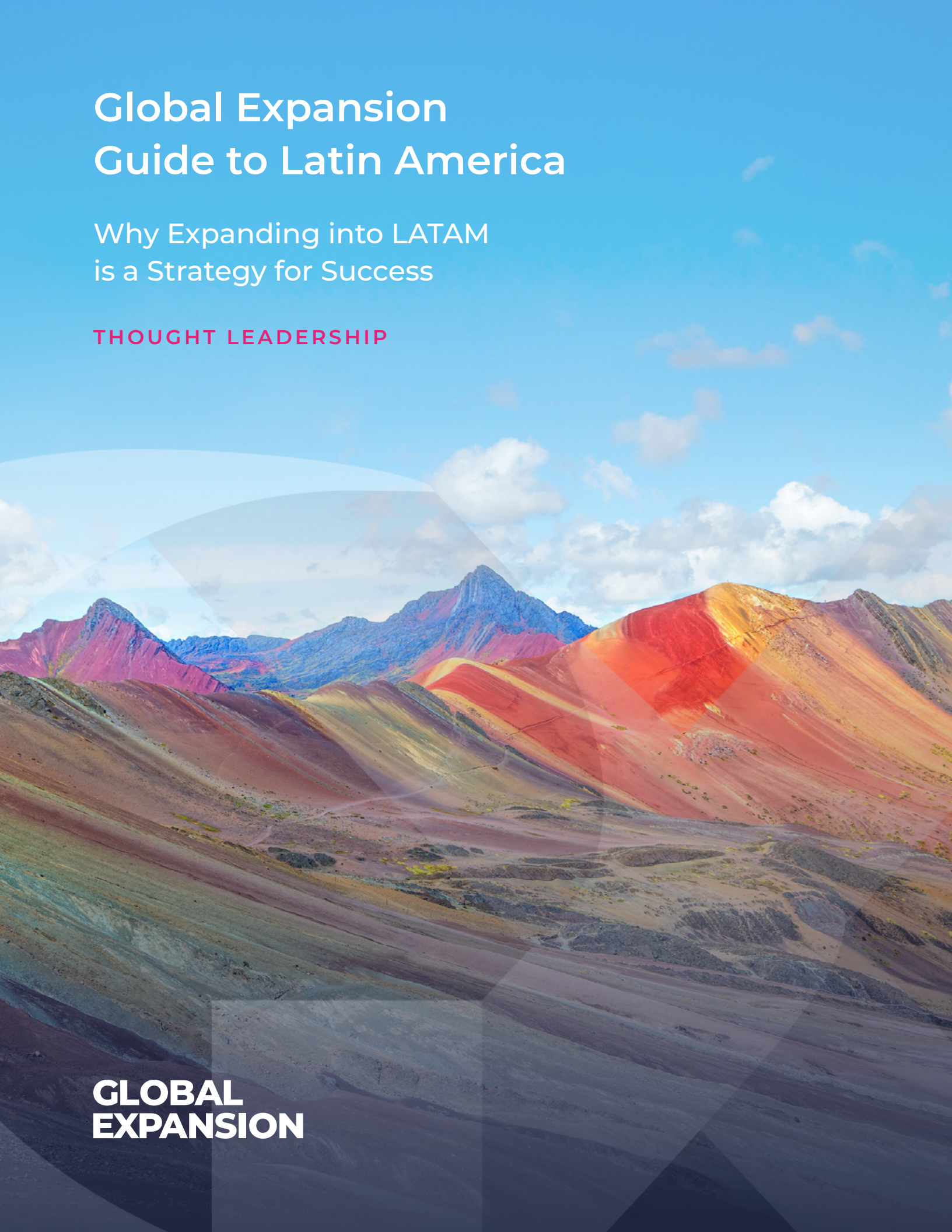




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01

BIENVENIDO TO LATIN AMERICA

In today's global economy, Latin America (LATAM) stands out as an emerging market with favorable conditions for business expansion. It is home to over [300 million digital buyers](#) and this number is set to grow by more than 20 percent by 2027.

While past focus was on Europe, North America, or Asia-Pacific regions, Latin America now offers a promising business environment.

In this guide, we'll explore the LATAM market, opportunities, and challenges. Starting with an analysis of the current market, highlighting fast-emerging countries and key considerations for businesses planning expansion.



A Story of Emerging Markets

The Latin American market is on the rise, with countries like Mexico, Panama, and Colombia emerging as attractive destinations for international businesses.

These countries have growing middle-class populations, signaling opportunities for companies to tap into new consumer markets. While concerns about infrastructure and technology have previously hindered expansion into Latin America, recent developments show significant progress in these areas.

Latin America's proximity to the United States, one of the world's largest economies, further enhances its appeal for businesses. With improving transportation infrastructure, companies expanding into Latin America can benefit from access to the vast US market. This advantage extends beyond US-based businesses, offering opportunities for companies from Europe and the Pacific to establish a presence in both Latin America and North America.

The interconnectedness of Latin America with the US and Canadian markets opens up unique avenues for international trade and expansion. By entering Latin America, businesses can not only access their growing consumer base but also leverage their presence to explore opportunities in the neighboring North American markets.

What It Means for Business

The LATAM market is becoming increasingly favorable for business expansion. This region is poised to experience exponential growth, with a [tech talent pool of nearly two million](#), 50 companies valued over \$1 billion, and cheaper expansion costs. Now is the ideal time to enter this untapped marketplace.



02

EXPLORING GROWTH POTENTIAL

Latin America is a massive region of over 660 million people, made up of several different countries, with each nation having its own untapped markets to consider. As a whole, the region is becoming more attractive in the eyes of business owners and corporate leaders worldwide who are looking for a new opportunity for expansion.

Today, LATAM is experiencing an emerging class development with a growing middle class and people beginning to claw their way out of poverty.

This means that economics in some Latin American countries are growing, expanding, and becoming more diverse, ultimately bringing new consumers to the table. From there, businesses in the region are ready for competition, which is why all eyes are on Latin America when it comes to expansion. Other contributing factors include the development of infrastructure in the region in terms of technology and transportation.

When considered together, all the aforementioned factors point to expansion into Latin America being a wise move over the next few years, especially since the costs associated with an expansion into this region remain relatively low compared to the US and Pacific markets.



Demand Is Increasing

In the last section, we wrote about the development of the middle class within Latin America. This is such a significant development to consider because it's having a direct impact on supply and demand within the country. As the middle class develops, grows, and continues to expand, there's going to be increased demand amongst consumers for different types of goods.

“ The region’s population also enjoys consuming foreign goods, including music, television, fashion, and more. As such, people throughout Latin America are excited about the notion of shopping online. Mobile eCommerce is growing at twice the rate of traditional eCommerce throughout the region.

Startupnation.com

We also touched on the development of technological infrastructure throughout several different countries in Latin America. With this new development comes a more connected middle class of consumers who are ready to see just what it feels like to shop for products online.

This means that there is substantial demand in the way of eCommerce and online shopping. For businesses looking to capitalize on this demand, providing Latin Americans with the opportunity to shop for foreign goods like music, television, and fashion right in their local area could be quite the business opportunity.



LATAM Markets Have Less Competition

As demand grows in Latin America, markets there are less crowded compared to other regions like Europe or the US. In these places, consumers have many choices for products and where to buy them.

In Latin America, competition simply isn't that robust just yet, and that's something that an expanding business can take advantage of.

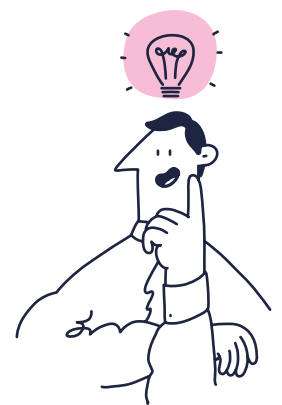
In 2023, online purchases increased from \$117 million to \$364 million. There is plenty of room within the market for foreign businesses to come in and provide access to the products that consumers in Latin America are looking for.



Harness the Different Seasons

In the European and US markets, consumers are used to falling into the patterns of seasonal buying. For instance, the fashion world has consumers programmed to expect to see swimwear lining the shelves of their favorite stores by early spring, with sweaters and sweatshirts taking over sometime in mid to late August.

Remember, with many of Latin America's countries lying below the equator, there is a strong seasonal difference that businesses can take advantage of. When autumn rolls around in the Northern Hemisphere, they can continue to market their summer swimwear lines in the Southern Hemisphere, essentially moving inventory all year round.



03

THE CHALLENGES OF EXPANSION



Expanding into Latin America brings its own set of challenges. In the last section of this guide, we'll highlight these obstacles. While they can be overcome, business owners and leaders should be aware of them.

e-Commerce Hurdles

As consumers in LATAM begin to take advantage of increased internet access and capabilities, there are some critical challenges that business leaders should consider.

Despite these impressive statistics, e-commerce companies face many challenges in Latin America, including online payment security, low banking services usage among citizens, and serious logistics issues.

This is a really important point to consider because although a country like Colombia, for instance, might be ramping up its 4G internet connectivity for users with mobile devices, it may not have the proper payment infrastructure in place to support such a lucrative e-commerce landscape.

Elsewhere in the world, e-commerce works because most users believe that their sensitive information isn't being compromised whenever they make a purchase online.

However, the second that confidence disappears, consumers will lose faith in the benefits of e-commerce and instead, may opt to go to a physical retail location with secured payment options.



A Developing Workforce

Along with the technical side of things, there's a workforce challenge that expanding businesses will have to manage to expand into LATAM successfully.

Latin America is a different region with a different way of life. Much of the region is still relatively underdeveloped compared to the Eastern and Western world.

The skilled talent pool in Latin America is growing rapidly but you may find it difficult to find workers for specific roles. However, the LATAM market is catching up FAST!

One solution is to bring some of your experienced talent in early on while you build the workforce that you'll require to manage your expansion long-term.



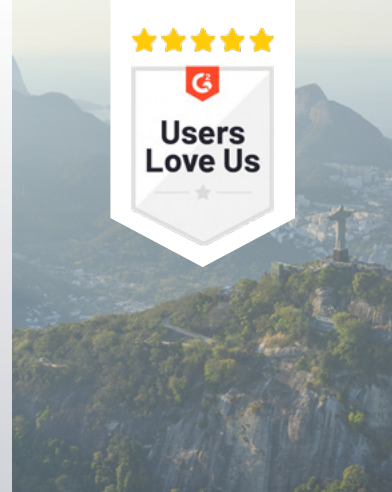
Nothing Is Impossible

In the business world, everything is possible. We live in a wonderfully diverse world, where every country serves as a home base for budding and emerging international businesses—and Latin America is no different.

While it still may be young in its development, there are plenty of opportunities here for business expansion even if there may be some challenges and obstacles along the way.

The fact is that Latin America presents a low-cost, high-reward expansion opportunity for international businesses—especially if you get in early.

Discover how simple building global teams can be. [Talk to our experienced team](#) about how [Global Expansion](#) can help support your expansion into Latin America.





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