



# MEXICAN APPAREL INSIGHTS

Q1 2020

## Marketing Intelligence for the Mexican Retail Apparel Industry

### FEATURE ARTICLES

2019 Apparel Market

### OTHER

Updated Store Counts

Luxury Apparel Market

E-commerce Apparel Market

### UPDATES ON

Adolfo Dominguez

Carters Mexico

Grupo Axo

H&M Mexico

Inditex Mexico

La Comer

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Mercado Libre

El Palacio de Hierro

Soriana

Suburbia

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2019 Annual Apparel Retailer Share Data

## Mexican Retail Apparel Sales Increase 1.5% in 2019

Mexico's GDP contracted in 2019 for the first time since 2009. The Mexican GDP decreased by 0.1% in 2019 after increasing by 2.0% and 2.1% during the two previous years. Estimating the performance of the Mexican retail apparel market during 2019 was made difficult by the inconsistency of a number of metrics related to apparel. On the positive side:

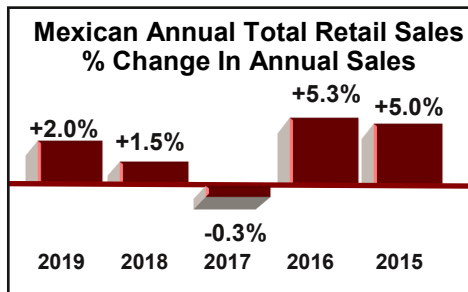
- Total Mexican retail sales increased 2.0%, the highest growth since 2016
- Retail sales in textile, apparel, jewelry and footwear stores increased 3.3% during 2019

On the negative side:

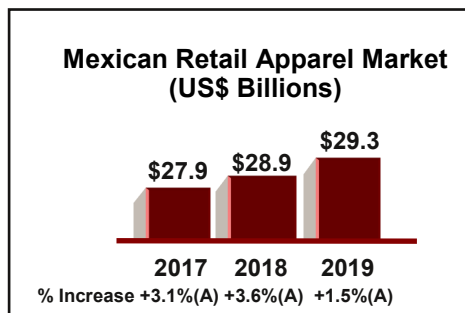
- Consumer credit grew by only 2.4% in 2019
- Comp sales of apparel/footwear according to ANTAD increased by only 1.2% in 2019
- Suburbia's comp store sales decreased 2.7% in 2019
- Walmart Mexico's comp store apparel sales decreased in three of the four quarters of 2019
- Apparel manufacturing decreased 4.7% in 2019

Using the above information and that from other sources, Trendex estimates that Mexican retail apparel sales increased by 1.5% in 2019. Sales of apparel totaled US\$29.3 billion. The growth rate in 2019 was the slowest since 2009. Sales of women's apparel increased by 0.7%, while men's and juvenile apparel sales increased by 2.0% and 2.2% respectively.

Trendex is estimating as of March 15, 2020 that Mexican retail apparel sales will decrease by 1.2%-1.8% in 2020.



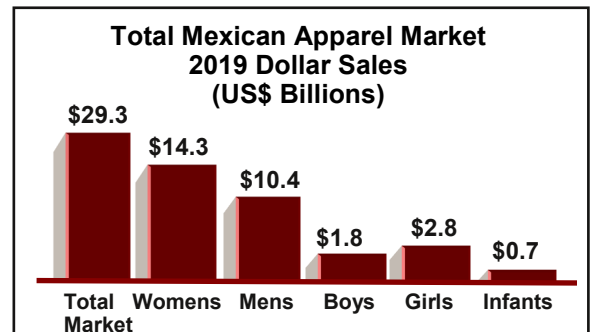
Source: Inegi



Source: Trendex

ANTAD 2019 % Change					
Store Type	TOTAL		Merchandise Type	TOTAL	
	COMP STORE	COMP STORE		COMP STORE	COMP STORE
Total Market	+7.7%	+3.4%	Total Market	+7.7%	+3.4%
Autoservicio	+6.6%	+3.5%	Supermarkets	+7.7%	+3.3%
Department	+7.4%	+4.5%	Apparel/Shoes	+8.2%	+1.2%
Specialty	+8.0%	+2.5%	General Merchandise	+7.4%	+4.5%

Source: Antad



Source: Trendex

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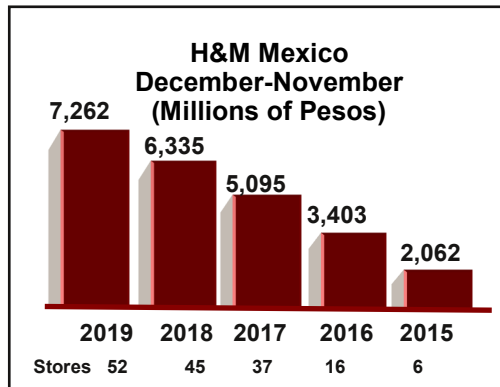
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## H&M Mexico Continues Its Expansion in 2019

H&M Mexico's sales during 2019 increased in local currency by 19%. A portion of the retailers sales growth was attributable to it adding 7 stores. H&M Mexico ended 2019 with 52 stores and sales of 7.262 million of pesos. The previous year H&M sales increased 24.3% as it added 8 stores. Mexico was by far H&M's largest Latin American market, even though it operates no COS stores in the country.

H&M Latin America Year Ending Nov. 30, 2019 (millions of pesos)				
MARKET	2019 Sales	2019/2018 <sup>(1)</sup>	Stores <sup>(2)</sup> 2019	Stores 2018
Mexico	7,262	+19%	52	45
Chile	3,614	+22%	15	13
Columbia	1,040	+33%	7	4
Peru	1,911	+18%	13	11
Uruguay	654	+442%	3	1

(1) Yearly increase based on local currency  
(2) Includes H&M and COS stores  
Source: H&M Annual 2019 Report



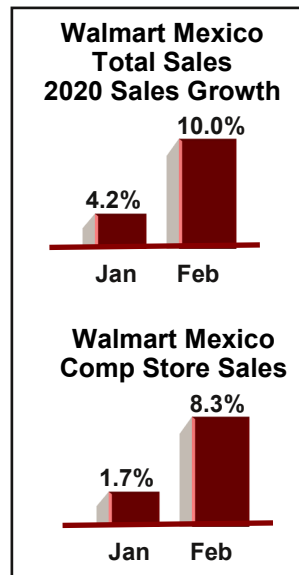
Source: H&M Annual Reports

## Early Hopeful Signs For Mexican Retailing And Then....

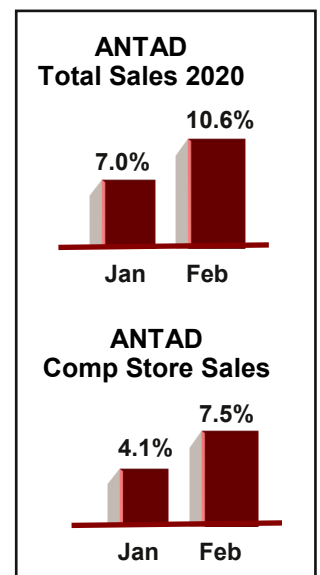
Mexico's economy during 2019 experienced its worst performance since Mexico's 2009 recession. The country's GDP contracted 0.1% last year, while on an annualized bases it fell by 0.5% in the fourth quarter of 2019. However, there were selective signs that the economy was improving at year's end as economic activity measured by IGAE increased 0.7% in December 2019.

Equally positive was the February 2020 report of ANTAD showing comp store sales increasing 7.5% up from 4.1% in the previous month. A similar pattern occurred for the sales result of Walmart Mexico whose comp store sales were up 8.3% in February following an increase of 1.7% in January 2020. Readers are to keep in mind that during the first two months of 2020 the Covid-19 virus had almost no effect on retail sales.

Two months don't make a trend but at least it was a positive early sign that retailing during 2020 might be stronger than a year earlier. However, all hopes for improved retail sales during 2020, were dashed when the effects on retailing of the COVID-19 virus began to be felt mid-March 2020.



Source: Walmex



## Coming July 2020! 2020 Mexican Apparel Yearbook

Additional information on ordering the report will be provided in the next issue.



## Mexican Apparel E-commerce Market: A Standout Segment

Detailed information on the Mexican apparel e-commerce market will be provided in the next issue. However a number of 2019 e-commerce metrics are already available:

Mercado Libre Mexico: Sales increased 86.3% in Q4 and by 152% to US\$275 million for all of 2019

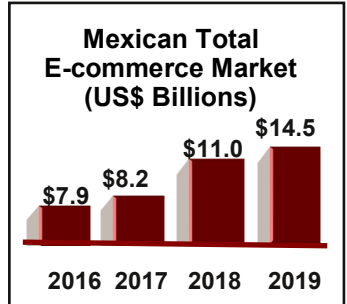
Liverpool: E-commerce sales increased 34% in Q4 2019 while traffic increased 46%. In 2019, e-commerce accounted for 9.3% of Liverpool's 2019 sales

Walmart Mexico: Its E-commerce sales increased 52% and accounted for 1.5% of the company's sales in 2019.

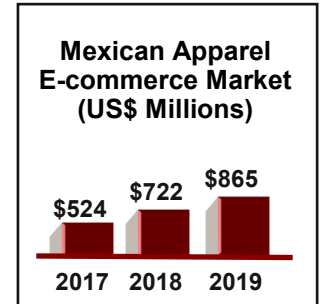
E-commerce increased in Mexico by 43.5% in 2019 according to Kantar Mexico. During the year, the five most purchased e-commerce categories were: Clothing 19%, Electronics 19%, Personal Care 8%, Footwear 16%, and Cell phones 9%. Amazon Mexico with a share of 7.8% was the country's largest e-commerce retailers.

Mexican e-commerce during 2019 got a big boost from the years El Blue Fin promotion, which occurred during the third week of November 2019. According to AMVO, sales increased 47%. The gain came on top of sales increases by 47% and 43% the two previous years. Over 60% of consumers made purchases online or combined online and in stores over the weekend. Over 43% of the consumers who participated in El Blue Fin made a fashion purchase, while 31% purchased an electronic item. The greatest number of visits during the event were made at Mercado Libre, Amazon, Walmart, Liverpool and Coppel.

Preliminary data indicated that apparel e-commerce during 2019 increased 12% to US\$865 million with the sales split almost equally between men's and women's apparel.



Source: Trendex



Source: Trendex

Amazon Mexico	\$1,130
Liverpool	\$390
Walmart Mexico	\$383
Apple	\$282
Home Depot Mexico	\$257

Source: ecommerceDB

## Suburbia's Results Disappoint In 2019

One of the most surprising developments in Mexican apparel retailing during 2019 was not the 9% increase in Suburbia's total sales but rather the 2.7% decrease in the retailer's comp sales. During 2019 Suburbia's comp store sales decreased in three out of four quarters with the largest decrease coming in the fourth quarter of 2019.

Suburbia's parent company's attributed Suburbia's woes in 2019 to:

- A lack of clothing inventory caused by an interruption in the flow of merchandise since implementation of a new technological platform in the third quarter
- Sales weakness in Mexico City
- Changes in the way the government's social program benefits are paid out resulting in greater spending in the informal market

Surprisingly no mention was made of Suburbia's e-commerce site launched a year earlier. It should be also noted that the growth in Suburbia's sales in 2019 probably came as a result of adding 26 new stores, and adding more general merchandise categories to its assortment (e.g. cell phones, video, small household appliance, etc.).

On a positive note Suburbia launched in Spring Q4 2020, its first new apparel private label in more than 20 years. (Really? Why so long?). Athletic apparel sales, according to Suburbia is growing at a rate exceeding 15%.

	2019	2018
Total Sales	+9.0%	+34.4%
Comp Sales	-2.7%	+10.7%

Source: Liverpool

	2019				2018	
	Q4	Q3	Q2	Q1	Q4	Q3
Liverpool	+4.4%	+0.4%	+7.1%	+4.9%	+6.4%	+6.3%
Suburbia	-6.6%	-5.9%	+5.9%	-0.5%	+6.6%	+11.5%

## Mexican Luxury Apparel Market Increases 3.6% In 2019

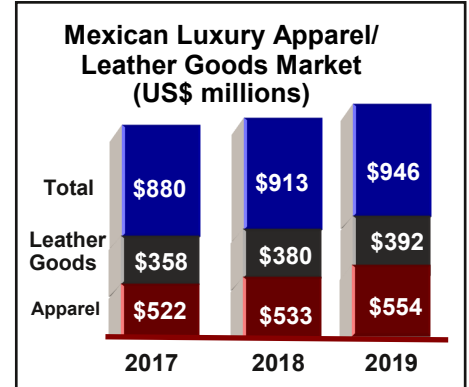
Growth in the Mexican luxury apparel market during 2019 was understandably slightly less than originally forecasted. Trendex estimates that in 2019 the Mexican luxury apparel market increased by 3.6% to US\$946 million. Trendex had originally forecasted that the 2019 luxury apparel segment would increase by 4.5%, however the relatively poor performance of Mexico's economy served as break on luxury apparel sales growth in the second half of 2019.

Trendex had originally forecasted that the 2020 Mexican luxury apparel market would increase 3.1%. Recently the forecast was lowered to 1.9% because of Covid-19 and at mid-year the forecast could be lowered again.

### Smart Phones And E-commerce

A feature that separates Mexican apparel e-commerce consumers from their Northern American counterparts is to the degree to which Mexicans use their phones for e-commerce shopping/purchasing. Part of the reasons for the Mexican usage patterns include:

- Access to the internet at home
- Computers in the home
- Young age of Mexican e-commerce customers



Source: Statista

### It Should Be Noted:

#### Luxury Retailing:

- Dior opened its first two stores last fall in the Art Pedregal Shopping Mall. The brand was sold, only in Palacio de Hierro stores
- Gucci in January 2020 opened its 16<sup>th</sup> store in Mexico
- Dolce & Gabbana's store in Santa Fe has begun offering a made to measure service. The measurements are sent to Padua Italy and then the product is sent back to Mexico in 7-9 weeks
- Beginning in the second half of 2019, Mexico City High Street rents began edging down as a result of slowing luxury sales

### Shoppers Who Bought An E-commerce Product With The Following July 2019

	Mexico	Brazil	USA	Canada
Mobile Wallet	41%	33%	22%	17%
Social Media	37%	33%	10%	9%
Messaging Apps	22%	25%	3%	4%
Avg. Shopping Apps	3	3	3	2

Source: Salesforce Research

## AVAILABLE NOW! 2019 Mexican Apparel E-commerce Report



Trendex is proud to announce that during August 2019 it published the first detailed report on the apparel e-commerce market in Mexico. The report includes information on the size of the market, along with insights as to the retail channels of distribution, individual retailers shares and apparel e-commerce merchandise category sales. Profiles of some of the major Mexican e-commerce apparel retailer's are included in the report, along with a forecast of the 2019-2022 Mexican apparel e-commerce market.

The cost of the Mexican Apparel E-commerce report (Which can be distributed to all interested parties within a company purchasing the report ) is only US\$95.00.

**Order from Trendex's secure site:**

<http://www.trendexna.com/order-form-mexican-ecommerce-report>

## Men's Underwear: A Unique Mexican Apparel Merchandise Category

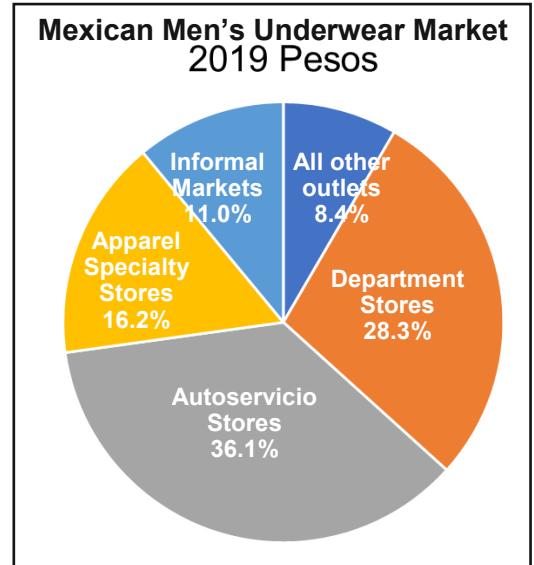
There are few Mexican apparel merchandise categories that have all the following characteristics:

- High retail concentration
- High brand concentration
- Disproportionate importance of American brands
- High consumer brand awareness

One of the categories is men's underwear, a market Trendex estimated totaled US\$410 million in 2019

Walmart and Suburbia were the largest retailers of men's underwear during 2019. Collectively the ten largest retailers accounted for 57% of 2019 men's underwear sales. All of the largest men's underwear retailers were either Department or Autoservicio retailers. The largest two men's underwear brands in 2019 were Fruit Of The Loom and Hanes. Together the five largest brands accounted for 48% of sales. Four of the largest brands were American owned. Fruit Of The Loom's dominance of the men's underwear market was due to its dominance in the Autoservicio channel.

Overall, the top five men's underwear brands with the exception of men's jeans had the greatest degree of unaided brand awareness of any men's merchandise category. Trendex attributed the fact to the significant amount of advertising for the brands along with their placement/shelf space in major mass retailers. Brands having the highest unaided awareness included Calvin Klein, PlayBoy, Fruit of the Loom and Zaga. Over the period 2017-2019 the unaided awareness of all of the major brands of men's underwear increased with Fruit Of The Loom registering the largest increase. Of interest however was that as the man becomes older, Calvin Klein's awareness decreases.



Source: Trendex Estimate

LARGEST RETAILERS		LARGEST BRANDS	
Walmart		Fruit of the Loom	
Suburbia		Hanes	
Soriana		Rinbros	
Bodega Aurrera		Playboy	
Coppel		Calvin Klein	
Liverpool			
Sears			
Chedraui			
Comercial Mexican			

Source: Trendex Estimate

Brand	2017	2018	2019
Calvin Klein	56.2%	57.5%	59.3%
Playboy	46.8%	50.5%	52.7%
Fruit of the Loom	41.6%	40.7%	47.2%
Zaga	39.1%	38.3%	41.9%
Hanes	33.1%	35.0%	35.6%
Rinbros	33.9%	35.4%	36.3%
Skiny	8.9%	10.0%	12.2%
Alfani	7.8%	10.2%	11.1%
Polo/Ralph Lauren	1.0%	2.5%	1.7%

Source: Trendex

Brand	Total	18-29	30-44	45 y mas
Calvin Klein	59.3%	69.6%	60.6%	50.1%
Playboy	52.7%	58.2%	54.0%	47.3%
Fruit of the Loom	47.2%	41.9%	51.8%	47.9%
Zaga	41.9%	35.2%	40.2%	48.4%
Hanes	35.6%	32.3%	37.0%	37.1%
Rinbros	36.3%	27.2%	34.7%	44.8%
Skiny	12.2%	14.7%	12.9%	9.5%
Alfani	11.1%	11.5%	11.8%	10.3%
Polo/Ralph Lauren	1.7%	2.3%	1.7%	1.1%



## Chedraui Mexico's Business Increases 7.7% In Q4 2019

Chedraui's Mexico total sales increased by 4.7% in Q4 2019. The growth was driven by a 2.1% increase in comp store sales and the addition of nine new stores during the year, which added 2.2% to the Mexican division's' total sales.

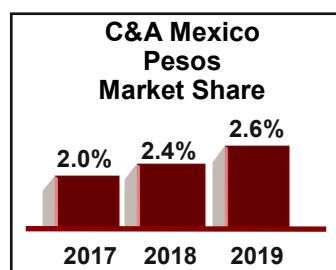
For all of 2019, Chedraui Mexico's total sales increased 7.7%. The retailers EBITDA increased 2.6% and accounted for 7.2% of sales.

Grupo Comercial Chedraui Mexico Only Year Ending Dec. 30, 2019		
	Q4 2019	2019
Total Sales	+4.7%	+7.7%
Comp Sales	+2.1%	N.A.
EBITDA Growth	+1.9%	+2.6%
Mexican Stores	306	306

## Mexico Has A New #3 Apparel Conglomerate

The two largest apparel retailing conglomerates in Mexico during 2019 were Inditex and Liverpool/Suburbia. However, in 2020 Grupo Axo will become the third largest apparel conglomerate as a result of its acquisition last July of Privalia Mexico and in February 2020 along with its acquisition of C&A Mexico. The latter acquisition alone will reportedly increase the Grupo Axo's sales by 20%. Trendex estimates that C&A had a 2.6% share of the 2019 Mexican apparel market. Privalia generates an estimated US\$104 million in annual sales and is considered one of Mexico's top online fashion destinations.

In 2019 Grupo Axo's sales increased almost 30%, while its net profit increased 25.3%.



Source: Trendex Estimate

Grupo Axo		
	Q4 2019	2019
Net Sales	+26.1%	+29.9%
Gross Profit	+18.0%	+23.4%
Net Profit	+23.3%	+25.3%

## Adolpho Dominquez Q3 2019

Adolpho Dominquez Mexico reported a 5% increase in its total sales in the nine months ending November 30, 2019. The Spanish based fashion brand reported a 7.1% increase in its comp sales. At the end of its third quarter of 2019 the brand had 131 points of sales, four more than a year earlier.



Adolpho Dominquez Mexico 9 Month's ending November 30 Retail Outlets / Point Of Sale			
	2017	2018	2019
Own Stores	5	5	3
Franchise Stores	52	51	57
Shop In Shops	84	71	74
<b>TOTAL</b>	<b>141</b>	<b>127</b>	<b>131</b>

## Grupo Axo Retailers As Of December 31, 2019

Lifestyle	Chaps, Bass, Guess, Hollister, Calvin Klein, Abercrombie & Fitch, Express, Loft, Rapsody, Izod, Brooks Brothers
Intimates	Warners, Victoria's Secret, Calvin Klein
Luxury	Kate Spade, Coach, Brunello Cuainelli
Athletic	Speedo, Nike, Tru Kids, TAF, Laces
Off-Price	Promoda, Urban Store, Rewind, Reduced
Digital Off-Price	Privalia

Source: Grupo Axo

## 2019 Mexico Retail Apparel Market: The Winners And Losers

Apparel market share data for 2019 for both channels of distribution and individual retailers will be published in the coming month by Trendex. However, in the interim based on their actual sales data, it would be safe to conclude the following channels/retailers gained or lost apparel share in 2019

Channels of Distribution			
GAINED		LOST	NO CHANGE
Department Stores		Autoservicio	Sporting Goods
Apparel Specialty Stores			
Informal Markets			
E-commerce <sup>(1)</sup>			
Retailers			
GAINED		LOST	NO CHANGE
Amazon	Inditex	Walmart	Coppel
C&A	Liverpool	Chedraui	Soriana
H&M	Suburbia		
Palacio	Mercado Libre		

(1) Amazon, Mercado Libre, etc.

MEXICAN RETAILERS SALES PERFORMANCE				
	Q4 2019		Annual 2019	
	Total Sales	Comp Store Sales	Total Sales	Comp Store Sales
Carters Mexico	N.A.	N.A.	+0.6%	N.A.
Chedraui Mexico	+4.7%	+2.1%	N.A.	N.A.
El Palacio de Hierro	+2.6%	N.A.	+5.3%	+5.0%
Grupo Axo	+26.1%	N.A.	+29.9%	N.A.
H&M Mexico	N.A.	+4.4%	+19.0%	N.A.
Liverpool	+4.2%	+6.6%	+5.3%	+4.3%
La Comer	+13.4%	+6.6%	+12.9%	+6.5%
Suburbia	+12.2%	+1.7%	+9.0%	-2.7%
Soriana	+2.3%	+3.9%	+1.5%	N.A.
Walmex Mexico	+5.3%	N.A.	+5.7%	+4.4%

## El Palacio de Hierro Increases Its Dominance Of Luxury Apparel

The Iron Palace or as it is better known, El Palacio de Hierro is not standing pat as the country's premier luxury apparel retailer as it reported sales of 35,610 million pesos a 5.3% increase over the previous years sales. Nevertheless the retailer's net income decreased 10%. During 2019 the retailer invested US\$143 million in the remodeling of its stores in Santa Fe and Perisur. Additionally, the retailer opened a new store in Veracruz and signed agreements with international apparel companies including Off White, Robert Lee Morris and Dolce & Gabbana, to name only a few. All of these initiatives should result in the retailer increasing its share of the Mexican luxury apparel market.

Grupo Palacio de Hierro 2019 Quarterly Sales				
	Q4	Q3	Q2	Q1
Sales	+5.3%	+2.5%	+5.4%	-37.8%
Gross Income	+72.1%	-10.4%	+4.2%	-42.8%
Net Income	+225.4%	-8.3%	+3.7%	-71.6%
EBIDA Growth	+98.1%	-14.6%	+19.3%	-57.2%
Grupo Palacio de Hierro Annual Sales				
	2019	2018	2017	
Sales Increase	+2.6%	+6.7%	+4.3%	
Gross Income	-7.4%	+12.7%	+8.2%	
Net Income	-10.0%	+72.9%	+90.7%	
EBIDA Growth	-1.4%	+53.3%	+3.6%	

## Inditex: Mexico's Largest Apparel Retailer

Inditex the world's largest apparel retailer reported that its 2019 total sales increased 8% to US\$31 billion, while its comparable sales were up 6.5%. Its online sales increased 23% and accounted for 14% of sales. In 2019 the retail giant was selling in 202 markets through 7,469 stores.

In Mexico during 2019 Inditex's total sales increased by 9.4% to 36,980 million pesos according to Trendex's preliminary estimate. A portion of the company's growth last year was due to its adding 35 stores (not including Zara Home). The retailer ended the year with 408 apparel stores in Mexico. In terms of stores, Mexico was the fourth most important market world-wide for Inditex for years end.

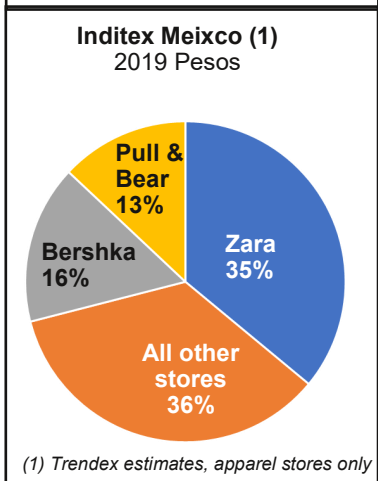
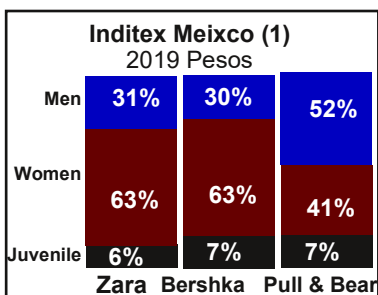
Inditex which entered Mexico in 1992 with the opening of its first Zara store in Mexico City on Calle Madero, operates 91 Zara, 79 Bershka and 71 Pull & Bear stores. Trendex estimates that Zara, the company's star performer, accounted for 35% of Inditex Mexico's apparel sales during 2019, while Bershka and Pull & Bear accounted for 16% and 13% respectively. Women's apparel in Mexico accounted for almost two-thirds of the sales of both Zara and Bershka in 2019 while Pull & Bear sales were almost equal divided between the genders.

During the first quarter of last year, Uterque launched an e-commerce site, meaning that each of Inditex Mexico's apparel banners now have their own e-commerce site.

## Walmex's Apparel Sales Underperforms In 2019

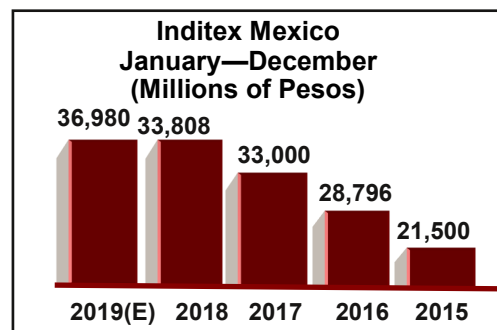
Walmart Mexico, during Q4 2019 continued to report strong sales growth as its total sales increased 5.3%, while its comp store sales were up 3.4%. For the year, Walmart Mexico's total sales increased 5.7%. Part of the retailer's growth was due to its adding 134 stores in 2019, its largest store expansion in six years. Another part of its sales growth was attributable to the 47% increase in its Q4 2019 e-commerce sales.

The disconcerting news for Walmart Mexico was that its apparel comp store sales decreased an estimated 4.2% in its Q4 2019. It was the third quarterly decrease during 2019 in its comp store apparel sales. The company attributed the poor performance of its apparel department to operational difficulties associated with its apparel importing program at the outset of 2019. The difficulties Walmex reported resulted in a need to accelerate the execution of apparel markdowns to maintain acceptable inventory levels.

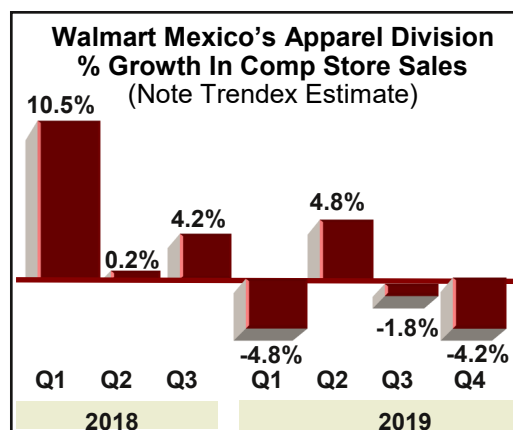


	2019	2018	2017	2016
Zara	91	83	83	79
Bershka	79	73	71	64
Pull & Bear	71	66	66	51
Oysho	56	51	51	46
Stradovarius	52	46	40	36
Massimi Dulti	43	38	38	37
Uterque	16	14	14	12
<b>TOTAL</b>	<b>408</b>	<b>373</b>	<b>363</b>	<b>325</b>

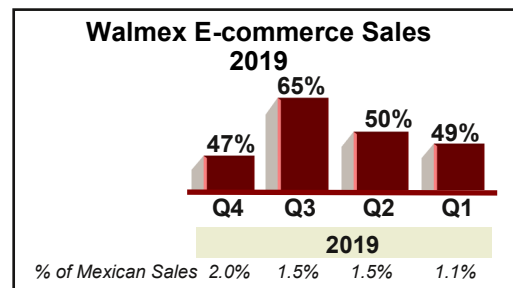
Source: Inditex



Source: Company Reports / Trendex estimate



Source: Walmart Quarterly Report/ NO Q4 2018 Info

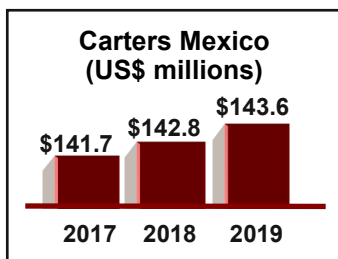


Source: Walmex



## Carters Mexico

Carters, which acquired its Mexican franchise in 2018 reported that its annual sales in Mexico including both retail and wholesale increased by 0.6% to US\$143.6 million. Carters launched an e-commerce site in Q4 2019. During 2019 the retailer added 4 new larger format co-branded stores and ended the year with 46 stores.

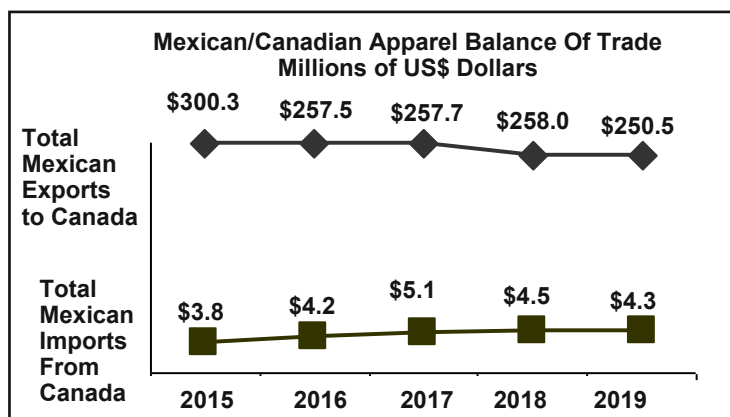


Source: Carters 10K

## Mexico Exports To Canada

Mexico in 2019 was the fifth largest destination for all Canadian exports. However, Canada's total exports to Mexico fell 10.9%. Last year, Mexico was the third largest importer to Canada. Imports from Mexico increased by only 0.3%.

According to the Canadian government, Mexico was in 2019 the ninth largest exporter of apparel to Canada. Mexican apparel exports to Canada in 2019 totaled US\$250.5 million, a currency adjusted decrease of 3.0% from 2018. Canada's apparel exports in 2019 to Mexico were US\$4.3 million, a decrease of 3.5% from 2018. Mexico was the 16<sup>th</sup> largest destination for Canadian apparel exports in 2019.



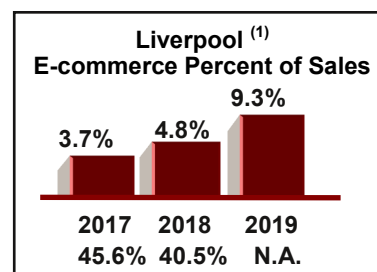
Source: Industry Canada/ Trendex

## Liverpool, Slowest Comp Growth Since 2009

The country's second largest individual retailer of apparel, Liverpool, reported that its same store sales increased 4.4% in the fourth quarter and by 4.3% for all of 2019. The annual growth in Liverpool's comp sales was its smallest growth rate since 2009. It attributed its pool sales increase to "difficult economic conditions" that existed in the second half of 2019.

If there were any bright spots for the retailer, they were its new gift registry which reported a 54% sales increase for 2019 and its e-commerce sales which increased 34% in the fourth quarter of 2019. During all of 2019, e-commerce traffic increased 46%. Liverpool Pocket registered an increase of more than 80% in downloads during the year and became the most effective means of contact with customers in terms of visits and omni-channel activity. E-commerce accounted for 9.3% of Liverpool's sales an increase from the 4.8% a year earlier. Reflecting the progress Liverpool is making with its omni-channel initiatives, an impressive 93% of e-commerce orders were filled from the stores themselves. Liverpool indicated that its e-commerce customer spends 3 times more in a year than its non e-commerce customer.

	2019	2018
Total Sales	+5.3%	+7.7%
Comp Sales	+4.3%	+6.5%



(1) Excludes Suburbia

	Card Holders (millions)	% of 2019 Total Sales
Liverpool	4.8	45.7%
Suburbia	0.7	21.2%

(1) Dec, 30, 2019

## Mexico's Answer To Poshmark?

Mexico would seem to have its own home-grown version of the Real Real and Poshmark. The retailer's name is Troquer and in mid-March 2020 it was awarded Best Fashion/Beauty e-commerce retailer by AMVO. The retailer started in 2014, is a platform for buying and selling vintage items including luxury apparel brands such as Valentino, Burberry, Fendi, Prada and Christian Louboutin. In total the company has 4,000 brands in inventory but 20 brands account for 80% of its sales.

The site's pre-owned products sell at up to a 90% discount, although the average discount is 42%. The site will not accept counterfeit items. The minimum consignment is 3 months and after 6 months the items not sold are returned. This is a Mexican apparel retailer that is obviously gaining market share.

## Le Comer Strong Sales Growth In 2019

La Comer Group reported strong results for both Q4 2019 and for all of 2019. The retailer who operates La Comer, Sumesa, City Market and Fresko outlets, recorded for all of 2019 a 12.9% increase in total sales, along with a 6.5% increase in comp sales.

A portion of the retailer's total sales growth was due to the addition of 6 stores during 2019. The company ended the year with 71 stores.

La Comer		
	2019	2018
Total Sales	+13.4%	+12.9%
Comp Sales	+6.6%	+6.5%
EBITDA	+29.9%	+12.9%

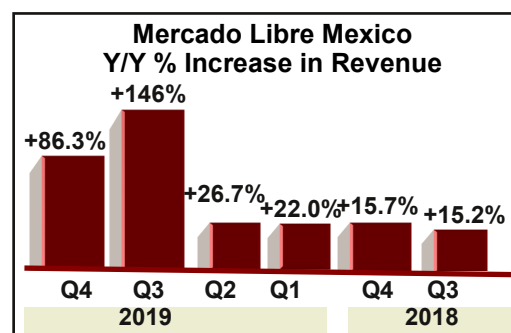
## Mercado Libre Mexico Is Leaving Its Competitors In The Dust

Mercado Libre Mexico, which in 2019 accounted for 12% of its Argentina's parent company's total sales, reported that sales in Mexico during 2019 increased 152% to US\$275.1 million. Its total sales in the 4<sup>th</sup> quarter increased 86.3% after increasing 146% the previous quarter. The Mexican e-commerce retailer's Mexican growth in Q4 2019 was due to:

- An 80% (y/y) increase in listings, which resulted in improvements in product assortment
- Improved fulfillment operations that continued to scale resulting in improved delivery times
- Aggressive marketing investments
- Opening 9 new service centres
- Launching first trust with Goldman Saks for merchant credit loans
- Adding 150 new official retail accounts including Compuprice, CV Directo and Greenlander

While both Liverpool and Walmart had double digit increases in their 2019 e-commerce sales both retailers last year lost share of the Mexican e-commerce market to Mercado Libre.

Mercado Libre Mexico (US\$ millions)				
	2019	2018	2017	2019/2018
Enhanced Marketplace	\$207.5	\$73.7	\$29.9	+181.4%
Non Marketplace	\$67.6	\$35.3	\$21.4	+91.2%
Total	\$275.1	\$109.1	\$51.3	+152.2%



Source: Mercado Libre



## Mexican Store Counts (December 31, 2019)

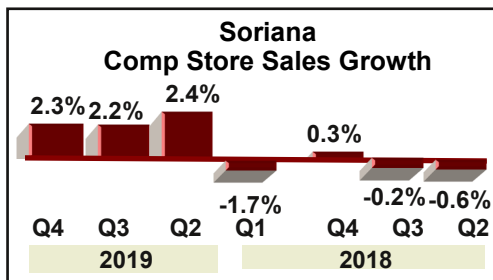
DEPARTMENT STORES		DISCOUNT/AUTOSERVICO STORES		APPAREL SPECIALTY CHAINS	
Liverpool	123	Walmart Supercenter	280	Abercrombie & Fitch	22
Palacio de Hierro	14	Bodega Aurrera	541	Baby Creysi	30
Sears	97	Bodega Express	1099	Bershka	79
Suburbia	157	Mi Bodigas	395	Brooks Brothers	17
		Superamas	93	Calvin Klein	45
				C&A	79
				Carters	46
				Chicos <sup>(1)</sup>	70
				Coach	10
				Designual	13
				Express	8
				Forever 21	32
				Guess	51
				H&M	42
				High Life	12
				Hollister	4
				Kate Spade	7
				Lululemon	4
				Old Navy	25
				Oysho	56
				Mango	28
				Massimo Dutti	43
				Michael Kors	11
				Loft	5
				Pull & Bear	71
				Rhapsody	16
				Saks Fifth Ave	2
				Shasa	60
				Stradivarius	52
				Tommy Hilfiger	57
				Uterque	15
				Victoria's Secret	20
				Zara	91

(1) Franchise locations  
Source: Company Websites/Grupo Axa

## Soriana Yet Another Disappointing Year

It is somewhat surprising that in spite of all the proactive initiatives, Soriana undertook in 2019 to increase its sales and profitability how little in fact both metrics actually improved. During 2019, Soriana's total sales only increased by 1.5% while its net income fell 11.9%. Preliminary information would indicate the retailers apparel sales growth during 2019 was negligible.

Organizacion Soriana Year Ending Dec. 30		
	2019	2018
Total Sales	+1.5%	-0.1%
Comp Sales	N.A.	+0.1%
EBITDA	+13.7%	-10.8%
Net Income	-11.9%	-17.0%



Source: Soriana

## It Should Be Noted:

**Designual**, which operates 13 retail outlets in Mexico will be opening an additional stores in Paseo Interlomas this year. The retailer, at the end of 2019, launched a Mexican e-commerce site and currently operates shop-in-shops in El Palacio de Hierro.

**WHP Global** is expanding the distribution of Anne Klein in Mexico as a result of a long-term licensing agreement with IBO Licensing. IBY expects to launch its first line of Anne Klein apparel in better retail outlets during Fall 2020 and open its own retail stores by fall 2021.

**Lululemon**, which operated 491 world-wide stores had 4 franchise locations in Mexico as of February 2, 2020.