



## Shopping for Investment Opportunities in Latin America

When a U.S. consumer makes an online retail purchase, the process is usually pretty smooth: click a couple of links, put in credit card information, and receive the order within a day or two. But in Latin America, e-commerce accounts for only about 4% of all retail sales, compared with about 12% in the U.S. Inadequate distribution and Internet infrastructure as well as underdeveloped credit penetration are a few of the “friction points” that weigh on e-commerce growth in Latin America, says T. Rowe Price investment professional Paulina Amieva. For these reasons, Paulina’s research takes her from computer spreadsheets directly to the consumer. “A lot of my work takes place behind my desk. However, my team and I are very engaged in traveling to the region where we can immerse ourselves in what’s going on locally. It is my opportunity to kick the tires.”

### **Going beyond the numbers reveals the full story**

At T. Rowe Price, our investment approach is to go beyond the numbers when evaluating which companies offer the best future investment potential. By meeting with executives, employees, and customers firsthand, we can ask the right questions to get a deeper understanding of where a company stands and where it could go in the future. This rigorous research strategy is integral to Paulina’s analyses for the



*Talking with*  
**Paulina Amieva**  
Investment Professional, T. Rowe Price

food, apparel, and e-commerce retailers she researches within emerging markets.

### **Field research yields deeper insight**

On a relatively recent research trip to Brazil, Paulina visited Lojas Renner, a large clothing retailer that is transforming to a fast fashion business model. She liked the store’s online strategy which she says was ahead of many of its local competitors. She also sees the company producing merchandise that customers would find appealing and seek out online or in stores. She has spent a number of hours visiting stores, studying how the clothes were displayed and watching staff interact with shoppers. Paulina always tries to purchase an item on site visits to approximate the customer experience as much as possible. On her site trip to Renner, she bought several items that left her with a strong positive impression: “I think the store visit combined with the management meetings really raised the conviction level for me.” Several T. Rowe Price funds increased their exposure to the company based on Paulina’s recommendations. As an added bonus,

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Paulina remarks that she still gets compliments on the clothes she had purchased from the store.

### **Positioning for change**

As consumers demand more goods via multiple channels, Paulina is keeping a watchful eye on shifts in the industry so she can get ahead

of change for her clients. The pace of e-commerce penetration in Latin America is accelerating, she says, with one Argentina-based retailer, Mercado Libre, smoothing out many of these friction points. It successfully managed the migration from desktop to mobile, allowing customers to bypass expensive and unreliable broadband service. “It has been a very exciting story.”

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