Chapter XII

Growth and Consolidation in the Spanish-Speaking E-Commerce Market

Roberto Vinaja, University of Texas-Pan American, USA

EXECUTIVE SUMMARY

This case aims to analyze, in some detail, the major challenges in the widespread adoption of electronic commerce in the Spanish-speaking population. The case also provides a general overview of related issues in global e-commerce, specifically: language, localization, currency, cultural difference, export controls, payment methods, taxation issues, consumer protection, and legal issues. The case includes a description of the strategies followed by companies entering the Latin American market in order to illustrate some of the major cross-border issues. The case clearly exemplifies how localization involves a considerable financial investment and commitment. The chapter illustrates that while Latin America initially attracted many investors by offering one of the world’s fastest growing online populations, the market was not large enough to accommodate all the new entrants.

Copyright © 2006, Idea Group Inc. Copying or distributing in print or electronic forms without written permission of Idea Group Inc. is prohibited.
A GROWING MARKET

Analyst studies in 1999 pictured Latin America as one of the world’s fastest growing online populations; Internet access was growing faster in Latin America than in other regions of the world (Vidueira, 1999). The number of new Web sites in Spanish was rapidly increasing. This explosive growth rate was attracting investors and newcomers into the online Spanish-speaking market (Vidueira, 1999).

All new entrants were looking after a share of the “potentially” huge Latin American market (Fattah, 2000b). Latin America seemed an attractive market with huge growth potential (Anonymous, 2000c). More and more U.S. e-tailers were offering Spanish versions of their own Web sites, while others were establishing alliances with companies with existing Web sites in Spanish in an effort to reach the online Spanish-speaking market.

Many U.S. companies, especially those run by U.S. Latinos, were targeting Spanish speakers. Forrester predicted the development of more ethnic portals from expatriates who retain ties to the motherland, Americans who opt out of using English as their primary language, and residents of emerging Internet markets (Mand, 1999).

Many U.S. e-tailers were realizing the revenue potential from Latin American markets (Slover, 2000). Many U.S. companies were implementing dynamic plans to direct their e-commerce efforts to reach Hispanic or Latin-American Internet users (Anonymous, 2000e; Oldham, 2000; Werner, 2000). 1-800-Flowers.com inaugurated a Spanish version of its site called 1800-LasFlores.com. Sears was also pursuing the Spanish-speaking community and opened its Spanish-language site in early 2000 (Rutledge, 2000).

According to eMarketer, the overall Internet Hispanic population is around 14 million, and almost half of those are Hispanics in the U.S. (Zoltak, 2000; Azios, 2000). StarMedia estimated the worldwide online Hispanic community at 20 million, about 5% of the overall potential market.

THE HISPANIC POPULATION IN THE U.S.

According to the 2000 census data, there were approximately 34 million Hispanics in the U.S. In addition:

- The Hispanic group was the fastest growing group in the U.S. growing at a yearly rate of 2%.
- The Hispanic population was expected to double by 2025 (Trujillo, 1998).
- Hispanics would become the largest minority in the U.S. by 2010.
- Hispanic youth would be the largest non-white population in the U.S. by 2025.
- In 1998, the Hispanic purchasing power within the United States was over $383 billion.
- There was a 50% gap in home computer ownership between the general population and middle-class Hispanics (Trujillo, 1998).
- 19.4% of Hispanic households owned a PC, compared to 40.8% of White households (Anonymous, 1998).
- 27% of Hispanics were planning to buy a computer in the short term.
- 20% of U.S. Hispanics had Internet access at work.
Related Content

Two-Dimensional Face Recognition Methods Comparing with a Riemannian Analysis of Iso-Geodesic Curves
www.igi-global.com/article/two-dimensional-face-recognition-methods-comparing-with-a-riemannian-analysis-of-iso-geodesic-curves/133381?camid=4v1a

M-Commerce Opportunities
www.igi-global.com/chapter/commerce-opportunities/12622?camid=4v1a

Exploring Decision Rules for Sellers in Business-to-Consumer (B2C) Internet Auctions
www.igi-global.com/chapter/exploring-decision-rules-sellers-business/28597?camid=4v1a

Generating Citizen Trust in E-Government Security: Challenging Perceptions
www.igi-global.com/article/generating-citizen-trust-government-security/1516?camid=4v1a