Required Report: Required - Public Distribution **Date:** July 14,2020

Report Number: CO2020-0029

Report Name: Retail Foods

Country: Colombia

Post: Bogota

Report Category: Retail Foods

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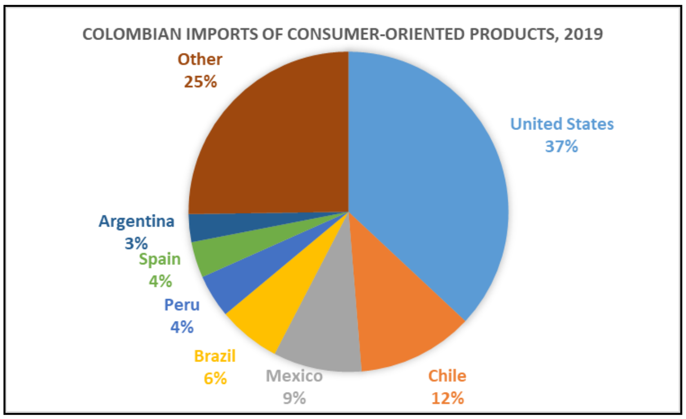
Report Highlights:

The retail sector in Colombia is undergoing a transformation due to the Covid-19 economic slowdown and quarantine measures. Consumer habits have changed for the near term and may remain different even after the Covid-19 crisis be over. The quarantine isolation period in Colombia has become one of the longest in the world, affecting consumer preferences since they are seeking stay-at-home products. This report reflects these consumer preference changes.

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 $2.7 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 U.S. were up 15 percent to $700.4 million in 2019, followed by Chile ($222 million) and Mexico ($169 million). These products account for 29.7% of the distribution of U.S. agricultural trade to Colombia.



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, of varying sizes. Discount stores have increased market share and continue opening outlets throughout the country offering wide private label portfolios.

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 of home or demand delivery food services; being roasted chicken, hamburgers and pizza the preferred products when it comes to delivery service. Food Service GAIN Report

Quick Facts CY 2019

Imports of Consumer – Oriented Products (US billion): **$1.89**

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%

Top 5 Retailers in Colombia
Grupo Exito: 537 stores
Olímpica: 371 stores
Alkosto: 16 stores
D1: 1,373 stores
Cencosud: 105 stores

2019 Population (million): 48.3
2019 GDP (billion USD): 268.69
2019 GDP per capita (USD): 6,397
Data and Information Sources: Trade Data Monitor,

Global Agricultural Trade System, DANE, IMF, various online sources

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SECTION I: MARKET SUMMARY

Colombian Gross Domestic Product (GDP) grew at 3.3 percent in 2019. According to the World Bank's 2019 Doing Business survey, Colombia has the fourth best business environment in Latin America, after Mexico, Chile and Puerto Rico. For more information, please see [World Bank's Doing Business Rankings](). Millions of Colombians moved out of poverty and into the low and middle-income classes. These income adjustments resulted in more household disposable income and changes in eating patterns, such as shifting diets from vegetable to animal proteins. For example, poultry consumption almost doubled in the last ten years. Increasing demand for consumer-ready products stimulated growth in fast food chain restaurants. This affected the food industry sector dramatically with food manufacturers anxiously seeking a variety of high-quality raw materials to adapt to changing consumer tastes and preferences.

However, COVID-19 has produced the worst global recession in decades. Colombian economic contraction will reach 3.9 percent, according to the World Bank. The economy has been seriously affected due to quarantine restrictions. Increasing unemployment and moving lots of Colombians back from middle-income class to poverty threaten economic stability. New consumption habit trends will last longer than initially thought and represent challenges to food industry and retailers.

Major Trends

Colombia is the third most populated country in Latin America after Brazil and Mexico at 50.3 million inhabitants. About 80 percent of the Colombian population resides in urban areas. Colombia is atypical of Latin America with decentralized urban centers and four cities with over one million residents: Bogota, Medellin, Cali and Barranquilla. Urbanization keeps growing, stimulating changes in lifestyles and eating patterns. Urban households in Colombia are becoming more typically dual income, resulting in an increasing demand for processed food and shopping convenience. The average household spends 33% of its income on food. Family size is decreasing, and it is expected to continue this trend. In Bogota, the average household was 3.1 members in 2019 and will be 2.2 by 2050. The population is aging as birth rates decrease and life expectancy increases.

Unhealthy dietary habits are a major issue for the country since they are associated with obesity and heart disease. According to the National Statistical Department (DANE), 42.7 percent of Colombians do not have a balanced diet. Obesity and overweight conditions affect over 50 percent of Colombian adults. Although still relatively low in Colombian children (24.4 percent) compared to other Latin American countries, the problem is growing, mainly among teenagers. Heart disease is the leading cause of death in the country. The Government of Colombia (GOC), specifically the Ministry of Health (MOH), has developed the National Strategy on the Reduction of Sodium Intake. In addition, some initiatives regarding advertising for food products for children are becoming popular. Food manufacturers have positively reacted by developing healthier products and promoting healthier lifestyles.

Online commerce is becoming more common among Colombians. Most retailers have websites available for shopping online and all kind of smartphone applications ease the grocery shopping experience. According to Euromonitor, food and beverages are among the products preferred by Colombian consumers when buying online.

Covid-19 has represented a challenge for retailers, food service and food industry since GOC implemented mandatory isolation policies throughout the country. Delivery services and online commerce have arisen as the best option for consumers to buy main food and sanitary staples. Food industry has joined e-commerce initiatives to guarantee product supply. Restaurants have made decisions towards offering easy-to-deliver menus and become an ally to clients. Most demanded food products for the isolation period were frozen vegetables, chickpeas, corn flour, dietary supplements, pasta, and lentils; while jams, beer, ready-to-drink tea, alcoholic beverages, and chocolates experienced sale decrease.

Sector Trends

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, of varying sizes, at intense rates. Over the past years, discount stores have increased market share and continue opening outlets throughout the country offering wide private label portfolios cheaper than grocery chains.

Traditional retail is still the most common retail format in Colombia. Outlets are small, independent and are present all around the country; a recent commerce surveys concluded that in Bogota there is a mom-and-pop store for every 94 homes and 49% of consumers prefer buying in this kind of stores because of proximity, convenience, product portfolio and services that are not found in other formats. Small remote towns only count on these traditional stores to cover their basic food and beverage needs since modern retail is not present. Mom-and-pops usually offer small/individual packaging products (one sausage, small oil bottles, etc.) and purchase frequency is higher. Top products sold in mom-and-pop stores are beer, sodas, milk, cigarettes and snacks. Once the Covid-19 quarantine period started, Colombians anxiously bought food and beverages and mom-and-pop sales grew up to 154 percent showing a preference for close-to-home outlets. However, after a few weeks, consumers started going to other retail options where they could buy higher quantities of products and could find more items. Some food industry players have come together and developed e-commerce platforms to mom-and-pop stores continue being an option for those who keep staying at home.

New generations' consumption is more conscious and consumers are looking for products that suit their demands in terms of quality and sustainability. A recent retail survey concluded that 59% of Colombian consumers would change their purchase habits in order to reduce product environmental impact, even if it means changes in packaging, brand or product design. The biggest retail player (Grupo Exito) has innovated through new retail formats and transformed a few Exito hypermarkets into Exito WOW and some Carulla supermarkets into Carulla Fresh Market in order to respond consumers' demands. The first format wants to ease and improve the shopper experience integrating off line and on line platforms, targeting different market segments based on new lifestyle trends and engaging customers through services such as free Wi-Fi, cocktail bar, artisanal bakery and restaurant. Carulla Fresh Market highlights healthy, homemade and fresh products to a niche market looking for high quality food and beverages where origin and sustainability are crucial for consumers.

It is estimated that 80 percent of Colombian households buy at least one product in hard discount stores. These shops are smaller and have a limited product portfolio, reason why consumers also buy from other retail players in order to satisfy their product needs. They do not invest in advertising and product layout and do not offer experiences that improve the purchasing process. However, Covid-19 has changed consumer behavior and buyers expect retailers to offer a broader product portfolio and to be online. Hard discounters are new to e-commerce and are facing challenges to showcase products through websites and smartphone applications. Online commerce is becoming more common among Colombians. Most retailers have websites available for shopping online and all kind of smartphone applications ease the grocery shopping experience. According to Euromonitor, food and beverages are among the products preferred by Colombian consumers when buying online. In addition, catalog purchase is becoming more popular among consumers and competes with traditional retail stores.

The business-consulting firm Dunnhumby has analyzed Colombian shopper trend changes due to Covid-19. Below main conclusions:

- 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, in terms of outlet biosafety and product reliability.
- Opportunities arise to private label and convenient products.
- Shopper´s decisions are also time sensitive, looking for time saving when buying. There is preference for not-far-from-home outlets, which does not mean a higher preference for mom-and-pop stores.
- Opportunities regarding ready-to-cook and ready-to-eat products have been identified, a trend that goes along with the time saving interest.
- Flours and sauces have showed an outstanding performance.
- E-commerce adoption has been expedited by strong isolation policies, it has also represented logistic challenges for retailers who were not prepared for an unexpected demand.
- Consumers are looking for products they can rely on, that is why it is important for retailers to work closely with suppliers to deliver better information to shoppers.
- New e-commerce competitors are also looking for opportunities when it comes to final consumers. Such is the case of foodservice suppliers who have been heavily impacted by restaurant closures as a consequence of Covid-19 regulations. Therefore, importers are now developing e-commerce strategies to reach out final consumers.

Information on Colombian food trends is covered by the Food Processing Ingredients GAIN report, available at Food Processing Ingredients 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 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 at only 24kg/year, compared to other Latin American markets.
Colombia is the largest agricultural trade destination for U.S. food products in South America.	Depreciation of Colombian peso might affect U.S. export competitiveness. U.S. products will have to maintain their reputation of higher quality in order to be competitive with local food processing companies, guaranteeing a consistent and uniform supply of products year-round.
The growing lower and middle-income population, specifically youth and working women of Colombia are stimulating new food 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.
U.S. exporters should build consumer confidence based on high quality supply chain.	Increasing consumer preference for local products especially dairy, fruits, vegetables and meat as a result of isolation policies implemented by GOC due to Covid-19.

SECTION II: ROAD MAP FOR MARKET ENTRY

Entry Strategy

It will be critical for U.S. exporters entering the Colombian market to understand the customer's 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 among others;
- Social responsibility marketing techniques continue to be very strong, using sales to generate funding for social programs;
- U.S. suppliers should develop ways to meet the needs of the Colombian market through personal visits to better understand the market and identify needs of buyers and consumer trends;
- Use consolidation when exporting small amounts of product;
- Establish direct contact with hotel and restaurant chains;
- Develop business relationships with top executives like marketing directors, purchasing managers, and expose them to U.S. business practices;
- Participate in local trade and promotion shows, such as Alimentec, Agroexpo and Expovinos, and also be part of 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, to the extent possible, Spanish marketing/communication materials;
- 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, available at FAIRS GAIN Report. Additional information is available at the FAS Office of Agricultural Affairs agbogota@fas.usda.gov

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, Hotel-Restaurant-Institutional (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. As well, internet e-commerce sales are becoming more popular. It is also important to note that distribution channels have become more efficient with the increased presence of foreign competitors.

Company Profiles

The table below provides information on main food retailers in Colombia.

Type	Retailer	Sales ($ million)	Outlets	Website
Supermarket, hypermarket and cash and carry	Grupo Exito	$16,767	537	https://www.carulla.com/ https://www.exito.com/ https://www.surtimax.com.co/
Supermarket and hypermarket	Olímpica	$1,866	371	http://www.olimpica.com/

Supermarket and hypermarket	Alkosto	$1,759	16	http://www.alkosto.com/
Hard discount	D1	$1,155	1,373	http://www.tiendasd1.com/
Supermarket and hypermarket	Cencosud	$1,149	105	https://www.tiendasjumbo.co/ https://www.tiendasmetro.co/
Soft discount	Ara	$688	535	https://www.aratiendas.com/
Hard discount	Justo y Bueno	$502	1,060	https://justoybueno.com/
Cash and carry	Makro	$399	21	http://www.makro.com.co
Warehouse Club	PriceSmart	$363	7	https://www.pricesmart.com/site/co/es
Supermarket and hypermarket	La 14	$343	27	https://www.la14.com/

Source: various online sources

SECTION III: COMPETITION

Competition Narrative

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 (ETC). There are significant opportunities for imported, value-added food products and raw materials in Colombia due to shifting consumer preferences. United States competitors for raw materials for processing and value-added products are MERCOSUR, Canada and the European Union, and all three have free trade agreements with Colombia.

Colombian imports of Consumer Oriented Products from the United States

Product category	2019 (dollars)	2018 - 2019 Change
Consumer Oriented Agricultural Total	$796,166,705	22%
Pork & Pork Products	$220,434,490	3%
Dairy Products	$133,641,296	110%
Poultry Meat & Prods. (ex. eggs)	$111,344,504	40%
Food Preps. & Misc. Bev	$91,515,127	14%
Dog & Cat Food	$32,527,012	24%
Processed Vegetables	$25,291,642	1%
Non-Alcoholic Bev. (ex. juices, coffee, tea)	$25,229,388	54%
Beef & Beef Products	$24,828,242	27%
Tree Nuts	$22,729,869	13%
Chocolate & Cocoa Products	$22,274,280	28%
Condiments & Sauces	$20,881,058	22%
Fresh Fruit	$14,871,472	-5%
Meat Products NESOI	$13,298,553	-45%
Processed Fruit	$10,495,172	-6%
Snack Foods NESOI	$10,355,920	49%

Tea	$4,070,916	-6%
Fresh Vegetables	$2,742,912	292%
Wine & Beer	$2,610,392	-46%
Fruit & Vegetable Juices	$2,077,877	22%
Nursery Products & Cut Flowers	$1,605,753	-27%
Eggs & Products	$1,564,419	121%
Coffee, Roasted and Extracts	$1,014,217	1%
Spices	762,194	-8%

Source: BICO

SECTION IV: BEST PRODUCT PROSPECTS
U.S. Agricultural Product Market Potential
Colombia is already an important market for America's farmers and ranchers. In 2019, U.S. agricultural exports to Colombia were valued at $2.7 billion. In CY2019, the United States exported $2.7 billion of agricultural products to Colombia. Top U.S. agricultural exports were corn, soybean meal, soybeans, pork and pork products and wheat.

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. Wines and gourmet products are penetrating the market with excellent results. Organic 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:

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 - COL-RICE POULTRY - Colombia Poultry Export Quota

Top consumer-oriented products imported from the World

- Food preparations and miscellaneous beverages
- Pork & pork products
- Dairy products
- Fresh fruits
- Wine & beer
- Processed vegetables
- Poultry meat and products (ex. Eggs)

- Processed fruit
- Snack foods
- Chocolate & cocoa products

Top consumer-oriented products imported from the United States

- Pork & Pork Products
- Dairy products
- Poultry meat and products (except eggs)
- Food preparations and miscellaneous beverages
- Dog & cat food
- Processed vegetables
- Non-alcoholic beverages
- Beef & beef products
- Tree nuts
- Chocolate & cocoa products

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.

For further information, please check the FAIRS GAIN Report, available at FAIRS GAIN Report

SECTION V: POST CONTACT AND FURTHER INFORMATION

Related reports

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 Mariluz Villamil Sandoval Deputy Manager Animal Health Protection Tel. (57-1) 332-3700 ext. 1200 E-mail: mariluz.villamil@ica.gov.co	**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 Carlos Alberto Robles Director Division of Food and Alcoholic Beverages Phone: (57-1) 294-8700 Ext. 3920 E-mail: invimasal@invima.gov.co

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Attachments:

No Attachments