One of Brazil’s best known retail chains has linked all their stores through a Hughes Network Systems satellite network, and uses their new-found connectivity to launch profitable new marketing programs, while funding it though substantial savings in long distance charges.

With more than 50 years in business, 140 stores, and rock solid customer loyalty, Marisa Stores is a retail institution throughout Brazil, the nation’s most popular place to shop for women’s fashions. Providing quality merchandise for the budget-conscious, Marisa’s sales are climbing, as are its profits, with the company achieving a 19% growth rate last year.

Back in the early ‘90s however, the statistics were not quite as impressive. A lack of timely and accurate business data made it impossible for headquarters to track and capitalize upon hot selling items, or to discontinue money-losing items.

“We would only know that such and such department did such and such in sales during such and such period – but that department might have thousands of products, so we didn’t know which were winners and which losers,” explained Mendel Szlejf, Marisa’s Chief Information Officer, recognized as one of the top CIOs in Brazil in ComputerWorld Magazine’s 25th Anniversary special edition. “Also, the information might be days or weeks old, so it was hard to move in a timely manner to capitalize upon trends.”

To turn the situation around, Szlejf and his colleagues embarked upon the creation of a state-of-the-art data warehouse. Operating data from all 140 stores would be collected in real time, and could then be adapted for the needs of decision makers in all levels of the company.

“This was our vision, because we realized that the retailers without information are not going to survive – it doesn’t matter if you are a newcomer or a 50-year old company. If you don’t have the information at your fingertips, the competition will eat you,” said Szlejf.

To make their vision a reality, Marisa first needed to establish a way to transmit information from all its stores. Many of the locations were so remote that they
were only accessible by boat, and lacked the infrastructure needed for even the simplest data communications. While all had basic voice service provided by the local telephone company, Szlejf notes that some locations were plagued by failed connections, hangups and overall poor voice quality. To create their data warehouse, it was clear that Marisa first needed a better communications network. They quickly settled on a satellite-driven solution.

"No other technology could connect all our stores, much less do so as rapidly as satellite," said Szlejf.

Almost as quickly, Marisa settled upon Hughes Network Systems.

“We spoke to all the satellite service providers, and they all used HUGHES equipment. We talked with HUGHES customers and they were all very happy,” said Szlejf. “We wanted to concentrate on retail, and put our communications needs in the hands of the best satellite provider – and our research told us that the best is HUGHES.”

**Strategic use of satellite increases revenue**

Working with service provider Vicom/Globo, Marisa connected all its stores, headquarters and distribution centers in a hybrid terrestrial/satellite system, with the latter implemented at more than half of the locations.

"With satellite connectivity, we’ve created the most sophisticated data warehouse of any retailer in Brazil," said Szlejf. “By seven a.m. we have all inventory, sales, profit and all other information from every store updated and ready to analyze – by product, by store, by region, by hour, by manager, any way the decision maker needs it. Having this power helps us move quickly to capitalize on opportunities and gives us an incredible competitive edge."

With the new network in place, Marisa quickly identified a new opportunity to utilize it for additional profit. In late 2000, they launched the Marisa Private Card, a store credit card.

"Many of our customers have never owned a credit card and paid only in cash,” explained Szlejf. “The Marisa credit card allows them to finance purchases, and so spend more at our stores.”

Demand for the card has been high – more than 800,000 cards are in use and 2,500 new accounts are being opened every day. The card accounts for 25% of sales and that number is growing. Most impressive of"
all, with the advent of the card, the average sale at Marisa Stores has nearly doubled.

“The whole program runs through the HUGHES network. People come into the store to pay their bill, so we are able to update their accounts immediately and release their credit so they can shop some more,” Szlejf said. “New customers can come in and apply for the card online, and get instant credit to shop. None of this would be possible without HUGHES satellite connectivity.”

The network also transmits approvals for traditional credit and debit cards, providing authorizations in seconds, and getting customers on their way faster than before. It’s also used to deliver Marisa’s Intranet, for the first time allowing every store throughout Brazil instant and simultaneous access to all company documentation and resources.

**Best of all – a system that pays for itself**

Szlejf notes that the Marisa network is also used to transmit voice, creating in effect a private phone network bypassing the public telephone system – and saving Marisa millions in long distance bills.

“We have calls going out all day between stores and headquarters, so our phone bills were always very high,” said Szlejf. “Transferring our voice traffic to the network has resulted in savings that have paid for the entire project very quickly.”

**Next steps – a HUGHES partnership in broadband**

With the network in place, Szlejf notes that Marisa can now open stores anywhere, without worrying about the local telephony infrastructure, and immediately include the new store in all programs. This has in part helped fuel a new growth initiative, with the company planning to open ten new stores in the next nine months.

“It is much easier to open stores now, and we are aggressively seeking promising new locations,” said Szlejf. “We anticipate even faster growth with our communications template in place.”

Szlejf also anticipates working with HUGHES to upgrade the Marisa network to broadband in the near future. He sees opportunities for the company to benefit from broadband capabilities including music delivery and video training.

“Right now, each store handles its own background music and it’s a mess – sometimes they have the radio on and they play a commercial for a competitor! We look forward to the opportunity to create a high quality music program and transmit it to all our stores,” he said. “Also, we want to do a better job of training, and the broadband network offers significant advantages in that regard. If a new collection comes out, for example, we can show it and explain it to personnel at all stores at once without the need for travel. This would save us millions every year.”

Szlejf notes that Marisa is very enthusiastic about the possibilities and looks forward to discussing the details with HUGHES.

“HUGHES is a valuable partner, and we want to know about everything they are launching,” he said. “They are continually developing new technologies that are of great benefit to a retail business.”

“[HUGHES is] continually developing new technologies that are of great benefit to a retail business.”

– Mendel Szlejf
Hughes Network Systems
Hughes Network Systems (HNS), a unit of Hughes Electronics Corporation, is the world’s largest provider of broadband satellite network solutions for businesses and consumers, with over 400,000 systems installed in more than 85 countries. HNS pioneered the development of high-speed satellite Internet access services, which it markets globally under the DirecPC® and DIRECWAY™ brands, and is a major supplier of mobile satellite networks and user terminals. For terrestrial access, it offers the comprehensive AiReach® family of broadband wireless, point-to-multipoint products. In addition, HNS is a leading manufacturer of DIRECTV® satellite television receivers, having shipped its 7 millionth system by mid-2001. Headquartered in Germantown, Maryland, USA, HNS maintains sales and support offices worldwide. The earnings of HUGHES, a unit of General Motors Corporation, are used to calculate the earnings per share attributable to the General Motors Class H common stock (NYSE: GMH).

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