

From the Department of
CORPORATE STRATEGY AND INTERNATIONAL BUSINESS

CASE STUDY SERIES

> **Casas Bahia**
Fulfilling a Dream

Through a unique approach to customer service, Casas Bahia has developed an innovative business model that successfully serves the “Bottom of the Pyramid” (BOP) population throughout Brazil.

THE INNOVATION. . .

The poor represent a market, a big, lucrative, and sustainable one with the right financial approach in countries where even Sears and Wal-Mart have failed.

It is all about fulfilling the customer dream. My sales agent has to be very well dressed, shaved and always smiling. If he has a personal problem, he cannot come to work. I will never allow him to transmit to my customer anything but perfection.

– Michael Klein, Chief Financial Officer, Casas Bahia

In 1952, after surviving two years in a Nazi concentration camp, Samuel Klein left his homeland to start a new life in Brazil. In order to support his family, Mr. Klein sold blankets, bed linens, and bath towels door to door in São Caetano do Sul. Fifty years later, Samuel Klein has transformed his door-to-door business into the largest retail chain in Brazil, selling electronics, appliances, and furniture. Casas Bahia’s figures are significant: R\$4.2 billion in revenues (the Reais is the Brazilian currency), 330 stores, 10 million customers and 20,000 employees. Samuel Klein has built Casas Bahia into a successful and sustainable business serving Brazil’s poor.

When my father arrived in Brazil, he realized the average population was not wealthy. Thousands of people were migrating from the northeast region to work in São Paulo. That is why our name is Casas Bahia (Bahia is the largest state in the northeast region). This population needed all kinds of basic goods, such as linens, towels, and sheets. My father’s vision was to fulfill the needs of the poor population. But how could they pay for it? The answer was simple: financing.

– Michael Klein

This report was written by Sam Foguel and Andrew Wilson, under the supervision of Professor C.K.Prahalad. This report is intended to be a catalyst for discussion and is not intended to indicate effective or ineffective strategies.

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