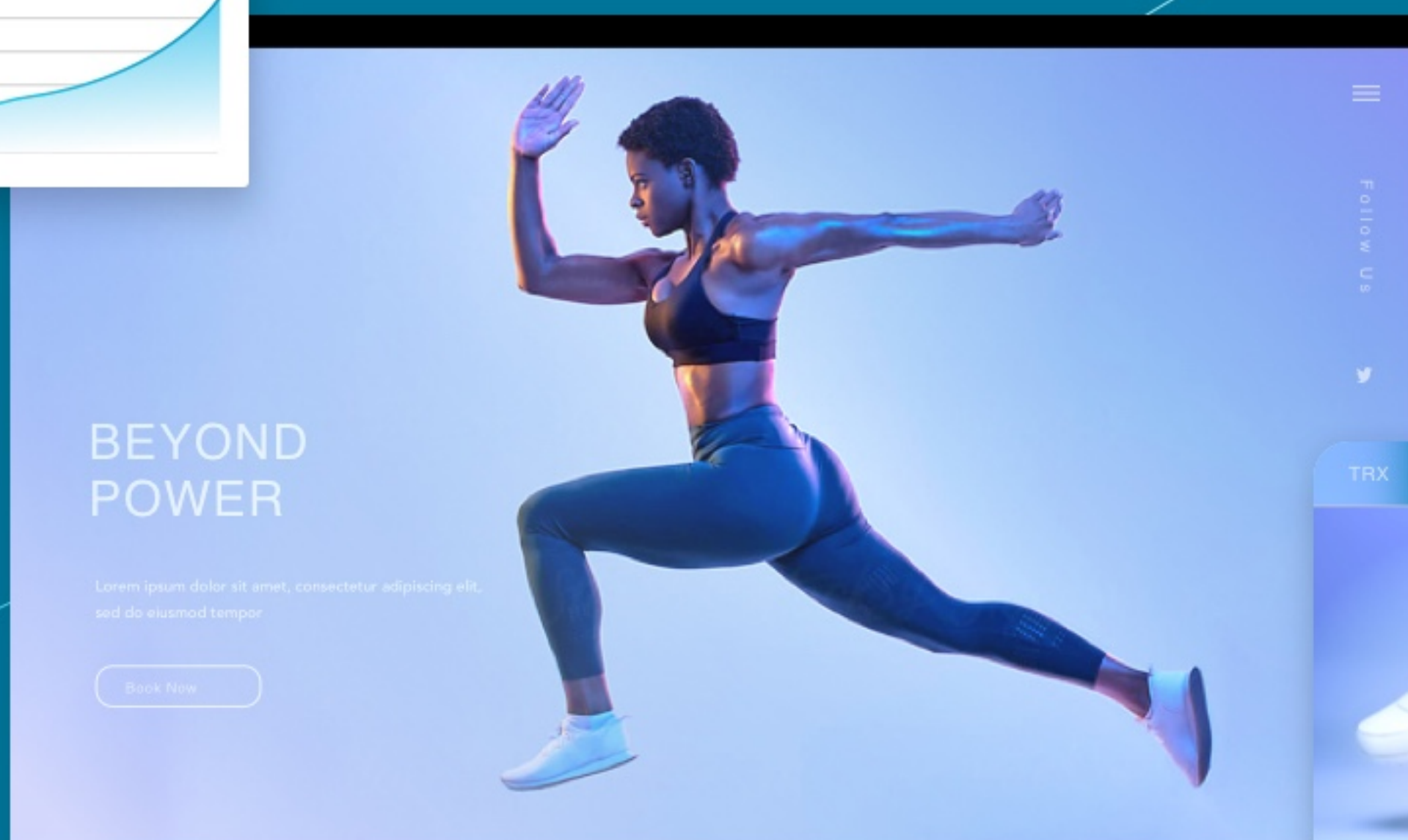


The Playmakers: Digital transformation in Latin America

How telcos and financial institutions can capitalize on digital trends to support their customers and grow their revenue.



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Foreword

Latin America sits at the heart of a global boom in online sales. The past 18 months has seen a dramatic transformation in how people across the world interact, communicate and make purchases, with the global pandemic accelerating a gradual trend of transition to online services beyond anyone's hopes or expectations.

For those of us working with the Latin American market, this is even more exciting. For the first time, the region is outpacing any other globally, with 2020 retail eCommerce sales rocketing +36.7% vs 2019, according to data from [emarketer.com](https://www.emarketer.com).

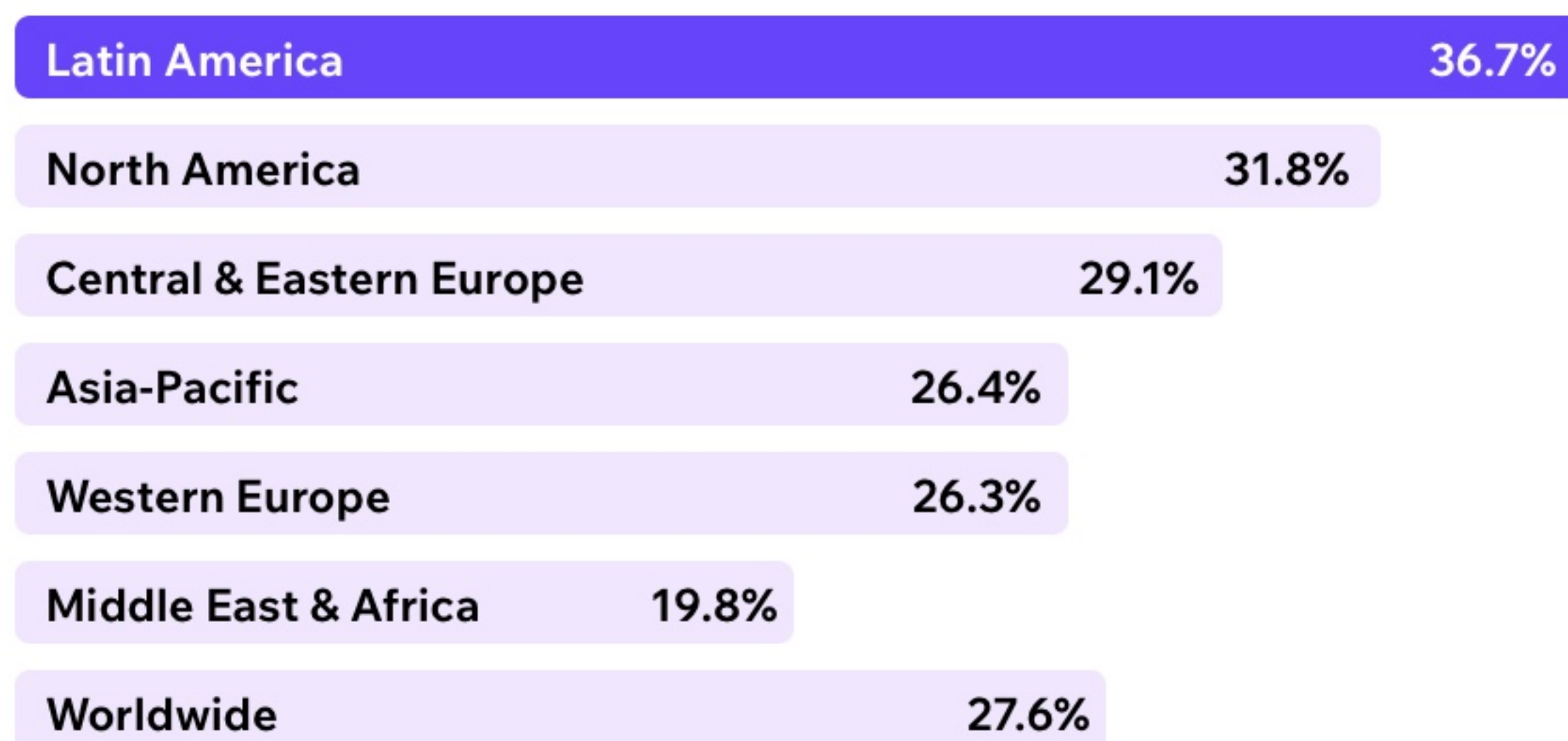
Although we see this trend across the region, much of the growth is driven by the two largest Latin American economies (Brazil and Mexico), the fastest growing economy (Colombia) and the most digitally evolved country (Chile). Argentina also deserves an honorable mention as it became the fastest growing individual market for eCommerce retail sales globally at +79% vs 2019 (although it began from a smaller base).

While these trends are obviously exciting for a company like Wix with our mission to help SMBs create, manage and grow an online presence, they represent a huge opportunity for many players in the region. SMBs who react fast can grow share and reach new markets.

Telcos and finance companies with a large SMB customer base can support their online transition and reap the benefits in improved loyalty and growing ARPU.

Retail Ecommerce Sales Growth Worldwide, by Region 2020

% Change



Note: Includes products or services ordered using the internet, 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 goods sales. Source: Emarketer. Dec 2, 2020

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This whitepaper will look at these trends in more detail to understand who are the playmakers in this digital transformation, why Latin America is such an exciting part of it and how to seize this opportunity for exponential growth.

Background: The changing Latin American business landscape

Latin America is a unique region from a business perspective. Using only two languages, companies can communicate with over 600 million people, 83% of whom are concentrated in just seven countries.

Whatsmore, there's a huge opportunity to provide services to over 200 million SMBs, many of whom are having to rapidly adjust their business models in the wake of the global pandemic. This is why the region came third in the global eCommerce index with \$200 billion of online sales in 2020—and that's just a drop in the ocean when you consider the potential.

Although Latin America is rapidly digitizing and eCommerce is rocketing, there's still so much room for it to grow. Nearly half of SMBs are still doing their accounting by hand; 77% have no method for taking online payments, and 40% don't even have an email address.

And yet at the same time, more and more of their customers are buying services and products online. 2020 was a record-setting year for digital buyer growth in the region with 38 million consumers making online purchases for the first time. This year, the total number of digital buyers is forecast to rise to 250 million, or nearly half of the region's population aged 14 and older. The demand is there and with so few SMBs offering eCommerce services there's plenty of room for more of them to digitize their offerings and see significant growth.

Barriers to digital transformation

So, what's holding these SMBs back? Why aren't they rushing to join the online revolution? The opportunity is so obvious—it's surprising that more of them aren't digitizing, and faster.

Broadly speaking, it seems that the biggest blocker to more Latin American SMBs joining the digital revolution is a fear of change. But fear can be overcome—when digging a bit deeper, it seems to be constructed from two main restraining factors:

1. Lack of skills / knowledge

Digitizing doesn't come naturally to all, and becomes harder with age. Data from the OECD shows many LATAM countries below global averages in IT adoption. Nearly 10% of SMB owners in the region don't know how to use Excel, for example.

2. Lack of trust

Many SMB owners who haven't yet digitized their businesses do want to move online—but don't know how. Because they don't have the right skills they recognize the need to hire a professional but don't know how to find the right partner. They're afraid of getting a bad deal because they don't understand the online world or the terminology. They're concerned about being locked into long-term contracts without knowing that they can rely on the results. And they're nervous about a lack of support in a world that they don't quite understand.

Why trust matters and how to leverage it for growth

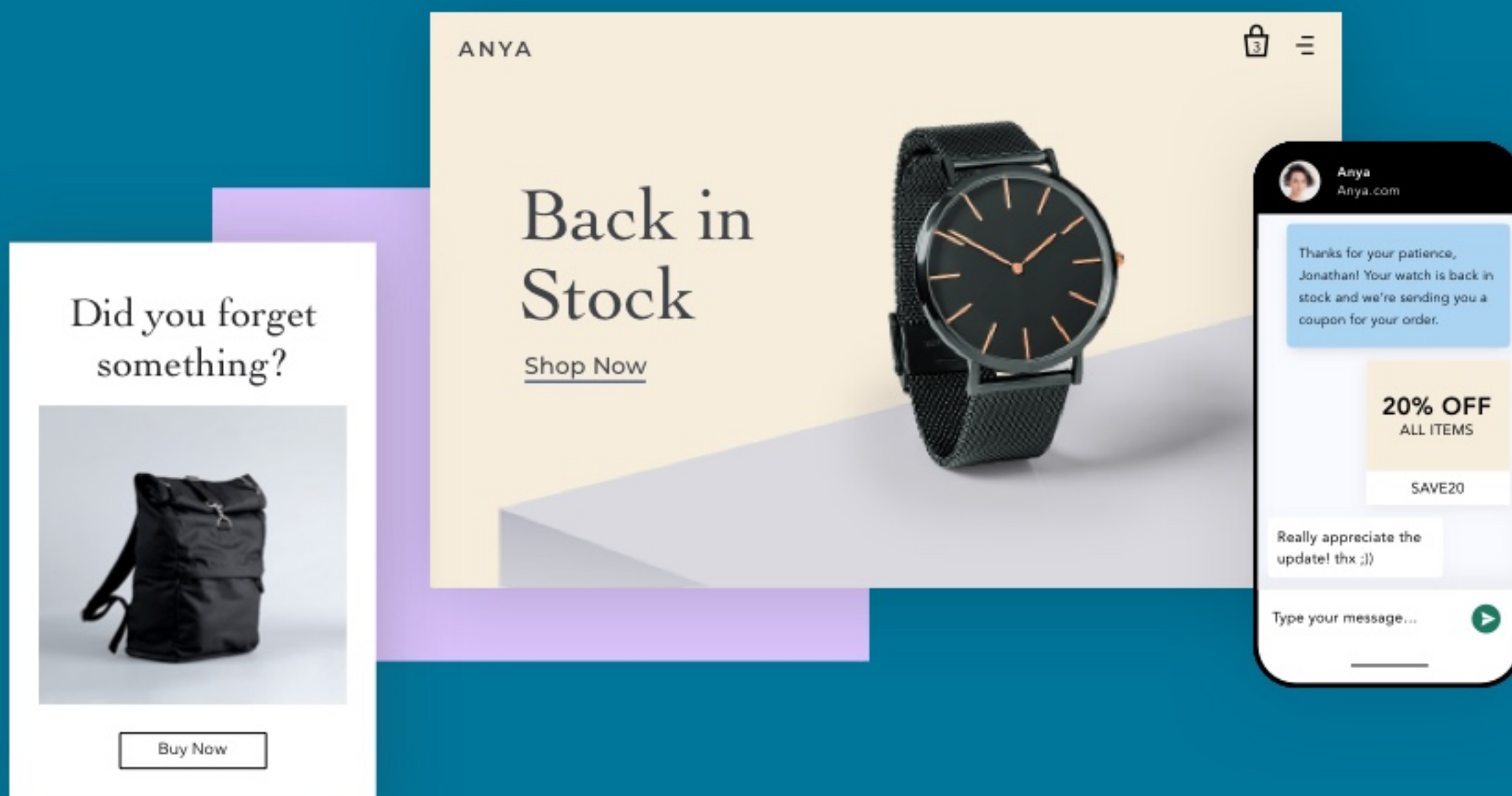
On the one hand we see a clear need on the part of the SMBs—many see the potential in offering their services and products online. And yet they are not taking the leap to do so because of a lack of skills and a lack of trust.

One way to go about fixing this is to offer skills training. As the famous Chinese saying goes: “Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime.”

But this is a lot easier said than done. Many SMB owners don’t have the time to invest in training—they’re too busy keeping their businesses afloat. Given that the easiest way to deliver courses is online, and many of these people are not comfortable with online formats, it’s not likely to be a significant business opportunity (although governments should certainly be considering how to invest in digital literacy as part of their education systems).

This means that there’s a huge opportunity for businesses who are already trusted by their SMB customers to help them with their digitization efforts. Specifically, telcos and financial institutions that already have long-standing relationships with their SMB customers—providing essential services to run their businesses. They’re normally large, established companies with strong brands and good reputations

for reliability. And they often have account managers who can add a personal touch to any communication.



So this makes telcos and financial institutions the playmakers—they're uniquely positioned to help their customers transition online. And it's a great way for them to grow also. Offering website creation as a service is an opportunity to create a new revenue stream and increase ARPU. Whatsmore, there's even more potential in ongoing management of a customers' website and offering online marketing services—both in terms of improving ARPU and strengthening customer loyalty through regular communication and support.

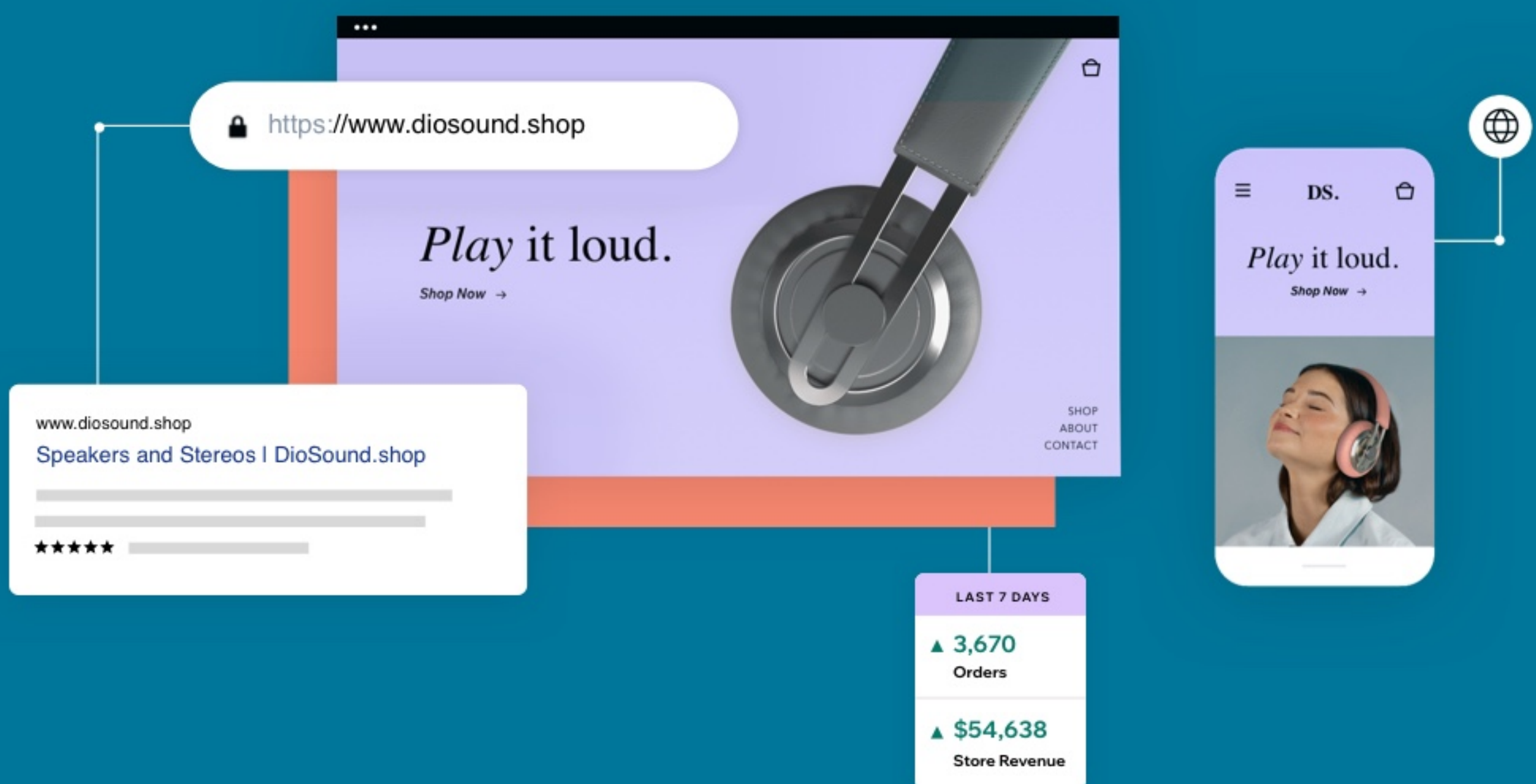
How the playmakers can drive the game

At Wix, we follow the AAA model which represents the online customer journey for an SMB:

Appearance: having a website together with a domain and email address. The site contains relevant information about the product or service, contact information etc.

Activation: adding transaction capabilities to the website such as the ability to book an appointment or make a payment online.

Activity: ongoing business management with a CRM and financial tools such as invoicing, together with growth through marketing activities such as email campaigns, social posts and SEO.



Playmakers such as telcos and financial institutions can help their SMBs through this journey in three ways:

1. Develop in-house capabilities from scratch

Pros—full control of the development to ensure you get all the features needed and nothing extra, together with ownership of the IP.

Cons—extremely expensive both in terms of initial setup and ongoing maintenance.

2. Integrate white label solutions

Pros—offer a functional product out-of-the-box without having to invest in development and maintenance that can be branded in any way desired.

Cons—customers may not trust a branded online solution offered by a telco / financial institution compared with other products available.

3. Co-brand with an existing solution

Pros—offer a functional product out-of-the-box without having to invest in development and maintenance while leveraging the reputation and trust of the established partner brand.

Cons—“credit” for the solution is shared with the partner brand.

While each model has pros and cons, at Wix we strongly believe in the power of co-branding as we’ve discussed previously. In this whitepaper we will examine two specific case studies where a telco and a financial institution successfully offered their SMB customers solutions to digitize their businesses.

Telco case study: Türk Telekom

Background

Türk Telekom made a strategic choice to invest heavily in technological solutions to help SMBs digitize and in turn accelerate regional financial growth. Small business owners employ over 70% of the Turkish workforce and contribute to over half of the value of the Turkish economy.

Challenge

Because of its extremely diverse customer base composed of a wide variety of entrepreneurs, manufacturers, hospitality owners and business service providers, Türk Telekom needed a very versatile partner, capable of bringing a range of tools and features to meet their varied needs.

Solution

Türk Telekom chose Wix as an innovation partner in order to be able to move fast with an out-of-the-box solution and leverage a brand name that was well-known by their customer base in order to drive rapid adoption.

Wix solutions are offered as part of Türk Telekom's bundled premium package for new SMB customers as well as to its existing client base which includes over 1.5 million active SMBs.

Financial institution case study: Transbank

Background

Transbank has a track record of success in Chile's payment industry stretching back more than three decades.

In 2020 the company felt it was time to strengthen their product portfolio with a solution that could help their SMB clients digitize their business.

Challenge

Even though Chile is the most digitally developed country in the region, the majority of SMBs lack the expertise to create and manage a robust online presence. They needed assistance and support to take their businesses online, to make sure their websites had all the features they would need and to be able to accept online payments.

Solution

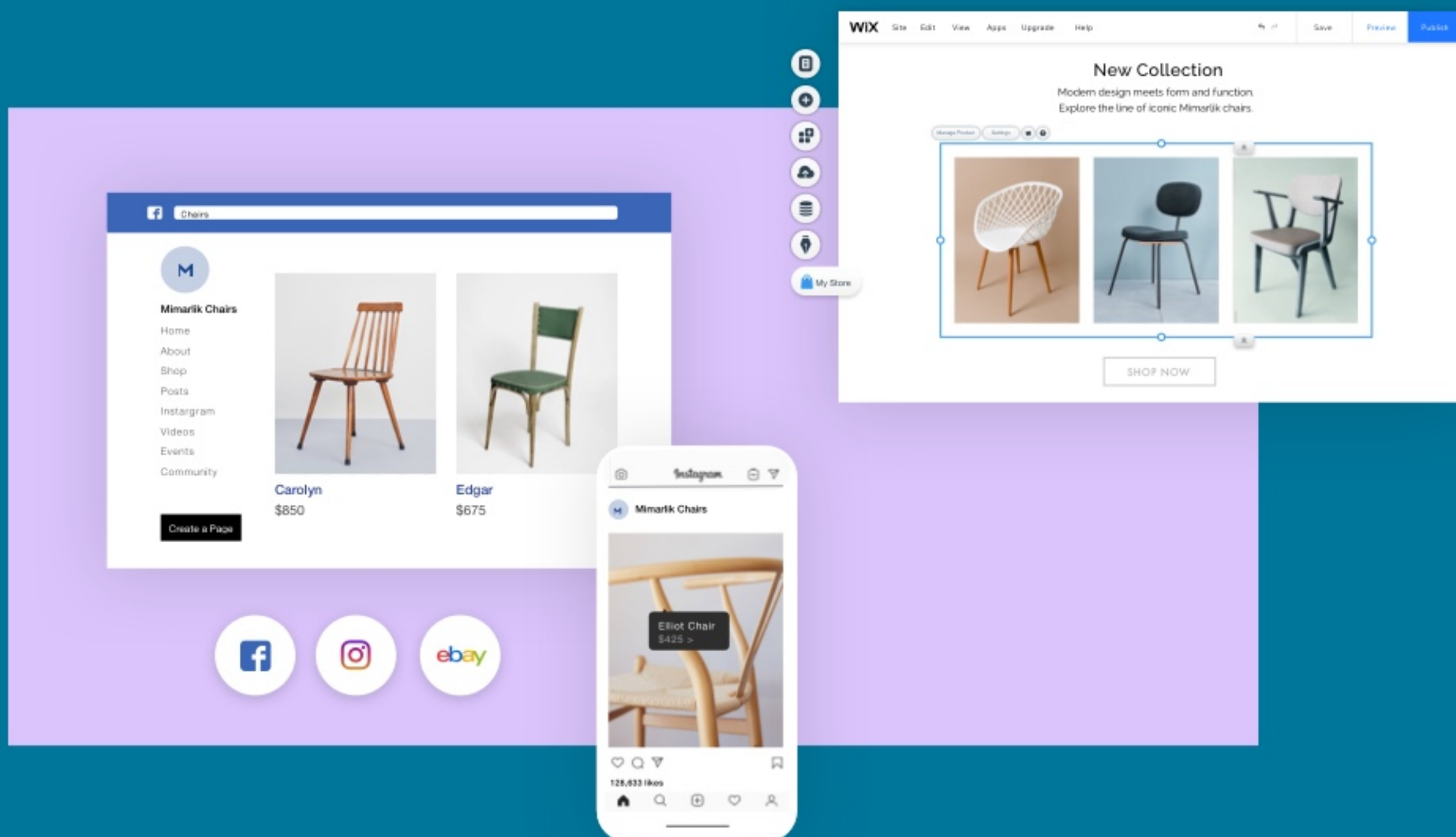
Transbank chose to co-brand with Wix and implemented multiple acquisition channels to optimize outreach to existing and new clients.

They decided to offer a "Do It With me" fulfilment flow, where customers would get a dedicated support session with an expert in order to create their professional website. Depending on the business (for example, a bakery, a yoga studio, a dentist or repair shop, etc), the expert would help configure the right tools and payment platform for them to be successful and serve their customers online.

Conclusion

The digitization of business services is accelerating at a faster pace than ever before and it's only going to accelerate further. Large companies with a significant SMB customer base have an opportunity to be the playmakers in this revolution, to affect its direction and channel it for growth. They have a responsibility to encourage their clients to transition online—on top, there's an incentive for that transition to be a success.

Helping customers smoothly digitize their businesses (which for many, is scary and possibly traumatic) has the potential to forge a strong, lasting relationship that can lock in a reliable revenue stream in the years to come, as well as offering more opportunities to upsell additional services.



Whatsmore, businesses without an online presence will increasingly struggle to survive. It's clearly in the interest of companies that rely on SMBs to purchase their services—from mobile plans to internet lines, from payment processing to loans—to help their customers succeed. The alternative is to risk losing that valuable income.

There's another type of playmaker in the game—the companies that already offer robust, powerful and business-focused solutions for SMBs to digitize their services. Companies like Wix, which has over 200 million users globally who are using the platform to manage and grow their online presence.

At Wix, we believe that creating a team from the two types of playmakers—putting together our tried and tested solution with a large and loyal SMB customer base, is a guaranteed win.

Talk to us to learn more about how co-branding with Wix can help both you and your SMB customers grow your revenues in the years to come.

About the authors



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