



# Mexico Online

**Executive Summary:** In 2008 27.4 million people in Mexico, nearly one-quarter of the population of 110 million, were online. That number is expected to increase by 82% by 2012. Also, the number of broadband subscriptions is expected to reach 9.9 million by 2012, an 89% increase from the 2008 figure.

## Internet Users and Penetration in Mexico, 2007-2012 (millions and % of population)

2007	23.6 (21.7%)
2008	27.4 (24.9%)
2009	31.5 (28.3%)
2010	35.6 (31.6%)
2011	39.5 (34.7%)
2012	43.0 (37.4%)

Note: eMarketer defines an Internet user as any person who uses the Internet from any location at least once per month  
 Source: eMarketer, January 2008

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In 2007 Mexico was No. 10 in the world for number of Internet users. This in itself is a sign of major progress compared with just a few years ago.

One study found that 88% of Internet users in Mexico were blog readers while 60% were blog writers, figures that are well above the worldwide averages and were the highest among the Latin American and North American countries studied. The same research found that 73% of Internet users in Mexico were social networking site users, putting it, again, among the top countries in the study.

Business-to-consumer (B2C) e-commerce sales in Mexico have grown dramatically over the past several years. In 2006 sales amounted to \$537 million and reached \$1.6 billion in 2008. Growth in 2007 and 2008 was 78% and 70%, respectively.

Travel and tourism are driving e-commerce in Mexico. In 2008, for example, \$648 million was spent on airline tickets purchased on the Web, representing 69% of all B2C e-commerce.

Mobile phone penetration in Mexico has shown remarkable growth over the past several years. As recently as 2005 penetration was only 45.1%, rising by more than 23 percentage points by 2008. In 2010 mobile penetration is expected to reach 91.5%.

Only 2% of advertising spending in Mexico, or MXN1 billion (\$97 million), went toward online in 2007—almost double the amount from the previous year. Online advertising may still be small, but with three-quarters of Internet users stopping to look at ads at least some of the time its climb is expected to continue.



## Internet Access

In 2008 Mexico had 27.4 million Internet users for a penetration rate of 24.9%, according to eMarketer estimates. By 2012 the number of users is expected to increase by 56.9% to 43 million, which would give the country a 37.4% penetration rate.

### Internet Users and Penetration in Mexico, 2007-2012 (millions and % of population)

2007	23.6 (21.7%)
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2009	31.5 (28.3%)
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Note: eMarketer defines an Internet user as any person who uses the Internet from any location at least once per month  
Source: eMarketer, January 2008

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June 2008 research by comScore World Metrix delivered the lowest estimate of Mexico's current online population, at 11.8 million. The Comisión Federal de Telecomunicaciones (COFETEL) put Mexico's online population at 23.3 million, which is closer to eMarketer's estimate.

### Comparative Estimates: Internet Users in Mexico, 2007 & 2008 (millions)

	2007	2008
AMIPCI (Asociación Mexicana de Internet)*, October 2007	23.7	-
Comisión Federal de Telecomunicaciones (COFETEL), September 2008	22.1	23.3
comScore World Metrix**, June 2008	10.7	11.8
<b>eMarketer, January 2008</b>	<b>23.6</b>	<b>27.4</b>
Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, May 2008	20.8	-
International Telecommunication Union (ITU), September 2008	22.1	-

Note: \*ages 6+; \*\*ages 15+; data for April of each year  
Source: eMarketer, January 2008; various, as noted, 2007 & 2008

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For additional information on the above chart, see Endnote 099916 in the Endnotes section.

eMarketer defines an Internet user as any person who uses the Internet from any location at least once per month. The figure from comScore World Metrix is lower than eMarketer's because it excludes traffic from public computers (e.g., Internet cafes) and access from mobile phones and PDAs. In Mexico, most people access the Internet from outside the home.

Research in 2008 from several organizations, including eMarketer, the Instituto Nacional de Estadística, Geografía e Informática (INEGI) and the International Telecommunication Union (ITU) put Mexico's Internet penetration in the 20% to 22% range. La Asociación Mexicana de Internet (AMIPCI), in a 2007 report, put it at 25.6%. The much lower number from comScore World Metrix is, again, due to comScore's more restrictive definition of Internet users.

### Comparative Estimates: Internet User Penetration in Mexico, 2007 (% of population)

<b>AMIPCI (Asociación Mexicana de Internet)*, October 2007</b>	<b>25.6%</b>
<b>Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, January 2008</b>	<b>22.2%</b>
<b>eMarketer, January 2008</b>	<b>21.7%</b>
<b>International Telecommunication Union (ITU), September 2008</b>	<b>20.8%</b>
<b>comScore World Metrix**, July 2007</b>	<b>14.0%</b>

Note: \*ages 6+; \*\*ages 15+; data for June  
Source: eMarketer, January 2008; various, as noted, 2007 & 2008

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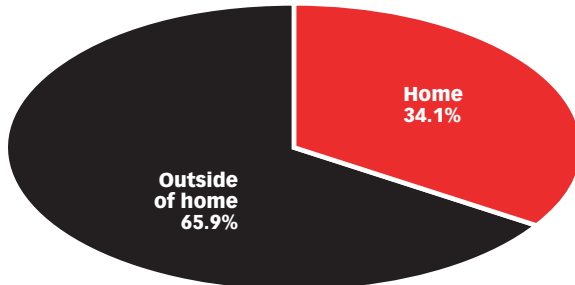
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For additional information on the above chart, see Endnote 099919 in the Endnotes section.

## Internet Access

In 2007, nearly two-thirds of Internet users in Mexico accessed the Internet from outside the home, whether in Internet cafes, at work or school, or via the mobile Internet, according to INEGI.

### Internet Users in Mexico, by Primary Access Location, 2007 (% of total)



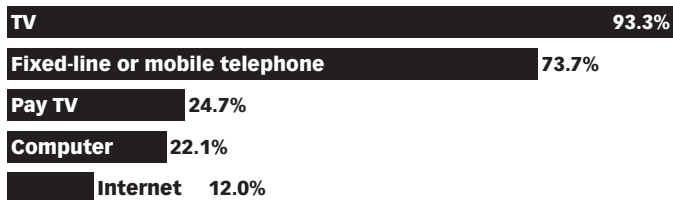
Note: ages 6+  
Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), "Encuesta Nacional sobre Disponibilidad y Uso de las Tecnologías de la Información en los Hogares, 2007," May 17, 2008

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The same study found that only 22.1% of households in Mexico had a computer, and only 12% had Internet access.

### Household Penetration of Select Consumer Electronics and Technologies in Mexico, 2007 (% of households)



Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), "Encuesta Nacional sobre Disponibilidad y Uso de las Tecnologías de la Información en los Hogares, 2007," May 17, 2008

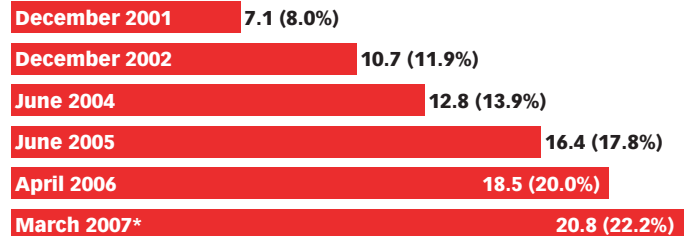
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Currently, with less than one-quarter of its population online, Mexico's overall Internet profile is nowhere near that of the most technologically sophisticated countries. It does, however, show steady, often surprising growth in a number of key areas—the kind of growth that bodes well for the country's Internet future.

For example, in 2006 only two in 10 people in Mexico used the Internet, but by 2012 that proportion is expected to nearly double. In 2001 the country had an 8% penetration rate, but today it is more than three times as high.

### Internet Users and Penetration in Mexico, 2001-2007 (millions and % of population)



Note: ages 6+; \*preliminary  
Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), "Usuarios de Las Tecnologías de Información, 2001 a 2007," January 8, 2008

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Of the big three economies in Latin America, Mexico has the second-most Internet users (after Brazil) and the second-highest rate of penetration (after Argentina). With steady gains in both metrics for all three countries, Mexico is expected to maintain the same position through 2012.

### Internet Users and Penetration in Select Countries in Latin America, 2007-2012 (millions and % of population)

	2007	2008	2009	2010	2011	2012
<b>Argentina</b>	<b>9.7</b>	<b>11.1</b>	<b>12.7</b>	<b>14.1</b>	<b>15.5</b>	<b>16.8</b>
% of population	24.1%	27.3%	31.0%	34.0%	37.1%	39.9%
<b>Brazil</b>	<b>33.6</b>	<b>38.8</b>	<b>43.7</b>	<b>48.7</b>	<b>52.9</b>	<b>56.7</b>
% of population	17.7%	20.2%	22.5%	24.9%	26.8%	28.5%
<b>Mexico</b>	<b>23.6</b>	<b>27.4</b>	<b>31.5</b>	<b>35.6</b>	<b>39.5</b>	<b>43.0</b>
% of population	21.7%	24.9%	28.3%	31.6%	34.7%	37.4%
<b>Latin America total</b>	<b>98.4</b>	<b>113.7</b>	<b>129.3</b>	<b>144.7</b>	<b>158.7</b>	<b>171.3</b>

Note: eMarketer defines an Internet user as any person who uses the Internet from any location at least once per month  
Source: eMarketer, January 2008

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## Internet Access

In 2007 Mexico was No. 10 in the world for number of Internet users. This in itself is a clear sign of progress.

### Top 10 Countries, Ranked by Internet Users\*, 2007-2012 (millions)

	2007	2008	2009	2010	2011	2012
1. US	188.1	193.9	200.1	206.2	211.9	216.9
2. China	176.5	216.0	254.9	294.4	334.4	372.9
3. Japan	89.1	90.9	92.5	94.0	95.4	96.5
4. Germany	48.1	50.4	52.5	54.5	56.3	57.9
5. UK	36.8	38.1	39.4	40.6	41.7	42.8
6. Russia	35.0	40.3	45.4	50.4	54.9	59.0
7. Brazil	33.6	38.8	43.7	48.7	52.9	56.7
8. France	33.3	36.1	38.8	41.2	43.3	45.1
9. India	32.6	40.7	49.7	59.6	70.3	81.3
10. Mexico	23.6	27.4	31.5	35.6	39.5	43.0

Note: eMarketer defines an Internet user as any person who accesses the Internet from any location at least once per month; \*ranked by 2007 figures

Source: eMarketer, January 2008

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## Broadband

In 2008, 5.2 million households in Mexico, or 20.9% of the total, had a broadband connection, estimates eMarketer. That was an increase of 33.3% from 2007.

### Broadband Households and Penetration in Select Countries in Latin America, 2007-2012 (millions and % of total households)

	2007	2008	2009	2010	2011	2012
<b>Argentina</b>	<b>1.9</b>	<b>2.5</b>	<b>3.1</b>	<b>3.6</b>	<b>4.1</b>	<b>4.5</b>
% of total households	18.4%	23.7%	28.9%	33.7%	37.9%	41.1%
<b>Brazil</b>	<b>6.9</b>	<b>8.8</b>	<b>10.4</b>	<b>12.0</b>	<b>13.6</b>	<b>15.0</b>
% of total households	14.9%	18.8%	22.0%	25.3%	28.6%	31.4%
<b>Mexico</b>	<b>3.9</b>	<b>5.2</b>	<b>6.8</b>	<b>8.2</b>	<b>9.2</b>	<b>9.9</b>
% of total households	15.6%	20.9%	26.6%	32.1%	35.3%	37.6%
<b>Total Latin America</b>	<b>16.5</b>	<b>21.4</b>	<b>26.2</b>	<b>31.0</b>	<b>35.0</b>	<b>38.3</b>

Note: includes ADSL, cable, satellite, fixed wireless, fiber, powerline, WiMAX and emerging broadband technologies accessed at home

Source: eMarketer, March 2008

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Broadband penetration as a segment of the total population was about 4.3% in 2007, according to the ITU.

### Mexico: Telecom Indicators, 2007 (thousands and penetration)

<b>Internet users</b>	<b>22,104.1</b>
Internet users % of total population	20.8%
<b>Broadband subscribers</b>	<b>4,548.8</b>
Broadband subscribers % of total population	4.3%
<b>Mobile phone subscribers</b>	<b>66,559.5</b>
Mobile phone subscribers % of total population	62.5%

Source: International Telecommunication Union (ITU), "World Telecommunication Indicators Database," September 2008

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According to COFETEL data from September 2008, there were nearly 4.4 million subscribers to DSL and cable broadband services in 2007. That was growth of 4.3 million subscribers since 2001.

### Internet Subscriptions in Mexico, by Access Technology, 2001-2007 (thousands)

	2001	2002	2003	2004	2005	2006	2007
Dial-up	1,772.6	1,864.9	2,016.0	2,134.0	1,959.5	1,718.8	1,287.7
DSL	5.3	78.1	213.5	695.9	1,198.7	1,960.6	3,148.4
Cable modem	64.5	124.1	180.8	326.8	668.9	987.8	1,236.2
Other*	41.3	29.3	34.1	34.6	54.8	138.8	164.3
<b>Total</b>	<b>1,883.6</b>	<b>2,096.4</b>	<b>2,444.4</b>	<b>3,191.3</b>	<b>3,881.9</b>	<b>4,805.9</b>	<b>5,836.6</b>

Note: \*includes ISDN, dedicated lines, satellite, multichannel multipoint distribution service (MMDS), etc.

Source: Comisión Federal de Telecomunicaciones (COFETEL), "Servicios de Internet," September 2008

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The number of household broadband subscriptions is expected to reach 9.9 million by 2012, an 89% increase over the 2008 figure. This would give the country a household broadband penetration rate of 37.6%.

### Broadband Households and Penetration in Mexico, by Access Technology, 2007-2012 (thousands and % of total households)

	2007	2008	2009	2010	2011	2012
ADSL	2,639	3,615	4,663	5,689	6,343	6,819
Cable	1,206	1,604	2,053	2,498	2,773	3,009
Other*	18	26	40	59	73	89
<b>Total</b>	<b>3,863</b>	<b>5,245</b>	<b>6,756</b>	<b>8,246</b>	<b>9,189</b>	<b>9,917</b>
% of total households	15.6%	20.9%	26.6%	32.1%	35.3%	37.6%

Note: numbers may not add up to total due to rounding; \*includes satellite, fixed wireless, fiber, powerline, WiMAX and emerging broadband technologies accessed at home

Source: eMarketer, March 2008

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ADSL is the dominant broadband technology in the country, with 3.6 million subscriptions in 2008. As overall broadband penetration increases, ADSL subscriptions will rise too—nearly doubling by 2012. Cable subscriptions will increase by almost 100% in the same period. Other broadband access technologies are negligible, but the number of their subscribers will also climb sharply with the overall rate.

**Mobile Internet**

Nearly 30% of urban mobile phone users in Mexico had mobile Internet access in 2007, but only 7% actually used it, according to Kantar Media Research (KMR). This is not one of the country's key gateways to the Internet. That could change, however, as mobile phone penetration and Internet use in general rise sharply—as both are expected to do over the next few years.

**Mobile Phone Users in Mexico with Mobile Internet Access, 2007 (% of respondents)**

<b>Have mobile Internet access</b>	<b>29%</b>
Have and use mobile Internet access	7%

*Note: urban population*  
 Source: Kantar Media Research (KMR) Group, "TGI México 2007 waves I-III" as cited by AMIPCI (Asociación Mexicana de Internet), "Estudio AMIPCI Nuevas Tecnologías de Internet en México," May 2008

**Internet Users**

Internet use in Mexico leans strongly male, with men representing more than six in 10 users, according to spring 2008 Millward Brown México data. Women made up only 39% of the Internet population.

**Internet Users in Mexico, by Age and Gender, February-April 2008 (% of respondents)**

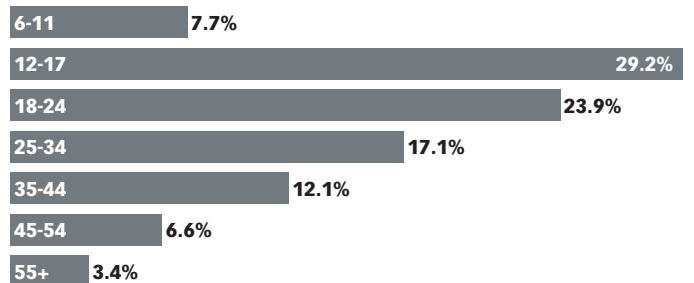
<b>Gender</b>	
Male	61%
Female	39%
<b>Age</b>	
14-25	29%
26-35	37%
36-45	20%
46-55	10%
56+	4%

*Note: n=2,027*  
 Source: Millward Brown México, "Study of Digital Media Consumption in Mexico" commissioned by Interactive Advertising Bureau México, July 2008

Internet users in Mexico were also likely to be young, the researcher found. The largest concentration of users, 37%, were ages 26 to 35.

INEGI conducted similar research in 2007 that broke users down into slightly different age categories. The overall picture, however, is similar. Just over 70% of users were ages 12 to 34 according to INEGI, compared with 66% of Internet users in the Millward Brown study ages 14 to 35. Both researchers noted the very small percentage of Web users in Mexico over age 55.

**Internet Users in Mexico, by Age, 2007 (% of total)**



Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), "Encuesta Nacional sobre Disponibilidad y Uso de las Tecnologías de la Información en los Hogares, 2007," May 17, 2008

## Internet Usage

A comScore World Metrix study of Internet users in Mexico found that in April 2008 the average number of usage days per user was 14.7, and the average number of monthly hours spent online was 23.7. These figures were below both the worldwide and Latin American averages. In fact, Mexico's average usage days per user were actually the lowest among the Latin American countries in the study.

### Internet Users in Select Countries in Latin America, April 2008

	Monthly unique users (thousands)	Average usage days per user	Average monthly hours per user
Argentina	8,440	17.8	32.4
Brazil	19,320	16.0	30.2
Chile	5,320	17.4	28.4
Colombia	3,284	16.4	27.9
Mexico	11,773	14.7	23.7
Puerto Rico	854	15.0	19.7
<b>Latin America</b>	<b>61,610</b>	<b>16.3</b>	<b>28.6</b>
<b>Worldwide</b>	<b>849,580</b>	<b>17.1</b>	<b>25.7</b>

Note: ages 15+; home and work locations; excludes traffic from public computers (e.g., Internet cafes) and access from mobile phones and PDAs  
Source: comScore World Metrix as cited in press release, June 2, 2008

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According to Universal McCann, in 2008 there were 6.7 million daily Internet users in Mexico, just over one-quarter of its total users.

An Interactive Advertising Bureau México (IAB México) study conducted by Millward Brown México found that 78% of Internet users in Mexico sent or read e-mail between February and April of 2008, making it the most popular online activity. Looking for information, at 63%, came in second.

### Online Activities of Internet Users in Mexico, February-April 2008 (% of respondents)

#### Sending or reading e-mail

78%

#### Looking for information

63%

#### Chat/instant messaging

49%

#### Reading news online

33%

#### Downloading music

19%

#### Social networks, personal pages

13%

#### Listening to radio online

12%

#### Making online banking transactions

11%

#### Downloading video

10%

#### Watching video or TV online

9%

#### Online gaming

8%

#### Making purchases online

4%

Note: n=2,027 ages 14+

Source: Millward Brown México, "Study of Digital Media Consumption in Mexico" commissioned by Interactive Advertising Bureau México, July 2008

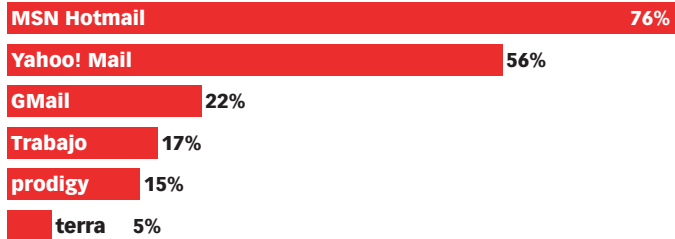
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## Internet Usage

The same study found that MSN Hotmail was the most popular e-mail service, with 76% of respondents having used the site in the past 30 days, followed by Yahoo! Mail at 56% and GMail at 22%.

### E-Mail Providers Used by E-Mail Users in Mexico, February-April 2008 (% of respondents)



Note: ages 14+; used in the past 30 days

Source: Millward Brown México, "Study of Digital Media Consumption in Mexico" commissioned by Interactive Advertising Bureau México, July 2008

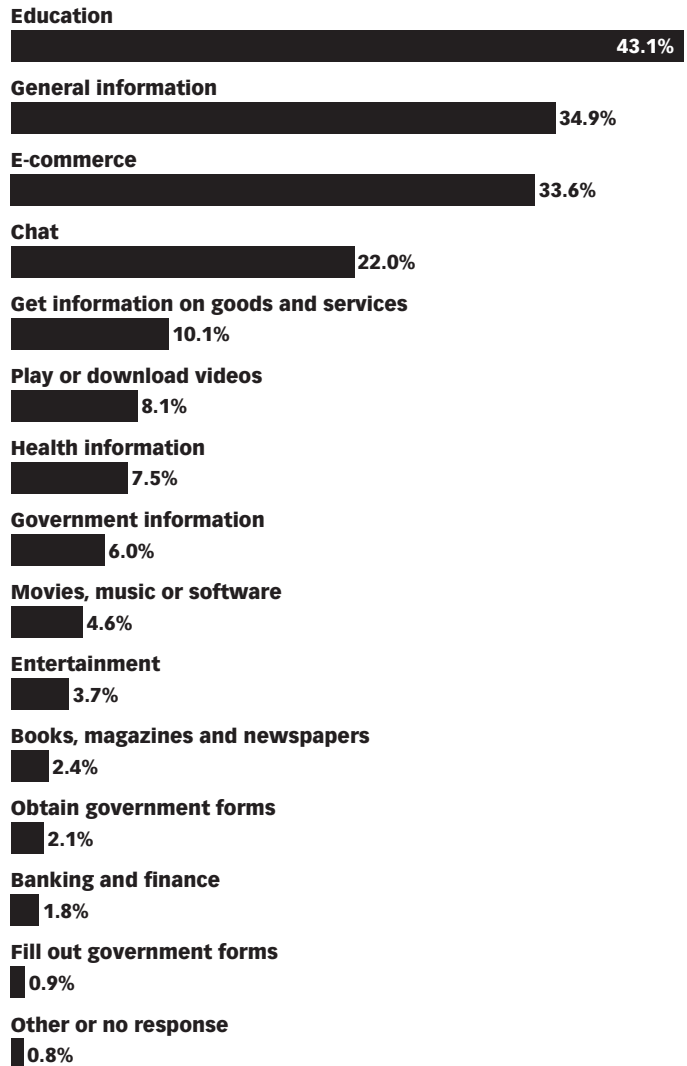
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In 2007 INEGI also conducted a study of the most popular online activities in Mexico, with possible responses different from those in the Millward Brown survey. INEGI found that 43.1% of responding Internet users went online for education, the No. 1 response.

General information was the second-most-popular online activity among the respondents, at 34.9%, followed by e-commerce at 33.6%, chat at 22% and getting information on goods and services, at 10.1%. None of the remaining 10 activities rated higher than 10%.

### Online Activities of Internet Users in Mexico, 2007 (% of respondents)



Note: ages 6+

Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), "Encuesta Nacional sobre Disponibilidad y Uso de las Tecnologías de la Información en los Hogares, 2007," May 17, 2008

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## Internet Usage

Google is clearly the dominant search engine in Latin America. Its share of search in Mexico in January 2008 was 88%. This was just below Argentina and Brazil, where Google's share is 89%, according to data from comScore as cited by TechCrunch.

### Google's Share of Search in Select Countries in Latin America, January 2008

Chile	93%
Venezuela	93%
Colombia	91%
Argentina	89%
Brazil	89%
Mexico	88%
Puerto Rico	57%

Note: ages 15+; home, work and university locations; excludes traffic from public computers (e.g., Internet cafes) and access from mobile phones and PDAs

Source: comScore qSearch, "Digital World: State of the Internet" as cited by TechCrunch, March 18, 2008

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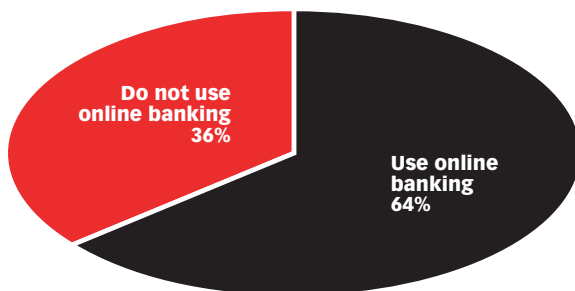
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Google's expansion into Latin America began three years ago, spurred by the growing infrastructure for high-speed Internet access, the rise of e-commerce and the enthusiasm Latin American users showed for the Internet.

The search giant has big plans for Mexico, including the recent launch of its new browser, Chrome, and the opening of new offices in Mexico City in January 2009.

In 2007 AMIPCI and the Asociación de Bancos de México (ABM) found that 64% of responding Internet users in Mexico used online banking.

### Adult Internet Users in Mexico Who Use Online Banking, 2007 (% of respondents)



Note: n=2,309

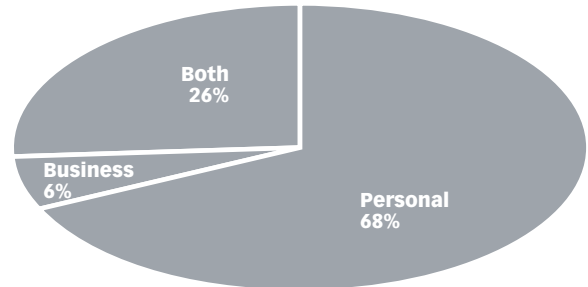
Source: Asociación Mexicana de Internet (AMIPCI) and Asociación de Bancos de México (ABM), "Estudio AMIPCI de Banca por Internet en México, 2007," February 2008

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The same study found that among those who did bank online, 68% used online banking for personal accounts, 6% for business accounts and 26% for both.

### Adult Internet Users in Mexico Who Use Online Banking, by Type of Account, 2007 (% of respondents)



Note: n=688

Source: Asociación Mexicana de Internet (AMIPCI) and Asociación de Bancos de México (ABM), "Estudio AMIPCI de Banca por Internet en México, 2007," February 2008

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## Social Media & Web 2.0

While Web 1.0 is still gaining a foothold in Mexico, Web 2.0 has been insinuating itself quietly among those who have embraced the Internet. Generally the numbers are low, owing to a broadband infrastructure that is still in development.

However, the results are no less encouraging as they indicate a degree of interest and enthusiasm that will only grow as the technology improves.

Following are some findings from an April 2008 Universal McCann study regarding the number of participants in a variety of Web 2.0 activities in Mexico:

- 4.9 million users (8.0% of population) share photos online.
- 3.9 million users (6.3% of population) share videos online.
- 6.4 million users (10.4% of population) watch online video.
- 4.8 million users (7.9% of population) download podcasts.
- 3.0 million users (5.8% of population) subscribe to an RSS feed.

**“Mexico and Brazil are the biggest consumers of YouTube in the world in absolute terms. People like to be entertained. They are using it as a video social network. We have cases where people have become celebrities through word of mouth.”** —John Farrell, country director, Google Mexico, in the *Miami Herald*, November 24, 2008

In April 2008, Universal McCann found that 87.7% of respondents in Mexico ages 16 to 54 who accessed the Internet at least every other day were blog readers, while 60.3% were blog writers. Both of those figures were well above the worldwide averages and were the highest among the Latin American and North American countries in the study.

### Blog Readers and Writers in Select Countries in Latin and North America, 2008 (% of respondents)

	Readers	Writers
<b>Latin America</b>		
Mexico	87.7%	60.3%
Brazil	87.1%	50.1%
Puerto Rico	86.4%	36.3%
<b>North America</b>		
Canada	56.6%	22.5%
US	60.3%	26.4%
<b>Worldwide</b>	<b>70.2%</b>	<b>35.2%</b>

Note: ages 16-54; daily or every other day Internet access  
Source: Universal McCann, "Power to the People: Social Media Tracker Wave 3," April 2008

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### Social Networking

There were 5.1 million social networking users in Mexico in 2008, or 8.1% of the population, according to the same Universal McCann study of Internet users ages 16 to 54 who went online at least every other day.

### Social Networking Users in Select Countries in Latin and North America, 2008 (millions and % of population)

	Users	% of population
<b>Latin America</b>		
Brazil	11.4	9.6%
Mexico	5.1	8.1%
<b>North America</b>		
Canada	4.2	21.7%
US	43.0	23.4%

Note: ages 16-54; daily or every other day Internet access  
Source: Universal McCann, "Power to the People: Social Media Tracker Wave 3," April 2008

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A full 73% of Internet users in Mexico were social networking site users in September 2008, according to comScore World Metrix. That put the country at No. 4 among the 17 in the study. Only Canada, Brazil and the UK ranked higher.

**Social Networking Site Users in Select Countries, September 2007 & September 2008 (% of Internet users)**

	September 2007	September 2008
Canada	83.9%	86.5%
Brazil	76.0%	85.3%
UK	78.7%	78.4%
Mexico	67.3%	73.0%
Spain	63.9%	70.7%
US	65.8%	70.2%
Australia	56.5%	67.5%
Germany	45.9%	65.5%
Italy	53.0%	62.2%
Netherlands	55.7%	61.3%
Russian Federation	36.3%	60.7%
India	50.9%	60.3%
France	51.4%	59.1%
South Korea	52.3%	58.3%
Japan	56.4%	55.7%
China	44.7%	50.3%
Taiwan	48.1%	42.9%

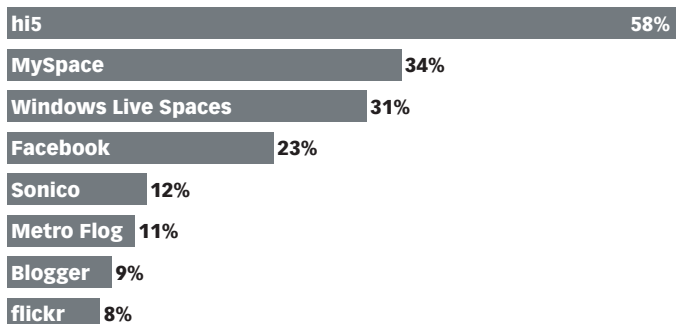
Note: ages 15+; home and work locations; excludes traffic from public computers such as Internet cafes and access from mobile phones and PDAs

Source: comScore World Metrix as cited in press release, November 19, 2008

099701 www.eMarketer.com

According to Millward Brown México's spring 2008 study, hi5 is the most popular social networking site in the country, used by 58% of responding social network users ages 14 and older. MySpace and Windows Live Spaces attracted more than 30% of respondents each, while Facebook was used by less than one-quarter.

**Social Networking Sites Used by Social Networking Site Users in Mexico, February-April 2008 (% of respondents)**



Note: n=1,030 ages 14+

Source: Millward Brown México, "Study of Digital Media Consumption in Mexico" commissioned by Interactive Advertising Bureau México, July 2008

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**E-Commerce**

Millward Brown México noted in a 2008 report that Internet users represent one-half of all income in urban Mexico. And B2C e-commerce sales in Mexico have grown dramatically over the past two years—by 78% in 2007 and again by 70% in 2008. Sales in 2006 were \$537 million and surged to \$1.6 billion in 2008, according to AMIPCI.

**B2C E-Commerce Sales in Mexico, 2006-2008 (millions and % change)**



Source: AMIPCI (Asociación Mexicana de Internet), "Estudio de Comercio Electrónico 2008" commissioned by Visa, September 2008

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As early as 2003, Mexico had established itself as the solid No. 2 country for B2C e-commerce sales in Latin America, behind Brazil. It kept that place through 2007. This data comes from Visa and AméricaEconomía Intelligence.

**B2C E-Commerce Sales in Latin America, by Country or Region, 2003-2007 (millions)**

	2003	2004	2005	2006	2007
Argentina	\$83	\$162	\$281	\$619	\$739
Brazil	\$757	\$1,289	\$2,270	\$3,541	\$4,899
Caribbean*	\$127	\$232	\$387	\$565	\$818
Central America	\$64	\$90	\$189	\$360	\$499
Chile	\$79	\$104	\$243	\$472	\$687
Colombia	\$60	\$105	\$150	\$175	\$201
Mexico	\$296	\$504	\$567	\$868	\$1,377
Peru	\$65	\$91	\$109	\$145	\$218
Puerto Rico	\$174	\$248	\$344	\$384	\$445
Venezuela	\$85	\$140	\$253	\$490	\$821
Other	\$76	\$101	\$131	\$165	\$203
<b>Total</b>	<b>\$1,866</b>	<b>\$3,066</b>	<b>\$4,925</b>	<b>\$7,783</b>	<b>\$10,908</b>

Note: \*excludes Puerto Rico

Source: Visa and AméricaEconomía Intelligence, "Informe Sobre Comercio Electrónico (B2C) en América Latina: Rompiendo los pronósticos," June 2008

096463 www.eMarketer.com

## E-Commerce

More than seven out of 10 Internet users in Mexico had made a purchase online as of October-November 2007, according to Nielsen. That's a smaller percentage than in several other Latin American countries, and below the regional average of 79%.

### Online Buyers\* in Select Countries in Latin America, October-November 2007 (% of Internet users)



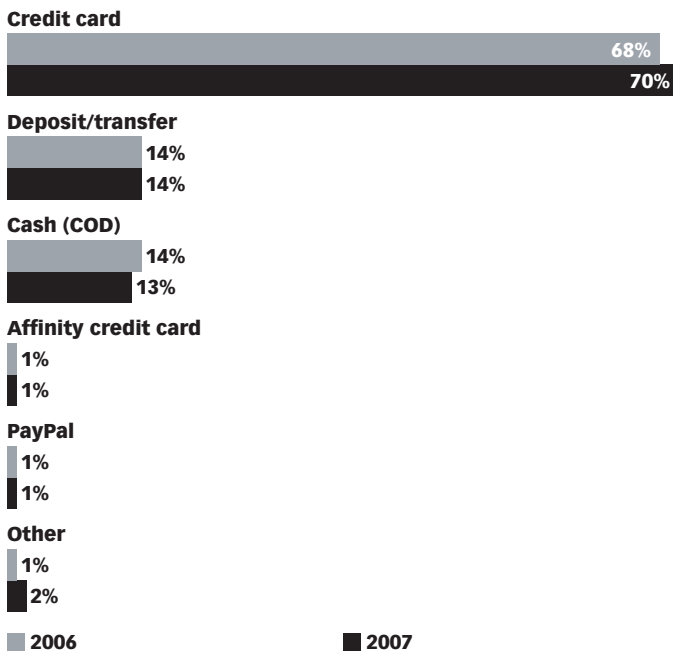
Note: ages 15+; \*ever purchased  
Source: Nielsen, "Trends in Online Shopping" as cited by Clarín.com, August 20, 2008

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The vast majority of online transactions in Mexico in 2007, 70%, were conducted with a credit card, according to AMIPCI. The second-most-widely-used method of online payment was deposit/transfer, at 14%, followed by cash (COD), at 13%. Usage of other payment methods was negligible.

### Online Payment Methods Used in Mexico, 2006 & 2007 (% market share)



Note: numbers may not add up to 100% due to rounding  
Source: AMIPCI (Asociación Mexicana de Internet), "Estudio de Comercio Electrónico 2008" commissioned by Visa, September 2008

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E-commerce in Mexico has been surging as of late and continued infrastructure improvements, to say nothing of increased cultural familiarity with online buying, should serve to maintain growth.

For example, in 2008 PayPal, the worldwide online payment service, expanded to Mexico, establishing a local Spanish-language Website and making the peso the first Latin American currency in the company's system. The security and convenience PayPal will bring to online transactions in Mexico certainly bodes well for e-commerce there.

Despite somewhat low online buyer penetration, Mexico continues to be the No. 2 e-commerce country in Latin America. And the tastes of online buyers in Mexico are diverse.

According to AMIPCI, in 2008 airline tickets were the overwhelmingly dominant B2C e-commerce product category in Mexico, with about \$648 million spent for a 69% market share. That was nearly 700% more spending than on the No. 2 category, computers, with more than \$81 million in sales for an 8% market share.

Event and movie tickets racked up nearly \$43 million in sales (4% market share), while the No. 4 category, mobile phones and accessories, came to just under \$33 million (4% market share). Eleven other categories studied by AMIPCI saw under \$30 million in B2C e-commerce sales in 2008.

**B2C E-Commerce Sales in Mexico, by Product Category, 2008 (millions)**

<b>Airline tickets</b>	\$647.82
<b>Computers</b>	\$81.09
<b>Event and movie tickets</b>	\$42.53
<b>Mobile phones and accessories</b>	\$32.79
<b>Audio and video</b>	\$29.37
<b>Hotels</b>	\$20.77
<b>Travel packages</b>	\$14.03
<b>Video games and consoles</b>	\$12.80
<b>Digital cameras and photos</b>	\$10.93
<b>Clothing, watches, eyewear</b>	\$8.09
<b>Consumer electronics</b>	\$6.54
<b>Auto accessories</b>	\$6.37
<b>Sports and fitness</b>	\$5.44
<b>Animals and pets</b>	\$5.06
<b>Other</b>	\$5.63

Source: AMIPCI (Asociación Mexicana de Internet), "Estudio de Comercio Electrónico 2008" commissioned by Visa, September 2008

Underscoring the dominance of airline tickets as a B2C product category in Mexico, AMIPCI found that in 2007 tourism had a 72% share of e-commerce sales while consumer goods had a 28% share.

**B2C E-Commerce Sales in Mexico, by Category, 2007 (% market share)**

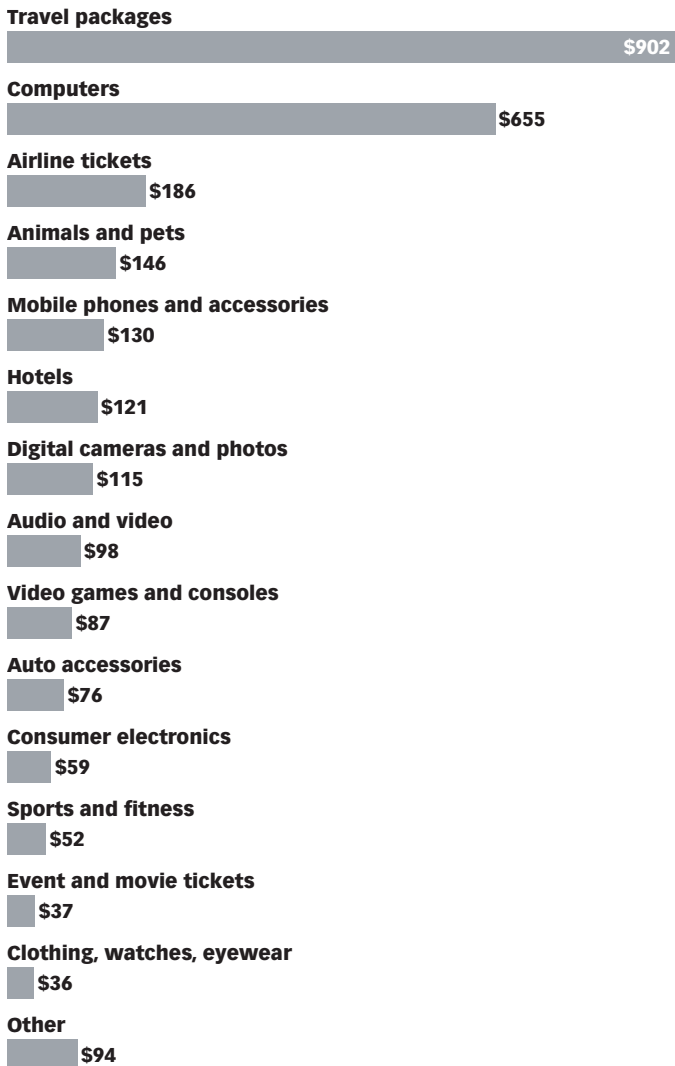


Note: 2007 B2C e-commerce sales=\$955 million  
 Source: AMIPCI (Asociación Mexicana de Internet), "Estudio de Comercio Electrónico 2008" commissioned by Visa, September 2008

## E-Commerce

A big reason travel and related categories (such as airline tickets and hotels) have captured such a high share of B2C e-commerce sales in Mexico is that average sales in those categories tend to be relatively high themselves.

### Average B2C E-Commerce Sale in Mexico, by Product Category, 2008



Source: AMIPCI (Asociación Mexicana de Internet), "Estudio de Comercio Electrónico 2008" commissioned by Visa, September 2008

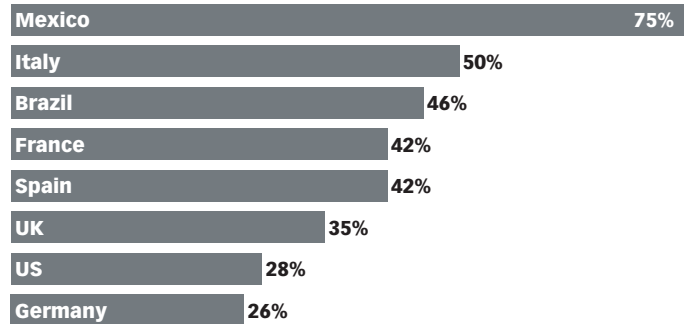
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In Q1 2008, Accenture found that 75% of responding Internet users in Mexico were interested in paying for TV show downloads. That was far more than in any other country in the study. (Italy was No. 2—only 50% of respondents there expressed such an interest.)

As a B2C product category in Mexico, audio and video ranks somewhere in the middle as far as sales. However, this finding suggests that given a more robust broadband infrastructure, it could become a much more significant category.

### Adult Internet Users in Select Countries Worldwide Who Are Interested in Paying for TV Show Downloads, Q1 2008 (% of respondents)



Source: Accenture, "Television in Transition" conducted by Opinion Research Corporation (ORC), April 14, 2008

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The Internet is also used to inform offline purchases. Fully 64% of responding Internet users in Mexico told Millward Brown they used information gleaned online to make purchases via other channels.

## Mobile

Mobile phone penetration in Mexico, like a variety of other telecom and Internet metrics there, has shown impressive growth over the past several years. According to COFETEL, as recently as 2005 penetration was only 45.1%, more than 23 percentage points less than the 2008 figure.

### Mobile Phone Penetration in Mexico, 2003-2008 (% of population)

2003	29.1%
2004	36.3%
2005	45.1%
2006	54.1%
2007	64.2%
2008*	68.3%

Note: \*data is for June

Source: Comisión Federal de Telecomunicaciones (COFETEL), "Telefonía Móvil," August 2008

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In Q1 2008 there were about 70.6 million mobile phone subscriptions in Mexico for a penetration rate of 68.3%, estimates COFETEL.

### Mobile Phone Subscriptions in Mexico, by Payment Plan, Q1 2006-Q1 2008 (millions)

	Pre-paid	Post-paid	Total
Q1 2006	45.46	3.50	48.96
Q2 2006	47.18	3.75	50.93
Q3 2006	49.00	4.04	53.04
Q4 2006	52.71	4.04	57.02
Q1 2007	55.33	4.50	59.82
Q2 2007	57.27	4.72	62.00
Q3 2007	59.42	4.95	64.36
Q4 2007	63.04	5.20	68.24
Q1 2008	65.26	5.37	70.62

Source: Comisión Federal de Telecomunicaciones (COFETEL), "Telefonía Móvil," August 2008

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Prepaid was by far the dominant type of mobile phone subscription in Mexico, accounting for 92% of the total.

The number of mobile phone subscribers in Mexico is expected to reach 98.5 million in 2010, according to IE Market Research Corp. That is an increase of 44% over 2007.

### Mobile Phone Subscribers in Select Countries in Latin America, 2007 & 2010 (millions)

	2007	2010
Argentina	38.0	43.9
Brazil	121.7	180.9
Mexico	68.4	98.5

Source: IE Market Research Corp., "1Q08 Mobile Forecast," January 15, 2008

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By 2010, Mexico is expected to achieve a mobile penetration rate of 91.5%, according to IE Market Research Corp., putting it between Brazil and South Korea in this metric.

### Mobile Phone Penetration in Select Countries, 2010 (% of population)

Italy	157.9%
Poland	136.4%
Singapore	131.2%
Denmark	127.7%
Russia	127.5%
Finland	127.2%
Sweden	126.0%
UK	121.6%
Spain	116.3%
Germany	113.0%
Australia	109.6%
Taiwan	107.9%
South Korea	94.7%
Mexico	91.5%
Brazil	89.7%
France	84.9%
Canada	77.0%

Source: IE Market Research Corp., "1Q08 Mobile Forecast," January 15, 2008

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### Mobile Users

In 2007 KMR found that in urban Mexico, males and females were almost equally likely to be mobile phone users, at 55% and 52% respectively.

## Mobile

More than 63% of 19-to-24-year-old urban respondents were mobile users, the highest percentage of any age group. The next-highest percentage of users was found in the 25-to-34-year-old group, with 58% using a mobile phone. The percentage of users dropped precipitously among those 45 years old and older.

### Mobile Phone Users in Mexico, by Age and Gender, 2007 (% of respondents in each group)

Gender	
Male	55%
Female	52%
Age	
12-18	52%
19-24	63%
25-34	58%
35-44	54%
45-64	14%
<b>Total</b>	<b>54%</b>

Note: urban population

Source: Kantar Media Research (KMR) Group, "TGI México 2007 waves I-III" as cited by AMIPCI (Asociación Mexicana de Internet), "Estudio AMIPCI Nuevas Tecnologías de Internet en México," May 2008

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### Mobile Usage

Digital music sales in Mexico have been overwhelmingly concentrated in the mobile channel. In 2007 93% of the \$15.3 million in digital music sales were to mobile outlets, according to the International Federation of the Phonographic Industry (IFPI).

Online sales have been inconsistent, going from 100% in 2004—presumably before mobile Internet was a viable technology in Mexico—to just 8% in 2005, 1% in 2006 and 4% in 2007. Over the same time period, total sales exploded from just \$10,000 in 2004 to \$15.3 million in 2007.

### Digital Music Sales in Mexico, by Channel, 2004-2007 (millions and % market share)

	Sales	Online	Mobile	Subscriptions
2004	\$0.01	100%	-	-
2005	\$0.50	8%	92%	-
2006	\$8.50	1%	99%	-
2007	\$15.30	4%	93%	-

Note: numbers may not add up to 100% due to rounding and non-categorized (other) sales

Source: International Federation of the Phonographic Industry (IFPI), "Recording Industry in Numbers 2008," June 16, 2008

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In 2007 most of the digital music sold to mobile users in Mexico took the form of single tracks or master ringtones, which together accounted for 71% of all digital music sales there, according to the IFPI.

### Digital Music Sales in Mexico, by Format, 2007 (% market share)

Mobile single tracks	48%
Master ringtones	23%
Music videos	15%
Online single tracks	2%
Other*	12%

Note: \*includes online albums, ringback tones and other  
Source: International Federation of the Phonographic Industry (IFPI), "Recording Industry in Numbers 2008," June 16, 2008

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In August 2008, Telegent Systems found that 23% of responding consumers in Mexico said they watched TV on their mobile phone. This percentage, the same as Brazil's, was ranked in the middle of the list of countries included in the study. Only 11% of respondents in the US and less than 10% in Germany and the UK said they were mobile TV viewers.

### Mobile TV Viewers in Select Countries, August 2008 (% of respondents)

China	72%
India	71%
Thailand	52%
Brazil	23%
Mexico	23%
Russia	15%
US	11%
Germany	6%
UK	4%

Source: Telegent Systems, "Global Mobile TV & Olympics Survey," August 20, 2008

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According to Reuters, telephone operators in Mexico such as Telefonica SA and Iusacell are teaming up with banks such as Citigroup and BBVA to enable consumers to pay for small purchases, including restaurant meals, taxi rides, train tickets and even products in vending machines, using their mobile phone.

This practice is commonplace in Japan, but is only beginning to gain a foothold in the rest of the world (and it is almost unheard-of in the US). The Reuters article described how the process would work: "Cellphone users will be able to have their bank link their savings account to their telephone so they can make payments to participating stores, restaurants and taxis by sending a text message."

## Online Advertising & Marketing

Online advertising in Mexico still sees only a tiny share of total ad spending. In 2007, the Confederación de la Industria de la Comunicación Mercadotécnica (CICOM) found that just 2% of the MXN50 billion (\$4.5 billion) spent on advertising in the country went toward online.

### Advertising Spending in Mexico, by Media, 2007 (millions of MXN and % share)

Media	Millions of MXN	% share
Broadcast TV	MXN29,956	59.9%
Radio	MXN4,505	9.0%
Newspaper	MXN4,335	8.7%
Out-of-home	MXN4,332	8.7%
Cable TV	MXN2,859	5.7%
Magazines	MXN2,066	4.1%
Internet	MXN1,008	2.0%
Cinema	MXN788	1.6%
Other	MXN192	0.4%
<b>Total</b>	<b>MXN50,041</b>	<b>100.0%</b>

Note: numbers may not add up to 100% due to rounding  
Source: Confederación de la Industria de la Comunicación Mercadotécnica (CICOM), "Estudio CICOM Valor de Mercado de la Comunicación Comercial en México," August 2008

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The Internet got a somewhat larger share of direct marketing spending, at 7.6%, making it the third-largest direct marketing channel in Mexico after telemarketing and direct mail.

Still, online advertising revenues in Mexico have seen dramatic increases in recent years, according to research by the IAB México and PricewaterhouseCoopers (PwC). After growth rates of 70% in 2006 and 96% in 2007, total online advertising revenues exceeded MXN1 billion (\$97 million). Search grew dramatically faster than display in 2007, at 310% versus 71%.

### Online Advertising Revenues in Mexico, by Format, 2005-2007 (millions of MXN)

Format	2005	2006	2007
Display*	MXN244	MXN427	MXN732
Search	MXN57	MXN87	MXN270
<b>Total</b>	<b>MXN301</b>	<b>MXN514</b>	<b>MXN1,002</b>

Note: \*includes banners, buttons and skyscrapers; e-mail, interruptive ads, sponsorships; and other (online video, rich media, text links)  
Source: Interactive Advertising Bureau Mexico (IABMexico) and PricewaterhouseCoopers, "Annual study of Internet Advertising Investment in Mexico," provided to eMarketer, May 2008

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Search's rapid growth comes from a small base. IAB México/PwC found display ads accounted for fully 73% of online ad revenues in 2007. Breaking display ads down by format, banners and buttons were a clear leader in Mexico, with 41% of 2007 online advertising revenues. Skyscrapers were also popular, at 24%.

### Online Display Advertising Revenue Share in Mexico, by Ad Format, 2006 & 2007 (% of total)

Ad Format	2006	2007
Banners and buttons	41%	41%
Skyscrapers	18%	24%
E-mail	17%	14%
Sponsorships	19%	13%
Interruptive ads	5%	6%
Other*	0.2%	3%

Note: numbers may not add up to 100% due to rounding; \*online video, rich media, text links  
Source: Interactive Advertising Bureau Mexico (IABMexico) and PricewaterhouseCoopers, "Annual study of Internet Advertising Investment in Mexico," provided to eMarketer, May 2008

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The mix of online channels remained similar from 2006 to 2007, according to the IAB México/PwC study. Themed channels saw the highest online ad spending, at 38% of the total in 2007, down just 2 percentage points from the year before. The greatest change was in the popularity of homepage advertising, down 7 percentage points to 20% of ad spending in 2007. At the same time, spending on instant messaging increased, and social networks doubled their share of online ad spending to a still-tiny 2%.

### Online Advertising Spending Share in Mexico, by Content Type, 2007 (% of total)

Content Type	2006	2007
Themed channels	36%	38%
Homepage	27%	20%
Instant messaging	16%	19%
E-mail	18%	16%
Social networks	1%	2%
Chat rooms and communities	1%	1%
Blogs	1%	1%
Other*	0%	1%

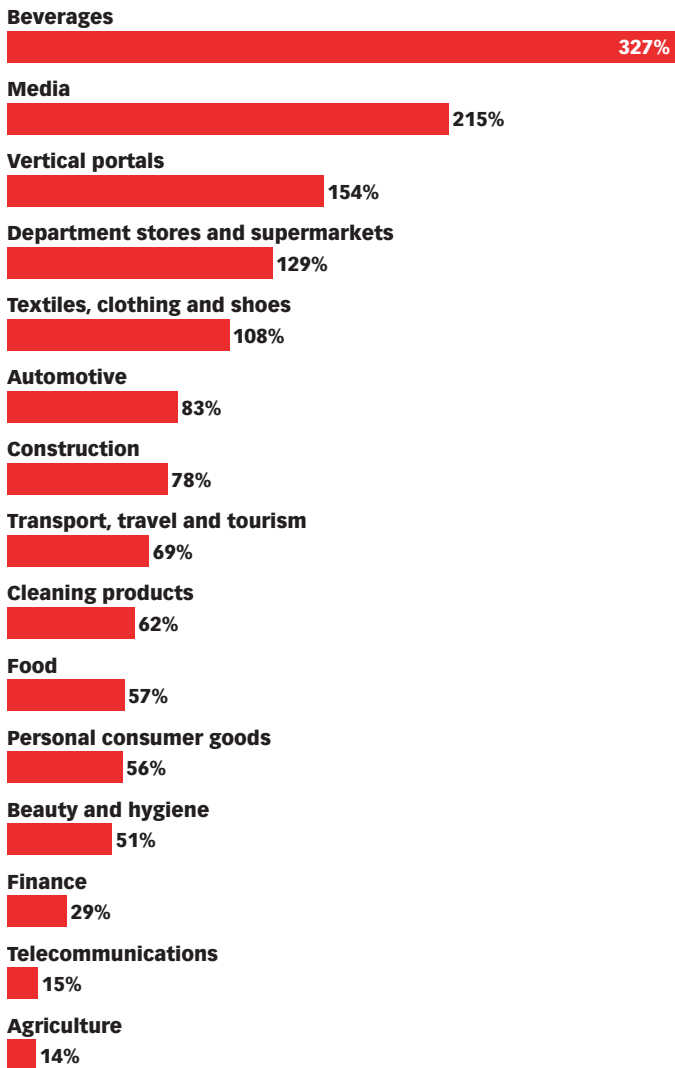
Note: numbers may not add up to 100% due to rounding; \*includes mobile, video, advergaming, etc.  
Source: Interactive Advertising Bureau Mexico (IABMexico) and PricewaterhouseCoopers, "Annual study of Internet Advertising Investment in Mexico," provided to eMarketer, May 2008

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Several industries in Mexico dramatically increased spending on online advertising in 2007. Spending by the beverage industry, for example, climbed the most, by 327%. Media companies upped spending by 215% and vertical portals by 154%. Department stores and supermarkets, as well as the textile, clothing and shoe industry, also more than doubled online ad spending between 2006 and 2007.

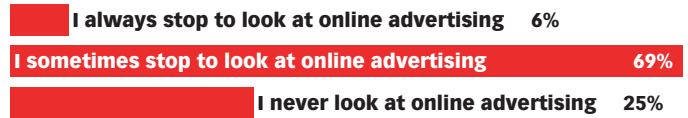
**Online Advertising Revenue Growth in Mexico, by Industry, 2007 (% change\*)**



Note: includes search; \*vs. prior year  
 Source: Interactive Advertising Bureau Mexico (IABMexico) and PricewaterhouseCoopers, "Annual study of Internet Advertising Investment in Mexico," provided to eMarketer, May 2008

Increased spending may be getting the attention of Internet users in Mexico. According to a Millward Brown México study conducted from February through April 2008, 75% of Internet users at least sometimes stopped to look at online advertising.

**Attitudes of Internet Users in Mexico Toward Online Advertising, February-April 2008 (% of respondents)**



Note: n=2,027 ages 14+  
 Source: Millward Brown México, "Study of Digital Media Consumption in Mexico" commissioned by Interactive Advertising Bureau México, July 2008  
 100089 www.eMarketer.com

Despite the evident growth of online advertising in Mexico, it has not approached the penetration it enjoys in more advanced Internet economies. Mr. Farrell of Google Mexico gave the Miami Herald a succinct assessment of online advertising in the region:

"There is a lot of room to grow in the arena of advertiser solutions in Latin America. The challenge we face is evangelization. Fifteen percent of the UK advertising market is going online. In the US, it's 10% to 12%. In Latin America it is 2% to 3%."

## Endnotes

Endnote numbers correspond to the unique six-digit identifier in the lower left-hand corner of each chart.

### 099916

#### Comparative Estimates: Internet Users in Mexico, 2007 & 2008 (millions)

	2007	2008
AMIPCI (Asociación Mexicana de Internet)*, October 2007	23.7	-
Comisión Federal de Telecomunicaciones (COFETEL), September 2008	22.1	23.3
comScore World Metrix**, June 2008	10.7	11.8
<b>eMarketer, January 2008</b>	<b>23.6</b>	<b>27.4</b>
Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, May 2008	20.8	-
International Telecommunication Union (ITU), September 2008	22.1	-

Note: \*ages 6+; \*\*ages 15+; data for April of each year  
Source: eMarketer, January 2008; various, as noted, 2007 & 2008

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**Extended Note:** comScore excludes traffic from public computers (e.g., Internet cafes) and access from mobile phones and PDAs. eMarketer defines an Internet user as any person who uses the Internet from any location at least once per month.

**Citation:** Asociación Mexicana de Internet (AMIPCI), "Hábitos de los usuarios de Internet en México 2007," October 2007; Comisión Federal de Telecomunicaciones (COFETEL), "Encuesta Nacional sobre Disponibilidad y Uso de las Tecnologías de la Información en los Hogares, 2007" as cited in press release, September 9, 2008; comScore World Metrix as cited in press release, June 2, 2008; Instituto Nacional de Estadística, Geografía e Informática (INEGI), "Encuesta Nacional sobre Disponibilidad y Uso de las Tecnologías de la Información en los Hogares, 2007," May 2008; International Telecommunication Union (ITU), "World Telecommunication Indicators Database, September 2008

### 099919

#### Comparative Estimates: Internet User Penetration in Mexico, 2007 (% of population)

##### AMIPCI (Asociación Mexicana de Internet)\*, October 2007

25.6%

##### Instituto Nacional de Estadística, Geografía e Informática (INEGI)\*, January 2008

22.2%

##### eMarketer, January 2008

21.7%

##### International Telecommunication Union (ITU), September 2008

20.8%

##### comScore World Metrix\*\*, July 2007

14.0%

Note: \*ages 6+; \*\*ages 15+; data for June

Source: eMarketer, January 2008; various, as noted, 2007 & 2008

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**Extended Note:** comScore excludes traffic from public computers (e.g., Internet cafes) and access from mobile phones and PDAs. eMarketer defines an Internet user as any person who uses the Internet from any location at least once per month.

**Citation:** Asociación Mexicana de Internet (AMIPCI), "Hábitos de los usuarios de Internet en México 2007," October 2007; comScore World Metrix as cited in press release, July 25, 2007; Instituto Nacional de Estadística, Geografía e Informática (INEGI), "Usuarios de Las Tecnologías de Información, 2001 a 2007," January 8, 2008; International Telecommunication Union (ITU), "World Telecommunication Indicators Database, September 2008

## Related Information and Links

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### Related Links

#### La Asociación Mexicana de Internet (AMIPCI)

<http://www.amipci.org.mx>

#### Comisión Federal de Telecomunicaciones (COFETEL)

<http://www.cft.gob.mx>

#### Instituto Nacional de Estadística, Geografía e Informática (INEGI)

<http://www.inegi.gob.mx>

#### Interactive Advertising Bureau México

<http://www.iabmexico.com>

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