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## MERCADO LIBRE INC. SWOT & PESTLE ANALYSIS

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**Company Name :** Mercado Libre Inc.

**Company Sector :** E-Commerce

**Operating Geography :** Argentina, South America, Global

**About the Company :** Mercado Libre Inc. is an Argentine firm based in Buenos Aires that provides online marketplaces for e-commerce and online auctions, such as mercadolibre.com. The business was formed in 1999. Marcos Galperin, the company's founder and CEO, founded the company while attending Stanford University. Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Mexico, Spain, Ecuador, Guatemala, Honduras, Peru, Panama, Uruguay, and Venezuela are among the countries where the corporation operates. The Market Place at Mercado Libre is a platform that connects buyers and sellers. Customers can either bid on items or pay a set price for those that are available. After payment, items are delivered, and users can leave feedback. Mercado Libre collaborates with 3,000 official merchants and brands. The firm is divided into five business units. The marketPlace is its platform for users to sell products, Mercado Pago is its digital payment platform, Mercado Publicado is Mercado Libre's advertising section, Mercado Shops is a tool aimed to improve the platform's overall ecosystem, and Mercado Crédito is the company's credit line. In Jan 2022, Mercado Libre announces investments in Mercado Bitcoin and Paxos, reinforcing its commitment to the development and use of crypto assets and blockchain technology in the hinterland.

Mercado Libre's unique selling point lies in it being Latin America's biggest e-commerce technology firm, serving millions of users and creating a market for a wide range of goods and services in a simple, safe, and effective manner. The mission statement of Mercado Libre reads, "Our mission is to democratize commerce".

**Revenue :**

USD 3,973.5 million - FY ending 31st December 2020 (y-o-y growth 73%)

USD 2,296.3 million - FY ending 31st December 2019

## SWOT Analysis :

The SWOT Analysis for Mercado Libre Inc. is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1.Well integrated ecosystem of online commerce</li> <li>2.Innovative consumer wallet transaction management</li> <li>3.Financial inclusion of underserved MSME segment</li> <li>4.Strong logistics capabilities for last mile delivery</li> </ul>	<ul style="list-style-type: none"> <li>1.Poor consumer grievance practice</li> <li>2.Lack of precision in financial reporting</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>1.Pandemic induced shift to online commerce</li> <li>2.Partnership with streaming services can help in increase of user base</li> </ul>	<ul style="list-style-type: none"> <li>1.Low entry barriers increase competition from new players</li> <li>2.Increased cost of Mercado Libre's services by internet providers</li> <li>3.Well established finance institution can easily substitute payment business</li> <li>4.Confidential customer data is highly vulnerable</li> <li>5.High inflation and unemployment in Brazil</li> </ul>

## PESTLE Analysis :

The PESTLE Analysis for Mercado Libre Inc. is given below:

Political	Economical
1.Highly dynamic policies in Latin America increase operational costs 2.Low growth due to lack of aid in Brazil and Argentina	1.High inflation in Latin America affects cash flow 2.Fluctuations in interest rates disrupts credit services
Social	Technological
1.Dynamic consumer fads make it difficult to manage inventory 2.Increased use of online platforms across emerging economies	1.Big Data analytics assists in better management 2.Increasing use of Artificial Intelligence (AI) in e-commerce
Legal	Environmental
1.IPR of third-party vendors, vulnerable to infringements 2.Compliance to Brazil's Data protection Law will increase operational costs	1.Use of sustainable bonds can offset impact from logistics

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