

## **IN AN INNOVATIVE APPROACH, MAGAZINE LUIZA EXCHANGES USED TVS WITH NEW MODELS**

- In the run-up to the 2018 World Cup, Magalu launches the largest TV sales and marketing campaign in the company's history
- The company accepts used TVs from customers as part payment to buy a new model
- This marketing campaign encourages consumers to replace their old TV with bad luck from the 2014 infamous match against Germany, with a new model

**SÃO PAULO, April 13, 2018** – Magazine Luiza, one of Brazil's largest retail platforms, launched today the largest TV sales and marketing campaign in the company's history.

In the run-up to the World Cup in Russia, Magalu doubled its TV inventory compared to the same period last year. In an innovative approach to stimulate the exchange of devices, Magazine Luiza's 860 physical stores will accept used TVs as part of the payment to buy a new one. The prices paid to consumers will vary from R\$100 to R\$1,000, according to condition and model.

The televisions to be turned in will be disposed of in an environmentally sustainable fashion. Trocafone, Magazine Luiza's partner which exchanges smartphones, will be in charge of the reverse logistics process. Magalu estimates that, at least, 50,000 devices will be exchanged during the referred sales campaign. This is the largest reverse logistics process in Brazil's retail.

The World Cup in Russia coincides with an economic upturn, after three years of recession and slow household consumption. In 2017, 10.4 million TVs were sold in Brazil. GFK, a research consulting firm, estimates a 22% growth in 2018. This entire volume should be sold in the first half of the year– a typical consumer behavior during a World Cup event.

"We are very optimistic. We are living a phase of economic growth and more attractive offer of credit to consumers", affirms Frederico Trajano, Magalu's CEO. "Therefore, we believe that TV sales should outpace manufacturers' estimates. Our target is to double our sales in this category and increase our market share".

Besides the World Cup, which traditionally stimulates TV sales, several other factors should bolster such momentum. Currently, almost 40% of the base installed in Brazil is still composed of old CRT models, which require adjustments to receive the digital signal. We estimate that, at least, 30% of TVs installed in Brazil today are smart TVs, i.e., connected to the Internet. "There is an enormous potential demand", affirms Trajano.

### **#SAIZICA AND GURU HÚNGARO AS POSTER BOY**

To advertise and stimulate the exchange of used devices with new models, Magalu launched a multi-phased comedic marketing campaign scheduled to last until June, when the World Cup begins. The TV campaign will debut this Saturday on April 14, broadcasted during TV Globo's *Caldeirão do Huck* show. Presenters Rodrigo Faro and Fausto Silva will also announce the promotion on Sunday.