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**BODY:**

Marcia Regina da Cruz, a 40-year-old janitor and mother of three, decided to splurge.

Ms. da Cruz, who lives in Sao Vicente, a coastal town an hour's bus ride from Sao Paulo, made a purchase in September equal to one-fifth of her monthly salary. She bought three irons -- one for herself and two as gifts for her mother and sister -- for 72 reals, or just over \$32.

"It was a big purchase," she said. "I normally couldn't pay for it."

She could, though, because of a new policy at CompreBem, a supermarket chain owned by Grupo Pao de Acucar, Brazil's biggest retailer. The plan allows her to pay for the purchase in 10 interest-free monthly installments of about \$3.20 a month.

Big retailers in Brazil are lowering the bar for what they will sell on credit. Though the country's shops and department stores have long sold big-ticket items on installment plans, Brazilian and multinational retailers, like Wal-Mart Stores and Carrefour of France, have begun offering purchase plans with monthly payments that come to no more than one or two reals -- about 45 to 90 cents.

The shift is an effort by retailers here to squeeze more spending from the big, but cash-short, bottom of the consumer base in Brazil, South America's biggest economy. Amid a tepid recovery that has yet to blossom into strong, sustained growth in retail demand, vendors are going to new lengths to help low-income Brazilians pay for everything from their weekly rice and beans to inexpensive items like clothes, radios, blenders and other goods. The installments are interest-free until a payment is missed, and then interest of at least 3 percent a month is charged.

"Retailers are trying to wring the very last bit of disposable income from consumers who would like to buy more, but often can't," says Paulo Francini, an economist at the Federation of Industries of the State of Sao Paulo, an influential business organization.

Low-income consumers -- defined roughly as those earning less than 1,000 reais, or \$445, a month -- make up nearly half Brazil's population, according to government figures. A recent study by Target Marketing, a consultant group based in Sao Paulo, found those Brazilians accounted for only 11 percent of all consumer spending, representing annual purchasing power of nearly \$54 billion.

Manufacturers in recent years have developed new products to better tap that market, introducing low-cost versions of coffees, shampoos, even washing machines. When the Swiss food giant Nestle discovered recently that some Brazilians give condensed milk as a present -- a can retails for 2.30 reais, or \$1.02 -- the company developed a gift-wrapped version of the product.

"It's not about reaching a new part of the market," said Ivan Zurita, chief executive of Nestle's Brazilian operations. "It is the market."

Brazil's erratic economic history made it a long slog for retailers to reach this market. Expensive credit -- Brazil still boasts the highest real interest rates in the world -- kept most low-income consumers from seeking loans. And years of runaway inflation meant stores were able to offer few affordable payment plans.

But economic changes in the last decade helped curb inflation and laid the groundwork for what many economists believe is a nascent period of prolonged, if modest, growth. After years of stagnation, Brazil's gross domestic product in 2004 grew by 4.9 percent, the quickest clip in a decade, and is expected to grow by more than 3 percent this year.

Slower inflation enabled stores to introduce payment plans for retail goods that many consumers once strained to finance -- from tennis shoes and televisions, to refrigerators and home computers. So successful was retail credit, especially among the middle class, that price tags in many stores now highlight the cost of the monthly installment, with the total price in much smaller print below.

Yet a big portion of the consumer base still struggles with bare necessities. That is why vendors recently began applying their credit plans to low-cost items, too.

"You want to make it easy for even basic purchases," said Joao Carlos de Oliveira, president of the Brazilian Association of Supermarkets in Sao Paulo.

The approach was evident one recent Saturday evening at a Wal-Mart in southern Rio. Price tags offer telephones in 12 monthly installments of 3.57 reais. A plug-in electric grill sold for 12 monthly payments of 1.87 reais. Wines, domestic or imported, were offered for three interest-free monthly installments.

Wal-Mart and other big retailers use one central tool for such promotions: internal, or "private label," credit cards.

Because many low-income Brazilians do not have bank accounts, retailers offer their own cards to provide credit to customers unable to meet the conditions for traditional bank cards. With no annual fees and low salary requirements -- stores compute card limits using monthly income stubs -- the cards offer many consumers their first experience with credit. They also give stores a platform to offer special card-only promotions, which foster user loyalty.

At Carrefour, the second-biggest retailer in Brazil, the store card is now used in nearly 40 percent of sales, outpacing cash, checks and bank cards as the most frequent form of payment. Customers with a minimum monthly salary of 150 reais -- half Brazil's minimum wage -- qualify for the card and can use it for purchases as small as 5 reais. Purchases over 30 reais can also be paid, interest-free, in 5-real installments.

Retailers are using the cards to attract those for whom even these requirements are difficult. Pao de Acucar, for instance, has a card it offers customers who were initially denied credit. Though the card cannot be used for payment, it allows customers to take advantage of card-only promotions and creates a tool to track the customer's spending habits.

"We can analyze their spending patterns and calculate a credit level to offer them in the future," says Hugo Bethlem, executive director of the company's CompreBem and Sendas supermarkets.

Brazilian banks want to cash in on the boom, too. Banco Itau, one of the country's biggest private banks, has signed agreements in the last year to administer cards used by two big retail chains, including Pao de Acucar.

Last year, Uniao de Bancos Brasileiros, or Unibanco, acquired Hipercard, Wal-Mart's private-label card.

Now, banks plan to use the cards to offer services -- like insurance and personal loans -- to Brazil's legions of so-called bank orphans, consumers still foreign to the traditional bank branch.

"There's a huge segment of the population that we can only reach because of their relationships with retail stores," said Antonio Matias, director of institutional relations at the Brazilian Banking Federation and a vice president at Banco Itau.

Marcio Caldeira, a street vendor, says he rarely uses banks at all. Sitting at the credit desk of a Sendas supermarket in Nova Iguacu, a bustling, working-class suburb north of Rio, he says he wants a Sendas card to complement three other retail cards he uses to buy things like sodas, that he later sells on the sidewalk.

"Sometimes the little costs add up," he adds, "but they make it easier to finance my work."

**URL:** <http://www.nytimes.com>

**GRAPHIC:** Photo: A sign in a CompreBem supermarket in Sao Paulo, Brazil, tells customers that they can buy any item and pay in three installments if they use a house credit card. No interest is charged. (Photo by Paulo Fridman for The New York Times)

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