

# THE WORLD'S FAST-GROWING ECOMMERCE MARKET:

INTERVIEWS & INSIGHTS WITH RETAILERS IN LATIN AMERICA, PART ONE

June 2021

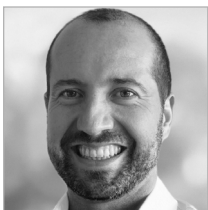


While 2020 will go down in history as one of the most tumultuous years, it will also be remembered as the year when Latin America became the world's fastest-growing regional retail ecommerce market for the first time since we began covering it in 2009. In the first of a two-part series, we worked with digital commerce platform VTEX to curate this collection of interviews among regional executives to highlight how the pandemic accelerated their rapid embrace of ecommerce, what trends lie ahead, and why this matters to global business leaders.

# MEET THE LEADERS



**Rodrigo Gouveia**, CEO, Inter Marketplace, Banco Inter. In this role, Gouveia is tasked with running the company's marketplace as part of the bank's broader push to become a super app and one-stop shop for consumers in Brazil. Gouveia has more than two decades of communications, product, and marketing experience—spanning the finance, fintech, automotive, telecom, CPG, and retail industries—at companies such as Facebook, VMLY&R, SapientNitro, among others. [Page 4](#)



**Camilo Reina Ramírez**, vice president, marketing and innovation, Grupo Éxito. Reina Ramírez is tasked with overseeing the company's marketing, ecommerce, and customer experience initiatives. With more than a decade and a half of marketing experience, Reina Ramírez has held positions at companies such as El Tiempo, Copa Airlines, and Google in addition to serving as a former member of the board of the Colombian Chamber of Ecommerce (CCCE). [Page 6](#)



**Raquel Garduño Arroyo**, director of marketing and ecommerce, Clôe. Garduño Arroyo has more than a decade of experience in helping brands position themselves in their target markets through online and offline campaigns. In her current role, Garduño Arroyo leads Clôe's digital transformation efforts, optimizes the company's digital marketplace strategies, and is working on expanding its presence into new foreign markets. [Page 8](#)



**Guido Shama**, head of ecommerce, Samsung Argentina. Since starting at Samsung, Shama has helped amplify the company's digital sales by leading its direct-to-consumer (D2C) roadmap, implementing Samsung Argentina's omnichannel strategies to create a seamless customer experience, and overseeing wide scope projects to leverage retail profitability and logistical efficiency. [Page 12](#)



**Andrés Fuse**, general manager, Autogermana, the official importer of BMW Group in Colombia. Fuse's nearly two decades of working with BMW have provided him with extensive experience in managing the automotive business from both a commercial and post-sales perspective—aspects which are important in developing new business, fostering customer loyalty, and maintaining market share. [Page 14](#)

## INTERVIEW METHODOLOGY:

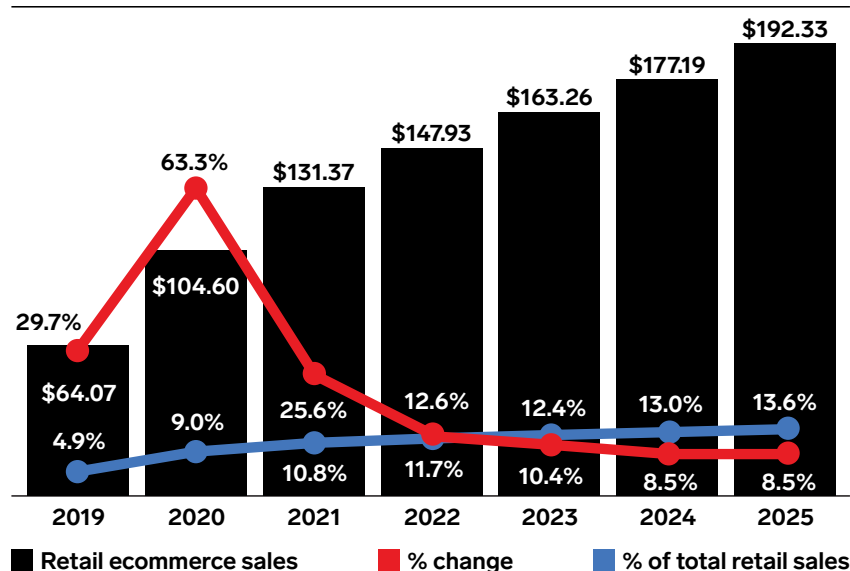
The people we interviewed for this eMarketer Roundup were selected by VTEX, among its client base, because their expertise helps to clarify, illustrate, or elaborate on the data and assertions pertaining to Latin America's retail ecommerce ecosystem.

# OVERVIEW

It has been more than a year since the coronavirus first reached the shores of Latin America. Despite the glimmer of hope offered by the slow, but steady, vaccination rollout, the pandemic continues to upend the lives of millions of consumers and businesses in a region that is no stranger to turbulent market activity. Amid an uncertain future, one thing is certain: The pandemic has left its indelible mark on Latin American society—forever changing the way people view and interact with the world around them, both online and off.

## Retail Ecommerce Sales in Latin America, 2019-2025

billions, % change, and % of total retail sales



Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales

Source: eMarketer, May 2021

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Widespread economic volatility and local currency devaluations spurred on by the coronavirus during 2020 greatly affected several countries in Latin America. The pandemic and subsequent government-mandated lockdowns touched every industry, and the region's retail industry was no exception.

The implications of the pandemic signal a watershed moment for ecommerce to flourish in Latin America. Retailers that did not value the importance of ecommerce quickly found it to be their only saving grace from financial ruin. Conversely, consumers who were once skeptical of making a digital purchase are now experiencing the inherent advantages of buying something with the click of a button.

Despite Latin America's precarious economic situation, retail ecommerce sales had strong year-over-year growth well before the pandemic. Nevertheless, the coronavirus accelerated consumers' rapid pivot to ecommerce. This shift in the near term is sure to influence spending habits in the long term.

According to our May 2021 forecast, regional retail ecommerce sales grew 63.3% in 2020. That is five times greater than the 12.5% growth we estimated in our Q4 2019 forecast—and more than triple the 19.4% growth in our May 2020 update.

This impressive growth also made Latin America the fastest-growing regional retail ecommerce market for the first time since we began covering the region in 2009. It is also the first time since 2010 that Asia-Pacific will no longer hold its historical No. 1 position.

Given ecommerce's rapid acceleration, we forecast that regional sales surpassed the \$100 billion mark for the first time in 2020. This was three years earlier than we presumed in our pre-pandemic estimates in Q4 2019. Consumers' growing adoption of online shopping will also help to increase ecommerce's share of total retail sales. We expect this share to more than double from 4.9% in 2019 to 10.8% in 2021.

# BANCO INTER'S RODRIGO GOUVEIA, CEO, INTER MARKETPLACE

April 21, 2021



**In more developed markets around the world, consumers are able to gain access to financial institutions with relative ease. But in Brazil—like elsewhere in Latin America—many consumers continue to be excluded from its formal banking sector.**

Being unbanked—or underbanked—has long been one of the primary barriers to broader consumer adoption of ecommerce in Brazil. Fintechs have a unique opportunity to grow market share by increasing their financial inclusion efforts. Doing so will not only benefit the longtime growth of the industry but will also help propel ecommerce.

We spoke with Gouveia to hear his thoughts on how fintech companies, like Banco Inter, are working to help close the divide between banked and unbanked consumers and democratize access to the digital economy for all.

**How are fintech companies working to help close the divide between banked and unbanked consumers and democratize access to the digital economy in Brazil?**

Many consumers from Brazil's lower socioeconomic classes do not have access to or cannot afford traditional banking services. The rise of fintech companies has helped revolutionize Brazil's banking sector over the past six years by offering unbanked, or underbanked, consumers the ability to access financial services, all from within a single mobile app.

Everyone needs a bank, but we believe that consumers should not have to pay for a checking account. In order to attract new clients, our strategy has centered on offering one of Brazil's first 100% free-of-charge digital checking accounts. This means that we do not charge any annuity to cardholders, nor do we charge fees for ATM withdrawals or wire transfers. In doing so, consumers can now be treated equally and purchase both financial and nonfinancial products.

We currently have more than 10 million clients and are opening approximately 38,000 new bank accounts every day. This is a truly remarkable social accomplishment that Banco Inter has done. And with our digital marketplace, we are quickly becoming a one-stop-shop for consumers.

**What made Banco Inter decide to expand into the world of ecommerce? What opportunities are you observing within the Brazilian market?**

No other institution knows more about their clients than banks do. We know who they are, what they spend, how they consume—everything. So, the next logical step for us was to leverage our audience as a marketplace. In our view, companies that can provide people with broader and more transparent access to credit and financial services—all while understanding the entire consumer lifecycle—will be the biggest winners of ecommerce.

We first started by competing with Google and Facebook, as an advertising environment, where retailers could come in, reach an interesting audience, and segment said audience. In exchange, they would not just get a lead but a completed purchase.

Financially speaking, that is the opportunity we see for ecommerce—for us as a company and for our customer base. Since our audience is what attracts retailers to our marketplace, it is only fair that we share part of our profits with them in the form of cashback.

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**The democratization of the digital economy and transparency are key to us.**



## How has that strategy of cash back helped differentiate Banco Inter within Brazil's ecommerce ecosystem?

The notion of cash back is very popular in the US, but it took a while to catch on in Brazil. At the end of the day, it's money in your pocket. Rather than receiving a credit, or points, our clients can quickly redeem their cash back directly into their checking account.

The democratization of the digital economy and transparency are key to us, and we want to reward our customers for their loyalty. If clients see that a company is on their side, they will be more inclined to do business with them.

## Throughout the pandemic, consumers have had a higher tendency to pay for digital purchases using a debit card versus a credit card. Is this something you have observed as well?

Yes. Purchases made with debit cards have been increasing a lot. In fact, almost 45% of all transactions on our marketplace were paid for using a checking account. This trend can be explained by the fact that a lot of our account holders have a debit card but not necessarily a credit card.

Though, we do run promotions from time to time where we double our customers' credit card limits if they have shown progress in managing their finances. We also have offered these credit allowances to our clients who shop within our digital marketplace. Since we know who our clients are and which financial products they have, this makes it easier for us to extend credit to them.

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**Want to hear more from Banco Inter's Gouveia?**  
[Listen to our podcast interview.](#)

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## Payment Methods Used by Internet Users in Brazil to Pay for Their Purchases\*, June 2020

% of respondents

	Used to use	Use	Intend to use
Cash	75%	46%	60%
Debit card	62%	54%	59%
Credit card	55%	43%	50%
Credit card digitally (website & app)	42%	48%	46%
Wire transfer	42%	46%	42%
Cash deposit	33%	22%	29%
Digital wallet (PayPal, PicPay, Pagueseguro, etc.)	30%	33%	36%
Proximity card	20%	21%	31%
QR code	11%	14%	17%

Note: ages 16+; \*digital and in-store

Source: Opinion Box, "Impacto nos hábitos de compra e consumo: Novos dados sobre o isolamento, as apostas dos consumidores em relação às tendências que vieram para ficar e dados inéditos sobre meios de pagamento, 12ª edição," June 16, 2020

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# GRUPO ÉXITO'S CAMILO REINA RAMÍREZ, VICE PRESIDENT, MARKETING AND INNOVATION

April 20, 2021



**The onset of the coronavirus pandemic forced consumers to prioritize essential items. This rapidly accelerated the development of Colombia's already promising online grocery market, helping top providers reach user bases and sales totals that otherwise would have taken several years to attain.**

During a chat with Reina Ramírez, we got his take on how digital grocery ecommerce in Colombia has evolved, the importance of mobile devices, and which marketing channels have proven most successful for Grupo Éxito.

**How did Grupo Éxito respond to the rapid pivot to ecommerce amid physical store closures and government-mandated stay-at-home orders?**

When the pandemic first arrived in Colombia, people feared there would be a scarcity of essential products such as toilet paper and basic food supplies. As a food company, we made every effort to ensure that our supply chains were working and that products were available to consumers, both in-store and online.

Once people realized that food supplies were not going to be scarce, we started to observe staggering ecommerce growth at levels unlike anything we have seen before. The average shopping cart pretty much doubled in a relatively short span of time.

Like many other companies, this caught us off guard at first, but we were able to ramp up our technology, resources, and processes in short order to meet the growing demands of our ecommerce operation. We made a lot of mistakes at first but tried to correct them as quickly as possible. We learned a lot from them and continue to improve ourselves as our online grocery business grows.

**What role have mobile devices played in online grocery's growth in Colombia?**

In Colombia, many people skipped right over desktop ownership and began accessing the internet directly from their mobile devices. Similar trends forced us to put a lot of effort into our mobile apps and mobile ecommerce websites.

A year before the pandemic hit, we relaunched our mobile apps to improve the online grocery experience for our customers. As traffic to our digital properties surged, we were able to collect a lot of data. This data was paramount in being able to better understand our users and leverage these insights to improve upon the overall customer experience.

**Research indicates that grocery shopping will become a hybrid experience of digital and in-store shopping among consumers in Latin America. How is Grupo Éxito thinking through its omnichannel strategy from an operational standpoint?**

Customers today are increasingly more omnichannel, be it online or offline—the two are not mutually exclusive. People want to receive their orders fast, and we are dedicating a lot of resources to our last-mile efforts. We are also putting a lot of effort into building out our click-and-collect operations.

Throughout the pandemic, we were able to reconfigure over 400 stores to have click-and-collect spaces, either in the parking lot or in a dedicated area of the store for those without parking. Click-and-collect continues to see impressive growth, and we expect this trend to remain.

**Are there any channels that resonate well for Grupo Éxito's marketing efforts?**

Grupo Éxito and its brands have been around for many different generations in Colombia. Carulla is 116 years old, and Éxito is 72 years old. As such, our marketing efforts have evolved just like our customers.

We align with most of the marketing trends seen throughout different countries in Latin America like Chile, Argentina, or even Brazil. Search is one of the main drivers of traffic to our website. Display helps give us a sizable digital footprint and drive traffic, but the conversion rates are significantly lower than search. Colombia is also home to an active base of social media users, and we are working with our partners at Facebook and Instagram to grow our reach.

Relational marketing is another tactic that has yielded positive results for us. Emails, text messages, and telephone calls resonate very well with customers. When we do call them, clients receive a short, prerecorded message. We try to be strategic with our telephone outreach and have found that phone calls, with relevant messages, during specific moments in time, perform best.

### **Click-and-collect continues to see impressive growth, and we expect this trend to remain.**

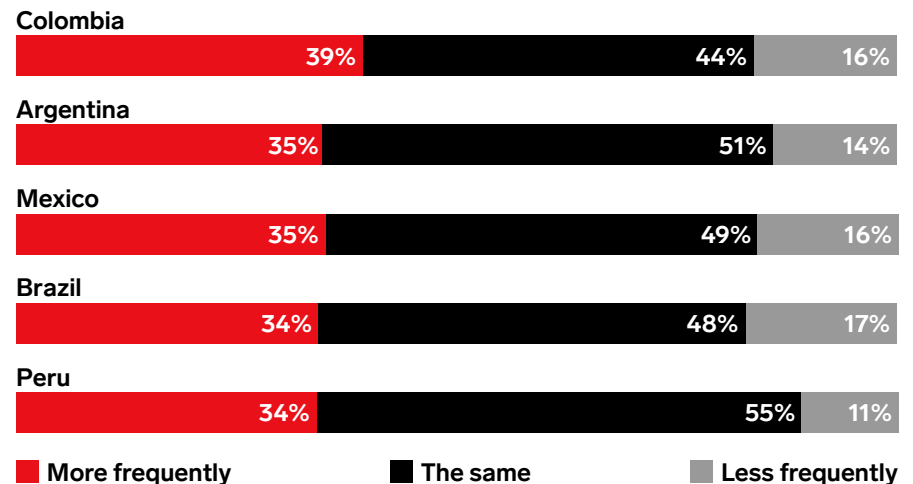
#### **Speaking of marketing and brand purpose, what is Grupo Éxito's commitment to sustainability in Colombia?**

Customers in Colombia look forward to engaging with brands and companies that are both responsible and sustainable. We have spearheaded several initiatives at Grupo Éxito that show our commitment to sustainability.

For example, we monitor the land where our suppliers keep their cattle, measure the amount of deforestation they make, and help reforest different areas to mitigate our carbon footprint. Additionally, we have solar panels that help power the majority of our recently opened stores. Grupo Éxito is also committed to supporting the local economy: 93% of the produce we purchase comes directly from local suppliers in Colombia.

### **Frequency with Which Internet Users in Select Countries in Latin America Will Make Digital Grocery Purchases in Light of the Coronavirus Pandemic, March 2020**

*% of respondents in each group*



*Note: ages 18+; numbers may not add up to 100% due to rounding*

*Source: DDB Argentina, DDB Colombia, DDB México, and DDB Latina, "Los latinoamericanos en tiempos de Coronavirus," June 12, 2020*

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# CLÔE'S RAQUEL GARDUÑO ARROYO, DIRECTOR, MARKETING AND ECOMMERCE

April 23, 2021



**Consumers' increased time spent on key social media platforms like Facebook and Instagram, coupled with their use of social media to seek out new products and brands, has continued to attract retailers' attention. In Mexico, the pandemic-driven ecommerce boom will further accelerate the growth of social commerce. The market is poised for future growth as key social commerce**

**platforms advance their shopping and checkout capabilities.**

In a conversation with Garduño Arroyo, we discussed how Clôe has prioritized social media as part of its broader ecommerce strategy, some best practices for those companies looking to enter the world of social commerce, and the importance of participating in key online shopping days like the Hot Sale.

**How has Clôe leveraged social media channels to reach potential customers, and what do its plans look like in the coming months?**

Social media has been an incredibly important tool for us and represents roughly 15% of our total ecommerce channel sales. During the pandemic, we quickly realized that Clôe was not just a fashion company but also a social media content creator.

As such, we continue to scale our social media efforts by producing relevant content for our loyal customer base. This includes content around new trends, tutorials on Instagram TV, or inviting an influencer to talk about fashion tips. Rather than serving consumers content with a hard sales pitch, we prefer to take a more organic approach to connect with customers on a more meaningful level.

**Are there any platforms that have had more success than others?**

Each social media platform has its own purpose and unique audience. Although we have a lot of competition on WhatsApp, the platform has been hugely successful in scaling our social commerce business and getting in touch quickly with consumers. We have also had great success with Instagram and Facebook. Our Instagram strategy has primarily consisted of posting more lifestyle-focused content, while Facebook is used more as a conversion platform.

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**Social media has been an incredibly important tool for us and represents roughly 15% of our total ecommerce channel sales.**

**Part of Clôe's ecommerce success has been attributed to its use of AI and data. How has Clôe managed to take advantage of the data and time that people spend browsing social networks to better tailor its offers to consumers and increase user traffic to its website?**

AI has been an excellent tool to personalize the user experience. Based on a person's past purchase history, we can suggest new products that they may be interested in. However, relevancy is key if you want to convert someone [into a paying customer].

For example, influencers and lifestyle videos help drive a lot of user traffic for us, but content that may pique the interest of a 28-year-old woman will greatly differ from what would likely convert a 55-year-old woman. Through AI, we can personalize our content, grab their attention, and seamlessly serve up the relevant products they are looking for.



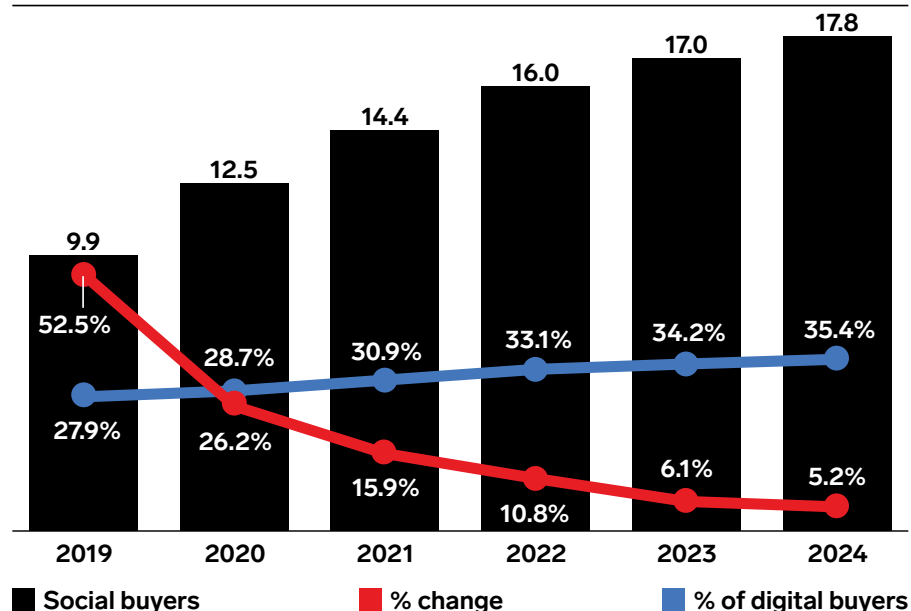
## What would you recommend to companies looking to get into the world of social commerce?

I have **FIVE TIPS** for those who want to enter the world of social commerce:

1. **Plan an omnichannel strategy.** For consumers, the brand is the brand. It does not matter whether they are engaging with you on your social media channels, your website, or in your physical stores. You must ensure that they have the best user experience possible across all touchpoints.
2. **Be relevant to your customer.** People are bombarded with a ton of content from many different channels the minute they go online. Therefore, companies need to stand out and give consumers added value if they want to be relevant. Consumer interactions also need to feel genuine and organic, rather than salesy in nature.
3. **Get to know your customers.** You cannot sell anything if you do not know who your target audience is. Take advantage of the online data you have collected and leverage it to personalize their experience.
4. **Build long-term relationships with your customers and suppliers.** Companies should be very clear in their communications to consumers if they want to build a long-term relationship with them. For example, if you promise to deliver your customer's order within 24 hours, you owe it to them to do just that. If there are any unforeseen issues or delays, you need to be proactive and promptly reach out to them to rectify the situation.
5. **Never be afraid to fail.** Change is a constant on digital channels. You must always be willing to try new things and see what works best. Sometimes, you will fail; other times, you will succeed.

## Social Buyers and Penetration in Mexico, 2019-2024

millions, % change, and % of digital buyers



*Note: ages 14+; social network users who have made at least one purchase via any social channel (such as Facebook Marketplace, Instagram Checkout, WeChat Mini Programs, Line Shopping, VK Market, and others), including links and transactions on the platform itself, during the calendar year; includes online, mobile and tablet purchases*  
 Source: eMarketer, May 2021

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**Want to hear more from Clōe's Garduño Arroyo?**  
[Listen to our podcast interview.](#)

# LATIN AMERICA'S DIGITAL COMMERCE, A ROCKET READY TO TAKE-OFF

This article was contributed and sponsored by **VTEX**.



**Julia Miozzo,**  
Senior Digital Editor, VTEX

**The ecommerce market in Latin America has been experiencing what we call a disruption: businesses are getting more and more into the digital world and presenting astonishing numbers, showing how much opportunity there is in the region. This is mainly a reflection of new shopping habits that consumers adopted during the COVID-19 health crisis, but to say that there was no space for it to happen before the pandemic is not correct.**

In fact, Latin America is the land of opportunity in this sense. The region has a huge digital debt in comparison to other countries and regions, and businesses that realized this and took the chance to become digital have grown a lot in the last year.

“The way to compete is to create a real omnichannel strategy based on different systems, points of sale, operations, equipment, and more,” says Yuriko Huayana, country manager for VTEX Perú, a country whose ecommerce growth is expected to be around 126% in 2024.



**Yuriko Huayana,**  
Country Manager, VTEX Perú

Many companies in Latin America are taking this exact approach. To meet an increasing demand from consumers, mass consumption businesses from Latin America are also becoming D2C businesses, Huayana says. They're opening direct relationships with their consumers and forgetting the bias of sticking only to sales channels. It is a win-win for both parties: while consumers have their needs and wishes served, businesses get to reach newer clients and keep up with industry trends.

The **expected** number of online consumers in Latin America by 2024 is 351 million, against the 267 million registered in 2020. This is a number that grows along with the space for new businesses and initiatives.

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**Latin American companies who took their businesses to the digital world have seen exponential growth in the last year.**

“In Latin America, the traditional channel weighs 70% of the country's revenue, meaning that there's a huge banking opportunity. Although we already have electronic wallets racing for space, there is still a great need to evangelize all consumers on how this is the future of payments,” Huayana says. “Pushing for digitization in the banking sector is a way to make consumers more digital and, therefore, to reinvent the whole industry.”

The truth is, the Latin American market holds a promising future, full of space and opportunities for various industries and markets in the digital world. Keep an eye out on this market: the expected growth for ecommerce and digitization is already becoming a reality.

There's magic in the air.  
Or maybe it's just business  
and tech getting along.

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business and technology, linking  
the different parts of your  
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# SAMSUNG ARGENTINA'S GUIDO SHAMA, HEAD OF ECOMMERCE

April 19, 2021



**The D2C model has been making waves over the past few years, as a greater emphasis has been placed on owned and operated online channels. In 2020, this model became even more attractive as brands and retailers faced disrupted supply chains, delayed orders, and store closures.**

During our interview, Shama spoke about how Samsung is looking for new ways to take more control over its consumer experience from the first discovery of a product to its final delivery.

**With triple-digit growth of 231.4%, consumer electronics were one of the fastest-growing product categories in Argentina during 2020. In your opinion, how did Argentina's politics and economics affect this impressive growth?**

Argentina's political and economic situation is very complex. The government placed tighter controls on foreign currency buying, and people are only able to purchase a maximum of \$200 for their savings per month. This low cap gave rise to the informal dollar, known as the "blue dollar."

Because of this volatility and growing economic uncertainty, people quickly turned to ecommerce to acquire products since they did not know how much things were going to cost later on. The government also funded a program called "Ahora 18" ["Now 18," in English], which allowed consumers to finance purchases for up to 18 months, interest free.

In our line of business, TVs, refrigerators, washing machines, and cell phones are all dollar-based products [with prices subject to change, pending fluctuations in the exchange rate]. Now, with the Ahora 18 program, consumers can pay for them, interest free, in Argentine pesos. In fact, purchasing consumer electronic products was also one of the best ways for consumers to buy dollars last year.

Overall, given that consumers could not travel and were forced to stay indoors due to the lockdowns, many opted to spend a greater part of their income on consumer electronics. People figured, "If I am going to spend the next few months in my home, I want to be as comfortable as possible."

**The emergence of companies selling directly to consumers online has been a big story for some time. What are some of the inherent advantages Samsung has found in selling directly to consumers as opposed to doing so on marketplaces?**

The direct relationship with our customers is key and allows us to take greater control over the customer experience. It also enables us to connect the online and offline aspects of the shopping experience—which is something that marketplaces in Latin America do not have [a physical, in-store presence].

Any brand or retailer's future success with a D2C model will ultimately hinge on their ability to provide consumers with a particular value-added service platform that can help differentiate them from marketplaces.

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**We invested in developing a chatbot that is now capable of solving between 70% to 80% of our customers' requests.**

**Speaking of the omnichannel experience, what role do Samsung's physical stores now play?**

Competition today is fierce, and consumers have more choices than ever before. Being able to provide a deeper and meaningful omnichannel experience will be crucial in staving off competition from other players in this space.

Since last year, Samsung has been pushing its omnichannel platform. This has allowed us to connect to our more than 50 stores nationwide and offer more inventory. Now that we are fully integrated with each of these stores, we have been able to reduce our delivery lead times from five business days to two. In the case of in-store pickups, [mobile phone] orders can be picked up the same business day.

We are also working on shipping products directly from our physical stores and turning them into mini logistics hubs. This will help reduce delivery times and allow consumers to receive their products the same day they order them.

Consumers should feel assured that the return process will be as smooth as the initial sales process. If they buy a product from us online but want to return it offline, they are able to do so without any problem. The full omnichannel experience should be absolutely seamless.

#### What technology investments has Samsung Argentina made to scale the growth of its ecommerce business?

We have invested heavily in our customer service operations to keep up with the growing volume of [support] requests. Prior to the pandemic, we usually had about 2.5 interactions with consumers per sale; during the pandemic, this number shot up to an average of 8 interactions per sale as anxious consumers reached out to us with a wide variety of questions ranging from the status of their deliveries to issues like border closures between Argentina's provinces.

Since hiring people was neither easy nor affordable, we invested in developing a chatbot that is now capable of solving between 70% to 80% of our customers' requests. This kind of automation was incredibly useful in scaling our contact center services and ecommerce business.

Conversational commerce will definitely be an important trend this year where we will be able to seamlessly blend customer services and sales assistance as part of one holistic user experience.

### Top 10 Fastest-Growing B2C Ecommerce Categories in Argentina, 2020

% change vs. prior year

1. Food, beverages, and cleaning products	260.0%
2. Materials and tools for construction	252.0%
3. Electronic equipment/accessories, IT, and telephone devices	231.4%
4. Home products (furniture, decoration)	205.9%
5. Office supplies	185.4%
6. Apparel (excluding sportswear)	160.8%
7. Appliances	154.4%
8. Sports	144.4%
9. Cosmetics and perfume	120.8%
10. Items for children	119.2%
<b>Total</b>	<b>124.5%</b>

Note: total B2C ecommerce sales=ARS839.20 billion; includes VAT

Source: Cámara Argentina de Comercio Electrónico (CACE), "Estudio Anual Comercio Electrónico 2020" conducted by Kantar TNS, Feb 24, 2021

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# AUTOGERMANA'S ANDRÉS FUSE, GENERAL MANAGER

May 11, 2021



**The automotive industry has been slower to shift to digital because of the way in which people shop for cars—in person. But as in other sectors, the pandemic spurred greater consumer interest in ecommerce in the auto industry.**

Fuse spoke to us about how players like Autogermana, the official importer of BMW Group in Colombia, are looking to adapt and

embrace digital sales tactics in response to growing consumer demand for online options.

## **How has the pandemic affected the luxury car market and luxury car buyers in Colombia?**

Prior to the pandemic, we were growing at a rate of 20% to 25%. Once the pandemic hit, our sales suffered quite a lot during Q2 2020 and Q3 2020 mainly because our dealerships were closed. In terms of buyers, people were not thinking about buying a car. They wanted to see how the pandemic would play out and how long it would take for things to go back to “normal.”

Despite this, auto sales started to pick back up in Q3 2020 at a much faster pace than we had expected. Even after wrapping up the first quarter of this year [Q1 2021], we are now in a quite different [positive] situation than anyone could have imagined one year ago.

## **Were there any unique drivers for people wanting to take an interest in buying a car or upgrading their current one?**

Contrary to what one may think, people's desire to stop using mass transportation and buy their own vehicle was not the main driver of new car sales. In the luxury segment, a different phenomenon was going on where consumers were willing to let themselves enjoy life a bit more than before.

Another driver had to do with the fact that there was part of the buyer population who were not affected [economically] by the pandemic.

At the end of the day, these consumers ended up having a bit more savings in their bank accounts and thought, “I didn't go on vacation with my family, so why not use this extra money to invest in a new car?” This was and continues to be a big driver of people to our [physical] showrooms and ecommerce site.

## **What is the current state of auto ecommerce, and how has it changed over the years?**

The auto industry's development of ecommerce has lagged compared to retail stores, technology items, or grocery stores. In our case, the industry is quite analog. People still want to go to a showroom, sit in the car, test drive the car, and have a look at the entirety of the car as opposed to only looking at it in a picture. In that sense, this was a big barrier we have had to overcome to accelerate the development of auto ecommerce.

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## **More than 80% of consumers' research is done through the internet and is a key part of their decision-making process.**

The pandemic forced the auto industry to embrace ecommerce at a faster pace than before. Although we had started to digitally transform our business prior, it really sped up the process. We have also been trying to improve bringing cars to life for consumers when they look online, in addition to sending live pictures or even bringing the car to their homes for a test drive.

## What does the consumer shopping journey look like, particularly from the research and post-purchase phase?

The car purchase process has changed significantly over the past few years. In the past, consumers had to visit multiple showrooms from different brands to gather research on each of the cars they were interested in. Nowadays, more than 80% of consumers' research is done through the internet and is a key part of their decision-making process.

This has also changed the dynamics of our dealerships. Beforehand, knowledge about each car was held by the dealership and sales representative, forcing consumers to come into the showrooms to learn more about each car, its benefits, etc. Since consumers are completing this part of the process online, they now come to the dealership to look for answers that they could not find on the internet.

In that sense, it is more challenging because the consumer is more informed than before. Therefore, our sales staff needs to be more knowledgeable about each car's features and the benefits they can provide for the customer [when trying to seal the deal].

## Would you say then that search engines form a big part of your digital strategy?

Search engines are extremely important for us—I would say even more so than other industries. While Facebook and Instagram perform well for certain industries, online searches are the most effective in getting prospects in the door, be it via our website or in person at the showroom.

## Regarding mobile devices, what does that shopping journey look like, particularly as more consumers become comfortable making purchases this way?

The industry at large is going mobile. However, the luxury segment is a bit different from the mainstream [auto] market. Mobile devices are more prominent among younger generations, while our customers skew older and favor desktop computers, where they have a bigger screen to get a better look at the cars they are interested in.

However, we are moving toward this trend of mobile-first in the near term where we plan to have all our platforms developed with a mobile-first experience in mind. We are currently in the middle of our strategic exercise for the next few years, and one of the pillars is mobile development—not just for our customers but also internally.

## Coronavirus Impact: Total Automotive Sales Worldwide, 2019 & 2020 millions and % change

	2019	2020	% change
Asia-Pacific	13.4	11.8	-12%
China	24.5	21.0	-14%
Europe, Middle East and Africa	20.6	17.8	-13%
Latin America	4.5	3.8	-16%
North America	18.7	15.4	-18%
<b>Total</b>	<b>81.6</b>	<b>69.8</b>	<b>-14%</b>

Source: Canalys as cited in company blog, April 23, 2020

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