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GREATEST COMPANIES · RESEARCH SHEET · The Ecosystem Moat

Mercado Libre

The Free Market That Built Its Own Roads

NASDAQ: MELI · E-Commerce / Fintech · Founded 1999 · Montevideo, Uruguay

Public · v1.0 · July 2026

In the spring of 1999, a Stanford business student named Marcos Galperin gave a billionaire investor a ride to the airport, and deliberately missed the exit to buy himself twenty more minutes to pitch a Latin American version of eBay. That drive helped secure the seed funding, and in August 1999 Mercado Libre launched from a garage in Buenos Aires. The premise looked simple, clone eBay for a continent of five hundred million people just coming online, but the simplicity concealed a problem so large it would either sink the company or become the source of its greatest strength: Latin America lacked the credit cards, logistics networks and trust that online commerce depends on. Mercado Libre treated the missing infrastructure not as an obstacle but as the work itself.

Key Facts

Founder	Marcos Galperin, with co-founders Hernán Kazah and Stelleo Tolda
Sector	E-commerce and fintech across 18 Latin American countries
Moat	A self-built ecosystem of payments, logistics and credit that a rival must replicate whole
Payments Arm	Mercado Pago (2003) — digital wallets, credit, savings, the first real bank for millions
Logistics Arm	Mercado Envíos — a warehouse and shipping network built where none existed
Survival Lifeline	eBay bought a ~19.5% stake in 2001, helping it survive the dot-com bust that killed 80+ rivals
Status	Public (NASDAQ: MELI)

By the Numbers

FY2025 revenue reached approximately $28.9 billion

Q1 2026 revenue grew roughly 49% year-over-year to about $8.8 billion

Became the most valuable company in Latin America during the 2020 pandemic e-commerce surge

More than 80 regional e-commerce competitors failed in the dot-com bust; Mercado Libre survived

Went public on the Nasdaq in 2007 at $18 a share

By 2026 worth roughly $85–93 billion, off its prior >$100 billion highs

The Moat

It Became the Rails, Not a Tenant on Them

An online marketplace requires a way to pay, a way to deliver, and trust between strangers, none of which existed at scale in early-2000s Latin America. A lesser company would have treated these as reasons the business could not work. Mercado Libre treated them as the work itself, building Mercado Pago to solve payments, Mercado Envíos to solve delivery, and layering credit, advertising and a marketplace around them. It did not sit on existing infrastructure; it became the infrastructure. That is extraordinarily hard to dislodge: a competitor cannot win by launching a nicer-looking marketplace, because it would still have to solve payments, logistics, credit and trust across a dozen countries, the very things that took Mercado Libre twenty years and billions of dollars to build. The pieces reinforce one another, the marketplace generates payment volume, which builds the fintech business, which funds credit, which makes buyers shop more, which feeds logistics, which makes the marketplace better, a flywheel no single-product rival can match.

The Dot-Com Bust That Cleared the Field

Surviving What Killed Eighty Rivals

Mercado Libre launched at the height of the dot-com mania and was barely a year old when the bubble burst in 2000 and 2001. The collapse was lethal in Latin American e-commerce, where, by some accounts, more than eighty competitors had sprung up to chase the same opportunity, all now starved of the easy capital that had funded the frenzy; one after another, they died. Mercado Libre very nearly joined them. What saved it was disciplined cash management, founder conviction, and a pivotal stroke: in 2001, eBay, the very company Mercado Libre had been built to imitate, bought roughly a fifth of the business, bringing capital when capital was scarce, lending credibility, and providing access to eBay's operational playbook. Mercado Libre emerged from the bust as the last marketplace standing in much of the region, with a decade of growth ahead before it would face a serious challenger again.

> ***“ The company which lives through the collapse, when the weak are washed away, often emerges into a landscape it suddenly owns. ”***

The Legendary Scorecard

Category	Score	Notes
Founder Vision	9	Saw that the region's missing infrastructure was the opportunity, not the obstacle
Innovation	9	Built payments, logistics and credit from scratch where none existed
Execution	9	Survived the dot-com bust and out-built every rival over two decades
Moat	8	A deep ecosystem flywheel, though under assault from the world's biggest companies
Capital Allocation	8	Relentless reinvestment into infrastructure; margin pressure is the deliberate cost

Wealth Creation	**9**	One of the great emerging-market compounders since the 2007 IPO
Durability	**7**	Resilient, but exposed to currency, political and credit risk inherent to the region
Historical Importance	**8**	Brought e-commerce and financial inclusion to a continent
Overall Legendary	**8.0 / 10**	**A great infrastructure builder and emerging-market champion, with real macro risk**

Scores are an editorial verdict on the standard eight-category Greatest Companies scale. The overall is a judgment, not a weighted average.

Timeline

1999	Marcos Galperin founds Mercado Libre in a Buenos Aires garage, backed by ~$7.6M in seed capital
2000	The company expands across the region just as the dot-com bubble bursts
2001	eBay buys a ~19.5% stake, providing capital and credibility that help it survive
2003	Mercado Pago launches to solve the region's low credit-card penetration
2007	Mercado Libre goes public on the Nasdaq at $18 a share
2010s	Mercado Envíos logistics and the fintech ecosystem (credit, advertising) expand
2020	Becomes the most valuable company in Latin America during the pandemic e-commerce surge
2025	Revenue reaches ~$28.9 billion as it fends off Amazon and other rivals

Lessons — What This Means for You

THE MOVE · Missing infrastructure is the opportunity, not the obstacle

Mercado Libre's rivals saw the absence of payments and logistics as a reason to stay out. Mercado Libre saw it as the thing to build, and in building it created a moat far wider than any marketplace alone could ever have. Look hard at what is broken or missing in a market, because the company willing to do the hard, expensive, unglamorous work of fixing it captures a position that those who merely skim the surface never can.

THE MONEY · A great business and a great stock are not the same thing

Mercado Libre has grown its fundamentals relentlessly, revenue up 40-50% a year even at enormous scale, and yet its share price has put investors through gut-wrenching drawdowns, swinging far more violently than the steady business beneath it. Emerging-market exposure amplifies every swing, and holding a genuine compounder through such volatility requires conviction strong enough to survive the moments when the price insists you are wrong.

THE MIND · Seize the opening, then do the long, unglamorous work

Galperin engineered the moment that secured his seed funding, missing an airport exit to extend a pitch rather than let the chance slip. But the harder part came after: committing to a decades-long project of building infrastructure in a region everyone else considered too difficult, and holding that conviction through a collapse that destroyed nearly all their peers. Great enterprises are built less on a novel idea, this one was copied by dozens, than on the patience and nerve to do the long, hard work the idea actually requires.

Related Reading

The global giant whose full entry it has so far held off: Amazon: The 94% Crash and the Cost of Being Right

Another commerce platform built to enable rather than herd merchants: Shopify: Arming the Rebels

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Sources & Further Reading

Mercado Libre, Inc. annual reports and SEC filings

Contemporary reporting on Latin American e-commerce and fintech (2020–2025)

Greatest Companies (Mercado Libre chapter), The Complete Trader's Edge

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