

Required Report: Required - Public Distribution

Date: September 30,2020

Report Number: CO2020-0034

Report Name: Food Service - Hotel Restaurant Institutional

Country: Colombia

Post: Bogota

Report Category: Food Service - Hotel Restaurant Institutional

Prepared By: Ana Salinas

Approved By: Adam Klein

Report Highlights:

Colombia's food service sector is undergoing a dramatic transformation due to the Covid-19 economic slowdown. The Colombian government extended the Covid-19 lockdown several times, making it one of the longest in the world, and international flights are only now re-starting after several months, resulting in significant impact to Colombia's tourism industry. Consumer habits and preferences have changed, altering the landscape of the HRI sector for the foreseeable future.

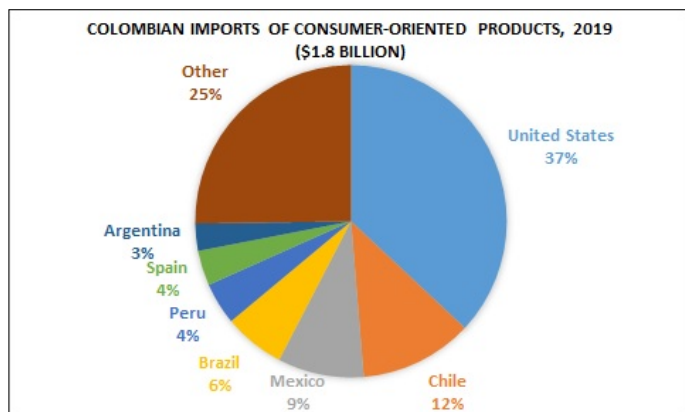
Market Fact Sheet: Colombia

Executive Summary:

Colombia is the leading destination for U.S. agricultural exports in South America, followed by Chile and Peru. In 2019, U.S. agricultural exports to Colombia were valued at \$2.6 billion.

Imports of Consumer-Oriented Products:

Colombia's total imports of consumer-oriented products grew 6 percent in 2019 to \$1.89 billion. Colombian imports from the United States grew by 15 percent to \$700.4 million in 2019, followed by Chile (\$222 million) and Mexico (\$169 million). Consumer-oriented products account for 29.7 percent of U.S. food and agricultural exports to Colombia.



Population: 50.3 million (2020)

GDP: \$394.8 billion (32nd global ranking)

GDP per capita: \$6,432

Foodservice sales: \$11.62 billion (2019)

Food Processing Industry: Colombia is a net importer of many food ingredients. There is a growing domestic demand for higher quality confectionary products. The Colombian fats and oils sector imports unrefined soybean oil and other oil seeds to meet industrial demand. The milling, bakery, and starches sectors have benefited from innovation in flavors and healthier ingredients. [Food Processing Ingredients GAIN Report](#)

Food Retail Industry: Western style, large supermarkets are part of a noteworthy retail transformation in the last decade with major, domestic and international grocery chains opening new stores. Discount stores have increased market share and continue opening outlets throughout the country, offering private label portfolios. [Food Retail Industry GAIN Report](#)

Food Service Industry: The restaurant and food service sector is expected to expand as a consequence of growing incomes and higher participation of women in the labor force, resulting in a stronger incentive to dine out and/or utilize delivery food services; roasted chicken, hamburgers, and pizza are a few of the preferred products that Colombians order using delivery service.

Top 10 Main Consumer-Oriented Products Imported by Colombia:

Description	2018 (dollars)	2019 (dollars)	Change
Food preparations	\$253,350,586	\$276,725,568	9%
Frozen swine	\$195,516,537	\$203,508,879	4%
Malt beer	\$92,794,113	\$68,443,785	-26%
Fresh apples	\$92,051,248	\$93,339,781	1%
Food preparations for infant use	\$77,797,975	\$59,460,954	-24%
Frozen chicken (cuts/edible offals)	\$63,658,544	\$86,041,003	35%
Wine	\$48,265,832	\$53,639,163	11%
Other non-alcoholic bev.	\$43,653,718	\$26,054,131	40%
Dog and cat food	\$43,614,344	\$50,104,802	15%
Frozen potatoes	\$39,978,629	\$44,514,219	11%

Main HRI companies in Colombia

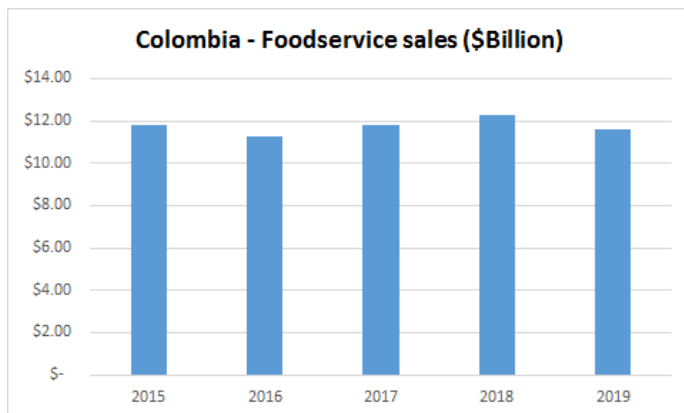
Hotels	Restaurants	Institutional
Hoteles Decameron	Hamburguesas El Corral	Sodexo SAS
Hoteles Estelar	Frisby SA	Compass Group Services
Tour Vacation	McDonald's Corp	Servihoteles
Servincludidos	Crepes y Waffles	Ardiko A&S
Hotel Tequendama	BBI Colombia	Inversiones Ibero Caribe

Sources: Trade Data Monitor, World Bank, Global Agricultural Trade System, Euromonitor, DANE, IMF, various online sources. For additional information, contact agbogota@fas.usda.gov

SECTION I: MARKET SUMMARY

Prior to Covid-19, Colombia had a growing food service sector. According to Euromonitor, the sector consists of 115,000 outlets, including cafés, bars, restaurants, cafeterias and kiosks. The restaurant and hotel industries employ approximately 650,000 people. The [Colombian National Department of Administrative Statistics \(DANE\)](#) estimates that the HRI sector is highly informal, with 98 percent of establishments not officially registered with national or local governments and only 2 percent complying with commercial food regulations. Increasing urbanization, a growing number of shopping malls and food courts, increasing dual income households, higher participation of women in the labor force, resulting in a stronger incentive to dine out or use home delivery food services, and a growing tourism sector were major factors driving food service expansion. Online commerce continues to be popular, especially throughout the Covid-19 outbreak, as most retailers use websites and smartphone applications to improve the dining and shopping experience.

In the last 10 years, Colombian consumers' tastes and preferences have changed as they seek to try new products and demand higher quality and product innovation. According to surveys from a local food service organization, fresh, premium meat cuts represent 48 percent of HRI purchases, followed by non-alcoholic drinks (17 percent), fruits and pulses (15 percent), other foods and beverages (16 percent) and other inputs (4 percent). Although Colombians like eating at home, and have been forced to as a result of Covid-19, they are inclined to eat in fast food restaurants out of convenience and affordability. While chain restaurants are growing, strong competition from local, informal restaurants remains.



Source: Euromonitor

Covid-19 Trends

Covid-19 has challenged Colombia's food service industry, as mandatory lockdown periods have been enforced throughout the country. Delivery services and e-commerce have arisen as the best option for consumers to purchase food. Restaurants have adapted by offering easy-to-deliver menus to customers. The most heavily demanded food products during the last several months were frozen vegetables, chickpeas, corn flour, dietary supplements, pasta, and lentils, while jams, beer, ready-to-drink tea, alcoholic beverages, and chocolates experienced decreases in sales. Covid-19 has changed consumer behavior, and buyers expect food service to offer a broader product portfolio and to be available online. Seventy-four percent of Colombians have used delivery smartphone applications, showing that Colombians are more familiar with technology and apps to order food. Applications such as [Rappi](#), [UberEats](#), [Domicilios.com](#) and [iFood](#) have leveled the playing field for smaller restaurants.

The consulting firm Dunnhumby analyzed new Colombian shopping trends due to Covid-19, and concluded the following about the food service industry:

- Shoppers are looking for one-stop-shop by going fewer times to outlets, visiting fewer stores, and increasing their on-line purchases to reduce infection risk.
- Purchases are more conscious and less impulsive; buyers are thinking twice before making buying decisions and are more added-value sensitive.
- Opportunities exist for private label and convenience products.
- Opportunities exist for ready-to-cook and ready-to-eat products.
- E-commerce adoption has accelerated and retailers have had to face logistical challenges as they prepare for unexpected demand, while restaurants have had to adapt their menus.
- New e-commerce competitors are also looking for opportunities when it comes to final consumers. Restaurant closures have affected food service suppliers; importers are now developing e-commerce strategies to target final consumers.

Information on Colombian food trends and retail sector is covered by the [Food Processing Ingredients GAIN Report](#) and the [Food Retail Industry GAIN Report](#)

Advantages and Challenges for U.S. Exporters

Advantages	Challenges
The U.S.-Colombia Trade Promotion Agreement (CTPA) expands opportunities and market potential for many food and agricultural products.	Colombia has trade agreements with many other countries increasing competition with U.S. products.
U.S. agricultural products have a reputation for high quality.	Colombian per capita consumption for processed and semi-processed products is low; for example bread costs only 24kg/year, compared to other Latin American markets.
The success of American style restaurants provides an avenue for introducing U.S. recipes and food ingredients into the Colombian diet.	Depreciation of Colombian peso might affect U.S. export competitiveness.
The growth of tourism and the hotel and restaurant sectors will require a greater array of raw materials and ingredients to make final products more appealing to foreigners and fast changing domestic consumer tastes and preferences.	There is a cultural misperception that frozen products are unhealthy and lack quality.
The growing lower and middle-income population, especially youth and working women, are stimulating new consumer trends and a growth in processed foods.	Internal transportation costs from ports of entry are costly due to extremely poor infrastructure.
Market opportunities for health foods and organic products are expanding given growing obesity trends and GOC support for healthy living campaigns.	Cold chain is deficient and increases logistical costs.
U.S. food suppliers and manufacturers have a positive reputation for food safety, availability, quality, and delivery.	Increasing consumer preference for local products, especially dairy, fruits, vegetables and meat, due to government policies in reaction to Covid-19.

SECTION II: ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

It will be critical for U.S. exporters entering the Colombian market to understand customers' needs and their purchasing requirements and specifications. Additionally, it will be important to understand all Colombian standards and regulations to avoid issues at ports of entry. Critical considerations for market entry include the following:

- Competition is based on quality, price and service;
- Direct to consumers marketing strategies are imperative in order to penetrate the market, such as cooking demonstrations, and tastings, etc.;
- Social responsibility marketing techniques continue to perform well, using sales to generate funding for social programs;
- U.S. suppliers should develop ways to meet the needs of the Colombian market, ideally through personal visits, to better understand the market and identify needs of buyers and consumer trends;
- Consider consolidation when exporting small amounts of product;
- Establish direct contact with hotel and restaurant chains;
- Develop business relationships with top executives (marketing directors, purchasing managers, etc.) and expose them to U.S. business practices;
- Participate in local trade and promotion shows, such as [Alimentec](#), [Agroexpo](#) and Expovinos, and also participate in trade delegations;
- Many Colombian company representatives visit trade shows in the United States, such as the American Food and Beverage Trade Show, the National Restaurant Association Show and the Fancy Food Summer Show, which are great opportunities to meet and educate Colombian importers;
- Develop Spanish marketing/communication materials, if feasible;
- Work closely with local importers to comply with food import regulations to facilitate the registration and import of food products and minimize port of entry risks;
- Support the importer with promotional campaigns.

Import regulations and labeling laws are covered in the [Food and Agricultural Importer Regulations \(FAIRS\) GAIN Report](#).

B. Market Structure

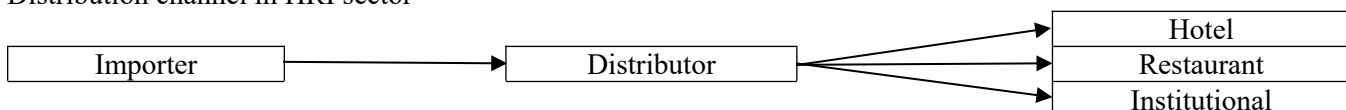
In recent years, the Colombian food industry has undergone unprecedented consolidation and structural change through mergers, acquisitions, divestitures and new foreign competitors entering the market. This widespread consolidation in the retail, HRI, and food processing industries was driven by expected efficiency gains from economies of scale, resulting in significant impacts on market share and food prices.

Restaurant chains are well established and recognized by consumers and have benefited from their standardized menus and formats, providing confidence to consumers who know what to expect. Independent brands offer a wide variety of options and innovative menus, including non-traditional ingredients and flavors from other cultures. For independent brands, Colombians are willing to pay more. Small informal restaurants are found all over the country, offering homemade meals at low prices; workers and students prefer this option.

C. Distribution

Only big restaurant and hotel chains directly import food and beverages. Other sector players buy from importers and/or distributors. Companies such as [La Recetta](#), [Unilever Food Solutions](#), [Makro](#), and [Indes](#) have specialized in supplying food and beverages to the HRI industry. GOC regulations to reduce the spread of Covid-19 have heavily affected the HRI sector, as well as its suppliers. U.S. beef and pork importers have come up with creative initiatives to reach out to final consumers and alleviate the lost revenue from the decrease in sales. In addition, e-commerce platforms are now targeting final consumers, in addition to HRI companies.

Distribution channel in HRI sector



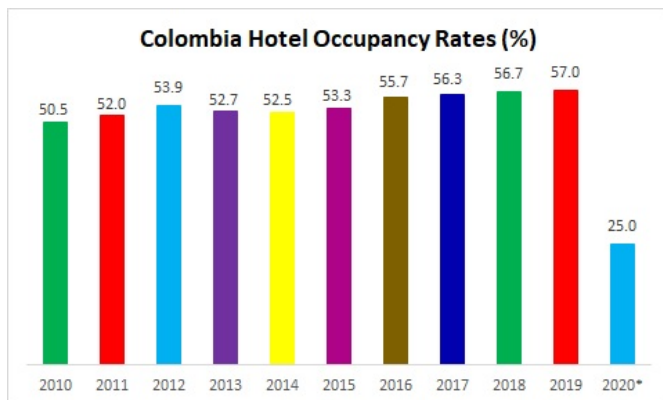
D. Sub-Sector Profiles

a. HOTELS

Sixty-five years ago, the GOC created the [Colombian Hotel and Tourism Association \(COTELCO\)](#). The organization provides support to its members and represents the industry's interests to the government. COTELCO estimates that 2 percent of hotels had to close due to Covid-19; 78 percent suspended business, and only 10 percent continue operating. To advocate for a reopening of the economy, including in-country and foreign flights, COTELCO launched the website [Hoteles en Colombia](#), a marketplace to promote Colombian hotels, and a biosafety seal to build consumer confidence in the hotel industry's ability to comply with biosafety regulations.

Colombia Hotel Occupancy Rates

Since 2007, hotel occupancy rates have remained stable; however, the strict Covid-19 lockdown resulted in occupancy rates as low as 3.2 percent from April 2020 to June 2020. COTELCO expects the occupancy rate to recover, up to 25 percent, by the end of 2020. The hotel sector is concentrating on tourism and niche business markets, such as business conventions, annual meetings, social functions and medical tourism. Foreign visitors are mainly from the United States, Venezuela, Argentina, and Brazil.



Source: DANE and COTELCO

2020*: estimated occupancy rate by the end of 2020

b. RESTAURANTS

ACODRES estimates that restaurant sector sales in Colombia have grown 152 percent in the last decade. The market share of unregistered restaurants is up to 77 percent of the market, which is the main threat this sector faces, aside from Covid-19. The past growth in the restaurant sector is primarily due to tourism growth and household income growth. Prior to Covid-19, dining out was a growing trend in Colombia. Quick service and fast food restaurants are strategically located around working areas, and represent one-third of the market. The convenience of fast food restaurants has supported dual income, working households that have little time to prepare traditional meals on a moderate income. In addition to Colombian preferences for fast food restaurants, consumers have a growing affinity for fast casual restaurants where they can find higher quality food at affordable prices.

Restaurants Suffering due to Covid-19

ACODRES estimates that over 30 percent of restaurants have had to go out of business due to strict lockdown. Although delivery service was allowed during quarantine, it is estimated that delivery service represents only 12 percent of normal sales. The GOC has authorized restaurants to reopen based on local regulations; however, 40 percent of restaurants are based in Bogota, where reopening was delayed the longest due to the number of Covid-

19 cases. Although sales have grown, sector representatives have a negative outlook due to the economic impact of the virus and consumer fears of dining-out at a restaurant; informal restaurants are expected to see an increase in market share.

E. INSTITUTIONAL

Schools: According to DANE, the 2020 Colombian population is 50.3 million with almost 24 percent within the age range of 0 to 14 years, ages of likely attendance in school. Most schools serve lunch and contract the service from catering companies, while some others have kitchens and prepare food on site. Foods prepared at schools are purchased wholesale at establishments specialized in food services for schools. Sales of imported products in this sector are not significant; however, there is potential for growth in U.S. consumer-oriented-products, such as beverages and nutritional snacks. Schools changed to virtual education as soon as the lockdown started in March 2020. Some schools have not survived the economic crisis due to higher unemployment, lack of digital platform access, and parent decisions to homeschool. By the end of 2020, schools are expected to partially reopen under alternative learning models.

Colombian Government Programs: The GOC sponsors several programs aimed at improving nutritional standards for children attending public schools and addressing child malnutrition in low-income families. The food assistance programs provide a nutritionally balanced lunch supplement and reach approximately 4 million school age children, nursing mothers, the elderly, and homeless. [The Colombian Family Welfare Institute \(ICBF\)](#) and all regional educational offices implement the food assistance programs. The pandemic has not impacted these food assistance programs and continue reaching low-income households throughout the country.

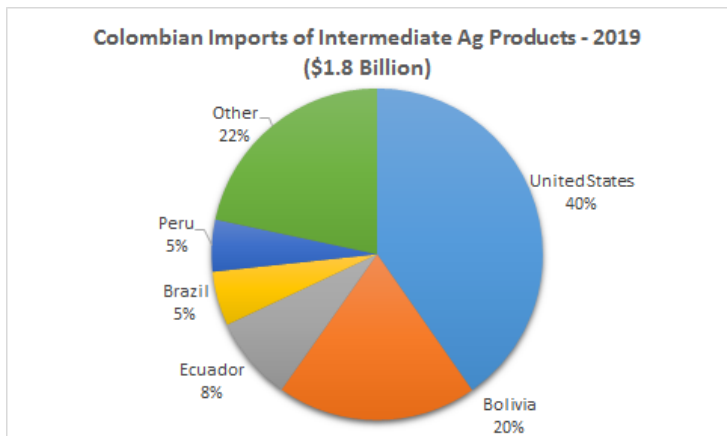
Social and Country Clubs: There are 80 urban, semi-urban and suburban social clubs in Colombia, offering sports facilities and restaurant opportunities. Social clubs are a good market for upscale imported food products. The clubs source food and beverage needs from specialized food service establishments and importers of fine foods and wines. Clubs are still waiting for GOC to authorize reopening due to the pandemic. Membership declines and no sales have strongly affected these entities and have reduced their incomes to the lowest level ever experienced.

SECTION III: COMPETITION

The CTPA entered into force in May 2012. This comprehensive trade agreement eliminated tariffs and other barriers to goods and services. Although over 80 percent of U.S. exports of consumer and industrial products to Colombia have become duty-free, the CTPA provided a duty free tariff-rate-quota (TRQ) on certain goods that operate under a first come/first serve basis, except for rice and poultry, which are subject to auctions managed by Export Trading Companies. There are significant opportunities for imported, value-added food products and raw materials in Colombia due to shifting consumer preferences. U.S. competitors for raw materials for processing and value-added products are MERCOSUR, Canada, and the European Union, all of which have free trade agreements with Colombia.

Colombia is a key growing market for intermediate agricultural products due to an increasing demand of soybean oil and soybean meal for the food and animal feed industries. The United States remains the lead supplier and has worked to establish valuable trade partnerships.

Despite the slowdown in global trade due to the Covid-19 outbreak, U.S. exports of bulk commodities and intermediate agricultural products to Colombia through July 2020 have increased 16 percent and 19 percent respectively, while consumer-oriented product exports decreased 24 percent, mostly due to lower frozen pork exports. The Colombian pork industry has been aggressively promoting local products and supporting restaurants during this difficult period.



Source: Trade Data Monitor

SECTION IV: BEST PRODUCT PROSPECTS CATEGORIES

Products Present in the Market, which have Good Sales Potential

Colombia is already an important market for America’s farmers and ranchers. In 2019, the United States exported \$2.6 billion of agricultural products to Colombia. The top U.S. agricultural exports were corn, soybean meal, soybeans, pork and pork products, and dairy products. Colombia is a fast growing market for value-added food products. Surveyed retailers and food importers feel there is significant potential for new products in all food categories. Healthy and ethnic food categories are especially new and fast growing. Gourmet products are penetrating the market with excellent results. Healthy food products are a new trend and retailers are searching for the best suppliers. The following product categories represent the major export opportunities and some emerging opportunities for U.S. food products to Colombia with zero duties or reduced duties. These products are present in the market and have good sales potential:

Bulk Commodities	Intermediate Products	Consumer-Oriented
Corn (up to quota)	Soybean meal	Pork and pork products
Rice (up to quota)	Vegetable oil	Turkey
Soybeans	Yeasts	Duck
Lentils	Sugars and sweeteners	Bone-in beef cuts
Peanuts	Soybean oil	Bovine livers
Wheat	Glues based starch	Prepared foods
Chickpeas	Animal fats	Beer
Beans	Soybean flour	Dried fruits
	Animal feeds	Fruit juice
		Tree nuts
		Dairy products

For further information on TRQs please check the following links: [COLOMBIA FTA final text](#)

RICE - <http://www.col-rice.org/> POULTRY - <http://www.colom-peq.org/>

Top consumer-oriented products from the World	Top consumer-oriented products from the U.S.
<ul style="list-style-type: none"> • Food preparations and miscellaneous beverages • Pork & pork products • Dairy products 	<ul style="list-style-type: none"> • Pork & Pork Products • Dairy products • Poultry meat and products (except eggs) • Food preparations and miscellaneous

<ul style="list-style-type: none"> • Fresh fruits • Wine & beer • Processed vegetables • Poultry meat and products (ex. Eggs) • Processed fruit • Snack foods • Chocolate & cocoa products 	<ul style="list-style-type: none"> • beverages • Dog & cat food • Processed vegetables • Non-alcoholic beverages • Beef & beef products • Tree nuts • Chocolate & cocoa products
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Products not present because they face significant barriers

The introduction of new U.S. processed meat products has been recently affected due to the decreasing number of U.S. states that can issue Certificates of Free Sale (COFS) for those products. Per Resolution 2674 of 2013, the Colombian food safety authority INVIMA (Colombian FDA equivalent), requires importers to submit a COFS when registering a new food product for sale in Colombia.

See **Attachment 1** for Colombian imports of consumer-oriented products from the United States

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

Check following link and look for the [Exporter Guide](#)

POST CONTACT INFORMATION

Office of Agricultural Affairs (OAA)	USDA Animal Plant Health Inspection Service (APHIS)
U.S. Embassy, Bogotá, Colombia Carrera 45 No. 24B-27 Bogotá, Colombia Telephone: (57-1) 275-4622 e-mail : AgBogota@fas.usda.gov	U.S. Embassy, Bogotá, Colombia Phone: (57-1) 275-4572 Fax: (57-1)275-4571 e-mail: Roberto.Guzman@aphis.usda.gov

COLOMBIAN GOVERNMENT CONTACTS

Phytosanitary and Zoosanitary Requirements	Food Product Registration and Health Permits
Ministry of Agriculture and Rural Development Colombian Institute for Agriculture and Livestock (ICA), www.ica.gov.co Avenida Calle 26 # 85b – 09, Bogotá, Colombia	Ministry of Health and Social Protection National Institute for the Surveillance of Food and Medicine (INVIMA), www.invima.gov.co Carrera 10 # 64 -28, Bogotá, Colombia
Mariluz Villamil Sandoval Deputy Manager Animal Health Protection Tel. (57-1) 332-3700 ext. 1200 E-mail: mariluz.villamil@ica.gov.co	Director Division of Food and Alcoholic Beverages Carlos Alberto Robles Phone: (57-1) 294-8700 Ext. 3920 E-mail: invimasal@invima.gov.co
Jaime Cárdenas López Deputy Manager Plant Health Protection Tel: (57-1) 332-3700 ext.1300 E-mail: jaime.cardenas@ica.gov.co	

Attachments:

[Attachment 1 - Colombian imports of Consumer-Oriented Products from the United States.docx](#)