

Abstract for the 13th INSME Annual Meeting

Session III

The Sharing Economy and Disruptive Business Models

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How can large CPG Companies increase sales by supporting Mom and Pop Shops in Latin America?

The Mom and Pop Shops were not perceived as efficient and robust enough to withstand the competition from giants. If modern retail formats have inevitably made inroads in the region, the more than 10 million Latin American small retailers have been remarkably resilient and continue representing a significant share of retail sales. Today traditional trade still accounts for at least 40% of retail sales in every country in the region and holds dominant positions in some categories of the market. According to McKinsey, this preferential position in the Latin American retail market shouldn't be weakened any time in the foreseeable future, especially in the semi urban and rural areas.

Several factors explain the resiliency of mom and pop shops in Latin America. First, their location in the same neighborhood as their target consumers is a big asset. Second, the small scale of mom and pops allows them to have an exceptional geographical coverage, reaching consumers in poor, isolated and sparsely populated areas. Third, shop owners often have social or family ties with their customers as they usually live in the same neighborhood. Finally, mom and pop shops single unit and small packaging products match with the preferences and needs of their customers with limited budgets and storage space.

Engaging with traditional trade in Latin America is not a "nice to have" but a business imperative. Elfid Torres will present key recommendations to help consumer-goods companies outmanoeuvre competition and grow sales in the challenging Latin American retail market. 1) Develop sophisticated segmenting , and 2) Invest in Power Partnerships with distributors.