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Coppel Bets \$690 Million on Mexicans' Love of Brick and Mortar

- CEO Agustin Coppel speaks in interview with Bloomberg News
- Largest private retailer plans 100 new stores in 2025

By Andrea Navarro, Carolina Millan and Michael O'Boyle

(Bloomberg) -- It's Saturday and stores are bustling, with families buying shoes for the kids, eyeing new TVs and maybe even a motorcycle. It might feel like the mall heyday of the 1980s and 1990s in the US, but it's Mexico, now.

Brick-and-mortar stores have proven resilient in the country, even as malls have turned into ghost towns in the US and retailers have restructured in Brazil. That's why Mexico's largest private retailer, Coppel, is planning to invest 14.2 billion pesos (about \$690 million) in 2025 – more than 60% of which will fund 100 new stores this year and the renovation of another 66 locations.

"How people consume in one country is absolutely different from how they consume in another one," said Chairman and Chief Executive Officer Agustin Coppel Luken.

To ensure its success, the company is leaning further into its target demographic of low-income shoppers, to whom it offers the option to buy items such as sofas and iPhones on credit at interest rates of as high as 90%. It's also capitalizing on online sales by setting up kiosks in stores to allow customers to browse and buy from its digital catalog.



Customers at a Coppel store in Mexico City.

Though Coppel has to overcome its reputation as "the credit of last resort" in order to fully tap Mexico's rising middle-

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class pocket book, it's making a lot of smart moves, said Dave Marcotte, senior vice president for global retail at Kantar Consulting.

"They've done everything right. They've expanded their catalog, they've expanded themselves into vehicles and higher ticket items," Marcotte said. He attributed Coppel's strength to its in-house bank, a trait shared by Coppel's rival Grupo Elektra, as well as higher-end department stores El Puerto de Liverpool and Palacio de Hierro, the latter of which don't have banks but offer lines of credit.

The family-owned business has grown from a single gift shop in the coastal city of Mazatlan into a nearly 1,900-store operation in more than 600 cities and towns. Even though shopping in person still holds strong in Mexico, giants such as MercadoLibre Inc. and Amazon.com Inc. have brought the retail market into the 21st century and forced big chains like Coppel to adapt.

E-commerce is the fastest-growing segment of Coppel's business, with part of the 2025 investment going toward the expansion of eight distribution centers and the inauguration of another six facilities. Another chunk of its investment will focus on the back end of its banking arm, BanCoppel, and on the company's app, where customers can apply for credit.

"We still have a lot of opportunities to capitalize on this ecosystem of the stores and the app," Coppel said. "Stores generate a high flow of traffic, and we have the credit history of those who have made purchases. We can leverage this reality."

The 'Itinerary'

Luis Coppel Rivas and Enrique Coppel Tamayo, Agustin Coppel's grandfather and father, opened the family gift shop in 1939, before later moving the business to nearby Culiacan, the capital of Sinaloa. They branched out into goods like bicycles, furniture and electronics.

Early on, they started extending credit to customers, and created the Coppel card for purchases in 1970. By the following decade, Coppel Tamayo's eldest son – also named Enrique – had taken the reins of the operations, expanding to cities across Mexico and broadening their product offering.



Agustin Coppel

Agustin, the youngest of the seven siblings, stepped in as CEO in 2008. The five male siblings still control the company.

Those hired for management roles, including family members, are required to rotate across multiple positions to truly get to know how Coppel works in what is known as the "Itinerary."

Agustin says he tended registers and then was in charge of clothing and furniture before becoming store manager.

"My dad would visit my store and he would point out everything that I was not seeing, from bottle necks in payment lines to dirty or messy areas," he said. "He really opened my eyes and it was a great learning experience. My dad worked the stores until the very last days of his life."

The company explored a public share offering in Mexico in 2017, but ultimately decided against it.

"We're not interested," Coppel said. "We don't see going public as a bad thing, but we just haven't needed it."

Challenges Ahead

Visiting a Coppel store, particularly on the weekend, offers a window into what's become a ritual for many Mexican families: They stop by BanCoppel to cash in their remittances from relatives abroad before embarking on a shopping trip.

Banks and other firms that act as a go-between on financial transactions have been on edge, however, since US President Donald Trump designated cartels as terrorist organizations. That's because there's always a risk that organized crime uses these kinds of accounts to funnel their money across the border.



Customers at the BanCoppel area of a Coppel store.

Coppel cautioned against “speculating” on what specific measures the US government may take. The company is one of the largest networks for Mexicans to receive remittances, with an average of \$300 per dispatch, Coppel said, adding that it meets international and national money laundering standards.

“It’s very important that workers don’t lose the right and the freedom to send the money they earn by working,” he said.

For now, there are more pressing problems at home. Its headquarters of Culiacan has been torn by violence following the tensions between two factions of the Sinaloa cartel, forcing Coppel to close stores earlier and organize after-hours transport for its employees. Its wide network also allows the firm to quickly flag employees if there are flare-ups.

“Culiacan is suffering a very difficult moment,” he said. “Citizens are no longer leaving their homes in the evening, a form of social protest to show authorities they need to take seriously the damage that is happening.”

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The company has also increased spending to safeguard trucks transporting some of its goods, given how common highway robberies are in Mexico.

Coppel was also cautious of Mexico President Claudia Sheinbaum’s most controversial congressional reforms,

including the overhaul of the judicial system and the consolidation of autonomous government watchdogs into existing ministries.

"On autonomous bodies, I think that will take a lot of work," he said. "What you need the most in these organizations is autonomy. Hopefully it will work out."

Coppel, however, praised Sheinbaum for attempting a long-term development strategy for the country through the so-called "Plan Mexico," which seeks to jump-start investment and education across the country and align it with the US and Canada as trade partners.

Future Growth

Coppel's only international venture is in Argentina, where the company owns 28 stores. The nation has been undergoing a strenuous period as President Javier Milei slashes spending to tamp down on inflation. The austerity measures have left more than half of the population living below the poverty line.



A home furnishing display at a Coppel store.

"Walmart, Falabella, everyone left. We're still stoically hanging in there. We could have many more stores if conditions improve," Coppel said. "But the change is looking really positive. We need to hope it's sustainable."

Coppel at one point ventured into Brazil and the US, but the company has since figured out that culture plays a massively important role in retail.

While online shopping exploded across Latin America during the pandemic, brick and mortar bounced back big time and is not going anywhere for a while amid many Mexicans' refusal to fully embrace e-commerce, said Claudio Pizarro, a professor at the University of Chile.

"The retail store accompanied by credit is a very virtuous lever" he said. "The Mexican client is rather conservative,

very distrustful" of not having a physical place to go.

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