

Mercado Libre, Amazon of South America, announces leadership transition

E-commerce giant handled 1.8 billion orders in 2024

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Friday, May 23, 2025



A Mercado Libre van makes deliveries in Mexico City on Dec. 28, 2024. (Photo: Shutterstock/Octavio Hoyos)

The founder and CEO of Mercado Libre, an online marketplace often described as the Amazon of South America, has decided to call it quits after 26 years.

In a [letter to employees publicly released late Wednesday](#), Marcos Galperin said he will hand over his position to Ariel Szarfsztejn, the current president of commerce, on Jan. 1 and take on the role of executive chairman.

Galperin said he will remain closely involved at Meli ([NASDAQ: MELI](#)), the company's shorthand name, focusing on strategy, product development, culture, capital allocation, special projects and how to apply artificial intelligence to the business.

Szarfsztejn joined Latin America's dominant e-commerce platform in 2017 and led development of the company's logistics network throughout the region. For the past three years he has led the consumer-facing marketplace. Previously, he held executive positions in the hotel industry, and also worked at The Boston Consulting Group and Goldman Sachs.

"This is a generational change, and I know that Ari, along with the talented team that has supported me, has everything it needs to ensure Meli continues to grow strongly in the coming decades,

continuing our mission to democratize e-commerce and financial services in the region,” Galperin wrote.

“I’m proud to have created Meli, written its business plan in college, hired a formidable team – many of whom remain with me to this day – and, together with them and many others who joined, grown this company, achieved profitability, IPO’d on the Nasdaq, added millions of users, launched new products, adapted to technological changes, built and developed the largest technology team in Latin America, the largest e-commerce logistics network, became the company with the highest market valuation in the region, and, above all . . . helping hundreds of millions of people live better lives,” he said in the letter.

Mercado Libre started as an online auction website where individuals traded used items among themselves and it took six years for it to break even. It originally employed drop shipping using the major carriers in Latin America and today has more than 25 fulfillment centers across the region, hundreds of service centers, the largest fleet of electric vehicles in Latin America, conventional-fuel trucks and vans, and [six Boeing 737-800 converted freighter aircraft operated by Brazilian airline Gol](#). The online retailer has invested heavily in technology, including developing its own warehouse management and transportation management systems.

Galperin said now is a good time for a leadership transition because Mercado Libre has a strong financial and market position.

Mercado Libre’s net revenue in 2024 increased 38% year over year to \$21 billion, contributing to operating income of \$2.6 billion and margin of 12.7%. The total value of merchandise sold in 2024 reached \$51.5 billion, up 15% YoY.

The company said it surpassed 100 million annual unique buyers on the marketplace for the first time, with a 24% in buyers compared to 2023, demonstrating higher engagement and shopping frequency as a result of continuous investment in the user interface, assortment and logistics.

Mercado Libre has the largest logistics infrastructure in Latin America, which has enabled it to offer fast-shipping throughout the region.

During the year, Mercado Libre opened 10 new fulfillment centers, invested \$500 million for capital expenditures in logistics and expanded its free shipping offering. It handled 1.8 billion items, with 49% of deliveries completed the same day or next day, which is considered a strong performance level for a region where transportation infrastructure is not fully developed. Seventy percent of orders are delivered within 48 hours. The increased scale of the logistics network has improved delivery efficiency, according to the company. While delivery speed is a priority, Mercado Libre is also making its network more flexible so it can offer slower, more economical, options.

In a company podcast in March, CFO Martin de los Santos said Mercado Libre will continue to invest at a similar pace and expects to open several fulfillment centers in Brazil. The e-tailer will also add warehouses in Mexico, where its infrastructure is operating almost at full capacity, to keep up with the 30% year-over-year growth of gross merchandise value.

The momentum continued in the first quarter, with sales up 37% to \$5.9 billion versus the same period last year and operating income up 45% to \$763 million.

E-commerce represents 15% of total retail sales in Latin America, compared to about 16% in the United States. Third-party forecasts point to the market growing by 54%, from \$151 billion in 2023, to

\$232 billion by 2028. With less than 5% share of the total retail market, Mercado Libre officials say they see plenty of runway to grow.