

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Colombia

RETAIL FOOD SECTOR

Colombia Retail Food Sector

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Report Highlights:

Colombia is the largest U.S. food and agricultural market in Central and South America. Total Colombian food and agricultural imports value in 2008 was 4.3 billion and the United States accounted for 1.8 billion. Total Colombia's food retail sales are estimated in ten billion dollar, including supermarkets and mom's and pops.

Post:
Bogota

Executive Summary:

In 2008, total Colombian food and agricultural imports were valued at \$4.3 billion of which the United States accounted for \$1.8 billion, up 37 percent from 2007, making Colombia our second largest export market in Latin America and the Caribbean. Imports of bulk commodities from the United States were \$1.1 billion in 2008, representing a 28.7 percent increase over the previous year. Total imports of consumer oriented products in 2008 were \$1.2 billion of which \$142.3 million came from the United States representing a 31.5 percent increase compared to previous year.

Colombia's domestic demand and household consumption have grown steadily over the last three years. The large young population living in urban areas has developed new tastes and preferences becoming more health-conscious and selective. The growing percentage of women in the workforce has increased the use of fast food restaurants and the demand for new value-added products. Economic realities and current consumer trends indicate that buying decisions are primarily made based on quality, price and after-sale service.

The food retail sector in Colombia is one of the most modern in Latin America, with estimated sales of \$10.0 billion in food products during 2009. The sector grew only 6 percent in 2008 compared to 15.4 percent in 2007. It is estimated that the sector grew 3 percent in 2009, down from 15.4 percent in 2008.

According to Euromonitor, retail sector in Colombia started to show in late 2008 due to the global economic crisis, decreased remittances from Colombians living abroad, increased consumer interest rates and higher inflation power by increasing prices of food and energy. These factors combined caused a reduction in disposable incomes which affected the performance of retail sectors growth.

The retailing industry has seen a lot of activity over the period 2006-2009. Oxxo, a Mexican chain opened store number six in Bogotá and the goal is to open 30 stores in the next couple of years. Oxxo's strategy is to be near the consumer and to offer modern services, such as credit and debit cards, the ability to pay utilities, internet services and sell of airline tickets.

One of the new strategies to capture customers is the offer of credit cards for use in the supermarkets being Almacenes Exito the pioneer of the strategy. This strategy in the retail food sector has become the third largest issuer of credit cards in the country.

Almacenes Exito, Carulla-Vivero, Carrefour, Supertiendas Olimpica, Alkosto, Makro, Cafam, Colsubsidio and La 14, and Surtifruver are the main hyper/supermarkets in Colombia. There was an important change in this sector that was the purchase of Carulla – Vivero by Almacenes Exito. Casino, the French Multinational owns 60% of Almacenes Exito's shares. There are other international hypermarkets, such as Makro and Carrefour in Colombia with Carrefour being the principal competitor of Almacenes Exito. Carrefour is expanding to be a food service supplier. Makro, a Dutch wholesaler was not successful with its original format of catering institutional sales only. After changing administration, Makro now offers new services such as a Makro credit card, quality and wide variety of products. Also, opening its doors to the general public contributed to its recovery, making Makro the 4th largest retailer in sales and the number one supplier to the food service sector in the country. Its sales are estimated at 70 percent to food service and 30 percent to the general public. Supertiendas Olimpica, a hundred percent Colombian retailer, with 153 stores has become competitive. Supertiendas Olimpica is open for sale and world known retailers are interested like Carrefour, Walt-Mart, Tottus and Cencosud. Almacenes Exito has shown interest as well. Surtifruver is a Colombian retailer that opened the first store in 2007. It is different from the others, because it only sells fresh produce. It has 13 stores in Bogota and Cali and is planning to open stores in Canada. The last three stores opened in Bogota are very modern in infrastructure with investments of

more than \$12.500 millions.

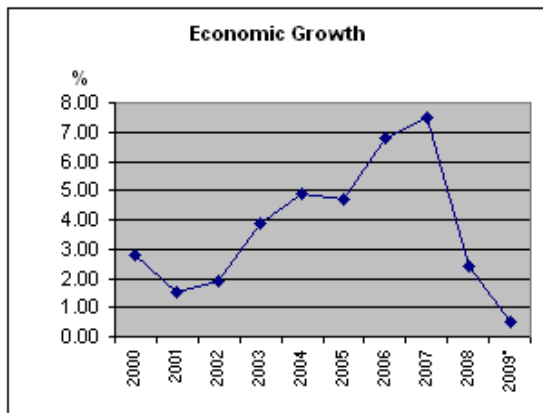
There are other retail brands like Merquefacil and Q'Precios which are proving to be successful against other formats like the supermarket chains mentioned before because they offer no-frills outlets in order to be able to offer low prices. With these formats retailers will be able to compete side by side with the small independent stores. Up scale supermarkets may lose sales to retailers with a less up-market image unless they keep excellent service policies along with accessible prices

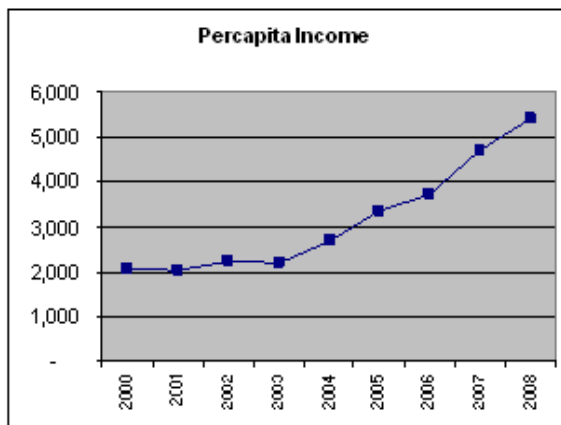
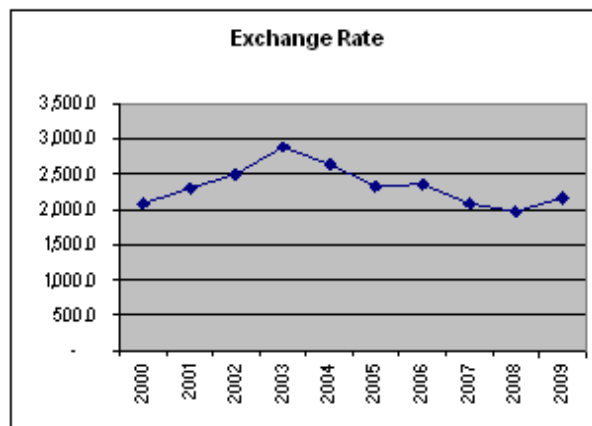
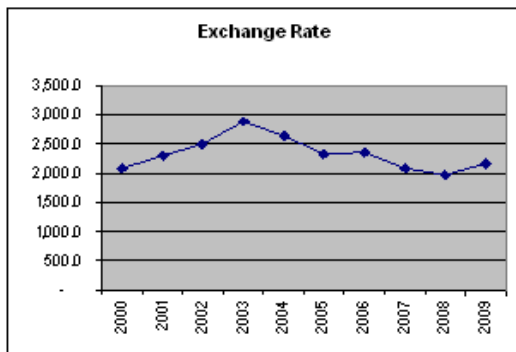
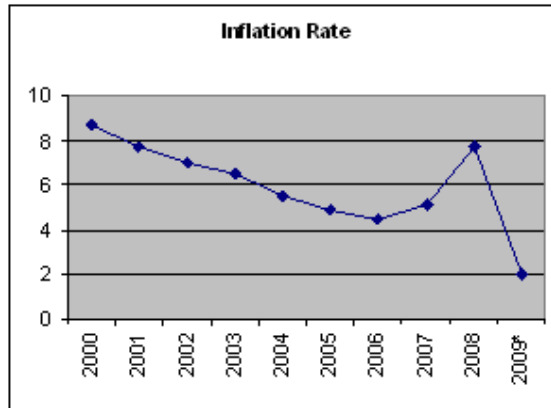
Despite rapid modernization in the retail food sector, traditional Mom and Pop stores and gas marts continue to consolidate as one of the most important distribution channels in the country. They represent 52% of the retail food market. The high percentage of sales in small stores is the result of specific consumer needs. Convenience, credit availability, and a need to make small daily purchases are factors for their success. The mom and pop stores service mostly middle and lower-income consumers. The gas marts service all income level customers.

The outlook for 2010 retail sector is optimistic, and the main supermarket chains are planning to expand and invest in order to recuperate the growth rhythm of 2006 and 2007. A study called "Retail Map in Colombia," prepared by the consulting company Interbolsa, states that in June, 2009 the large hyper/supermarkets reported a total sale area of 2,361,003 square meters, 8.8% more than what was registered in the same period in 2008. This growth is the lower since June 2006 (8.6%). The study indicates that the arrival of the international retailers, such as La Polar from Chile and Walt-Mart from the United States makes the local retailers move faster to grow in niche and open new stores in intermediate cities. The study reports 83 cities in Colombia, with an average of 50,000 inhabitants that would be attractive for retailers.

Author Defined:

II. ECONOMIC OUTLOOK





Source: DANE, DNP * estimate

Colombia faced the 2009 world economic downturn with a small decline in its economic activity relative to other developing countries. A preliminary figure for the year 2009 shows a decline only at half percentage point.

Colombian peso remains relatively strong against the U.S. dollar. Although the devaluation rate in 2009 was 9.7 percent, the exchange rate devaluation, particularly for agriculture exports is considered low and unable to compensate the production costs increases.

In 2009, Colombia reached the lowest inflation rate since recent decades, it was 2.0 percent. The target set by the central bank for 2010 year is for the inflation rate to fall into the range between 2 and 4 percent.

Foreign direct investment decreased in 2009 year due the world economic down turn however the expectative is for a recovering in 2010 year.

Colombian Food Industry

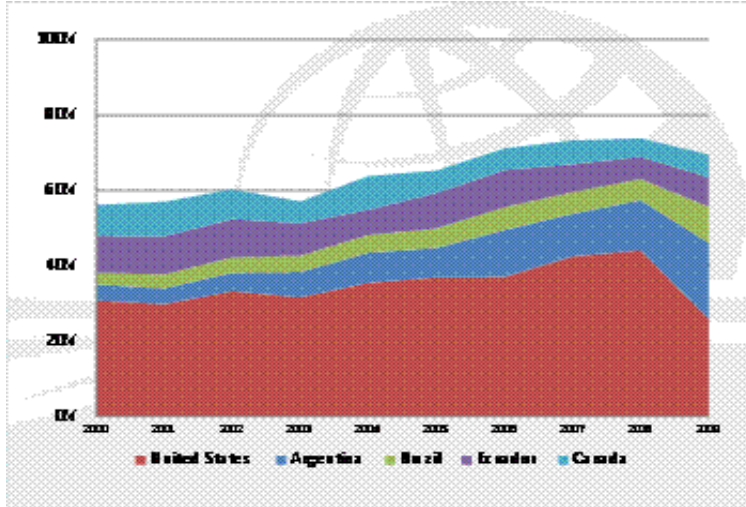
- The Colombian food-processing sector depends heavily on imports of ingredients like spices, dry mixes for sauces, modifiers, preservatives, enhancers, flavorings and thickeners.
- The food industry is one of the largest and most vital sectors in the economy, accounting for 28 percent of industrial production and 22 percent of total source of employment.
- The Colombian food industry reported an average growth of 7% in 2008. For 2009 the growth decreased 3.5 percent mainly due to the ban on Colombian exports to Venezuela, and the drop of exports to Ecuador due to a deterioration of diplomatic relations.
- Multinational companies are penetrating the market making alliances with Colombian food industry, such as Danone in alliance with Colombian dairy producer Alqueria.
- Pepsico, entered the country with the mark Gamesa with and investment of \$35 millions. The cookies under the brand are Mamut, Chispos, Lechetta, Florentinas and Meloboms.
- Almacenes Exito is producing healthy products under the mark Taeq with at least 100 references.
- In the beverage category, Coca-Cola had a new product called Jugos del Valle and Postobon, a Colombia beverage producer, came out with the mark Windsor with flavored water such as H2Oh!
- Grupo Nacional de Chocolates, the largest Colombian food processor reported its alliance with Sturbucks. Compañía Nacional de Chocolates will provide coffe for Sturbucks brand "Via" which will be sold to airlines, hotels, restaurants and some supermarkets.

Grupo Nacional de Chocolates bought Nutresa S.A., a Mexican company dedicated to the commercialization of chocolate confectionary.

- The industry has state-of-the-art technology and modern communications.
- Colombia is a major producer of many intermediate and consumer-ready categories, such as sauces and spices, dairy products, breakfast cereals, confectioneries, baked goods, poultry feed, pet food, vegetable oils and margarines.
- Some domestic food manufacturers import products from foreign affiliates and label the product with their brand.
- The number of store-brand products is increasing very rapidly. Supermarkets currently have more than 2,000 of these products on their shelves.

- Colombian store-brand products have a strong presence in processed food products and pet food categories.

2009 Colombian Imports of Food and Agricultural Products by Country



Colombia is the largest market for U.S. food and agricultural products in Central and South America, and a gateway to other Latin American markets.

In 2009, total food and agricultural imports were valued at \$3.5 billion. The United States accounted for 30 percent equivalent to \$909 million due to the economic slowdown and a lack of CPTA.

Argentina, Ecuador, Brazil and Canada, Chile and Bolivia are major U.S. competitors.

Colombian Food and Agricultural Imports from the United States 2007,2008,2009 (In thousands of Dol.)

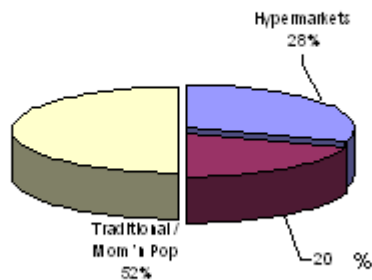
HS	Products	2007	2008	2009	Growth Rate 07/09 %	Import Duty
	Consumer Oriented Product Total	107,610	142,338	162,009	50	
20	Snack foods	18,922	24,650	24,183	27	20%
19	Breakfast cereals	1,090	2,337	1,720	57	20% 15%
02	Red meats, FR/CH/FR	7,456	12,640	10,008	34	80%
02	Red meats, prep/press	1,065	1,115	1,489	39	20%
04	Dairy, products	6,639	10,446	5,706	-14	20%
16	Poultry meat	11,575	15,040	20,725	79	20%
04	Eggs and Products	1,465	942	290	-80	20%
07	Fresh Vegetables	293	198	148	-49	15%
08	Fresh Fruit	14,459	15,676	23,538	62	15%
08	Processed Fruit and Vegetables	3,937	5,60	6,709	70	15%

20	Fruit & Vegetable Juices	4,911	4,342	4,389	-10	20%
8	Tree nuts	722	871	1,681	132	15%
22	Wine and beer	2,422	1,795	2,668	10	15%
6	Nursery products	505	1,238	1,465	190	5%
23	Pet food	2,782	4,048	4,335	55	15%
	Other Consumer oriented products	29,368	41,241	52,955	80	
03	Fish and Products Total	2,060	4,387	3,384	64	20%
03	Salmon whole or eviscerated	3	93	20	566	20%
03	Salmon canned	5	70	3	-40	20%
03	Crab & meat	19	118	145	663	20%
03	Other edieble fish	1,977	3,761	3,053	54	20%
03	Roe & Urchin (fish eggs)	57	339	164	187	20%
10	Bulk Commodities	886,389	1,140,240	561,884	-36	
10	Wheat	208,753	329,957	141,443	-32	15%
10	Coarse grains	516,424	632,570	215,393	-58	15% -45%
10	Rice	1,141	2,162	25,256	2113	15%
12	Soybeans	91,006	95,933	100,474	10	15%
52	Cotton	59,061	66,826	65,962	11	10%15%20%
24	Tobacco	654	22	85	-87	15% 20%
7	Pulses	3,126	6,523	4,985	59	15%
12	Peanuts	33	58	36	9	15%
	Intermediate Products Total	228,875	392,712	183,074	-20	
	Wheat flour	997	1,089	1,434	43	
23	Soybean meal	77,301	120,580	39,160	-49	15%
15	Soybean oil	6,786	71,084	39,160	477	20%
15	Vegetable oils	4,490	13,490	1,311	-70	15% 20%
15	Live Animas	4,538	4,677	4,545	0.1	15% 20%
23	Feeds and foddres	63,672	101,563	51,964	18	15% 20%
15	Animal fats	13,661	16,542	7,746	-43	15% 20%

Source: BICO

Market Situation for Retail Food Products

Food Sales



Source: Almacenes Exito and Makro

- The supermarket sector reported in 2009, sales of approximately \$10.0 billion in food products.
- Hypermarkets and supermarkets share of the market is 48% with strong competition from traditional Mom'n Pop stores, which accounts for 52% of total sales.
- Competition among the main retailers continues to be important.
- At present, hyper/supermarket target all consumers from low to high income, opening and adapting stores to the needs of the neighborhoods.
- The "mall construction fever" in well-populated neighborhoods is part of the hyper/supermarket expansion strategy.
- Shopping centers and malls continue to be the main venue of preference for shoppers. In consequence, Hypermarket/supermarkets are opening large outlets in malls.
- Aggressive marketing campaigns as well as fidelity cards, credit cards, sales via internet, and delivery services have led to increase sales.

Market structural changes in the retail sector

Structural changes and consolidation are occurring rapidly	Casino, the French retailer owns 60% of Almacenes Exito-converting Casino into the largest investor in the retail food sector in Colombia. Carulla-Vivero is part of the different Almacenes Exito formats, like Pomona, Ley, Surtimax, etc. Almacenes Exito is the largest Colombian retailer.
International competitors have shaken the market	International hypermarkets such as Makro and Carrefour have brought in new formats, forcing the local market to adjust and become more competitive and creative. Carrefour is expanding very fast and targeting all markets, including food service.
New paradigms for businesses	Internet, telemarketing and supermarket home-delivery. Gas Marts and convenience stores are capturing larger shares of the market due to 24 hour service and ready to eat food sales.
New market niches	Rural areas are being explored as a new market niche for mass consumption products. The goal is to open more supermarket/hypermarket stores closer to rural consumer areas and intermediate cities.

The Economic Groups in the Food Industry

- As in most Latin American countries, Colombia has a relatively high industrial concentration in a few large cities.
- The following key players are powerful economic groups that highly influence the country's economic policy, while preserving their own economic interests.

Antioqueño Holding Food processing and retail	Superior Holding Fast food and poultry	Ardila Lulle Holding Soft drinks, beer and juices	Santodomingo Holding Beer, soft drinks and juices
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Grupo Nacional de Chocolates, the largest food processor in the country, reported \$145.5 million increase in profits in 2009. The chart below shows the different food business of the Grupo Nacional de Chocolates.

Advantages for U.S. Companies and Products

Locally established multinational firms are taking advantage of their brand names to position new imported products.
There is a general perception that U.S. products are of high quality and good value. Many Colombians have traveled and studied abroad and have developed a taste for U.S. products.
Major retailers have expanded the number of stores and floor space during the last few years. The trend is to continue their geographical expansion. They are now present in major Colombian cities. The market share of hyper/supermarket is 48% and the "mom and pop" the other 52%. The hyper and supermarket are increasingly offering imported food products.
Hyper/supermarkets continue to consolidate as one of the most important distribution channels in the country. Many chains have gained greater negotiation power with manufacturers, giving them access to continuous price promotions and marketing activities.
Mom and Pop and Gas Mart stores are readjusting their line of products. Besides snack foods, candy, soft drinks, ready-to-heat and ready-to-eat products, dairy products and cereals, they are focusing on fast food sales. The gas marts are potential markets for new products.
Nearly 60% of the Colombian population is under 30 years of age and has been exposed to changing lifestyles. The remarkably young population, 70 percent of which lives in urban areas, has new tastes and preferences and is more health-conscious. With rising female participation in the workforce and more fast food outlets, demand for new high-value products is increasing.
Information and technology have become strong tools for food marketing. The uniform product code and scanners at point of sales have been fundamental to collaborative planning, forecasting and replenishment aimed at increasing profitability and stock control.
Online services are becoming popular. Retail leaders have renewed the online sales service with last-e-business technology. This service is offered both domestically and abroad and covers around 90 percent of Colombian municipalities.

Challenges to U.S. Companies and Products

A relatively new trend in Colombia is an increasingly strong demand for gourmet products and a growing popularity of wine, which reflects the progressive change in lifestyle.
Importers demand competitive prices, good quality and consistent supply.
Category management practices include charging slotting fees for products, which are absorbed by the supplier.
The shift from essential to high-quality foods continuous. A good number of consumers opt to trade down to less expensive options of basic products due to economic difficulties. Consequently, manufacturers have made great efforts in launching low-priced products and offering price promotions for well-known products. A surplus of ordinary low-priced food products coexists with a shortage of high-quality food products. Colombians are now selective shoppers.
Investment in new outlets continues as part of the effort to penetrate regional markets and attract unattended consumers.
Market leaders are investing in construction of modern shopping centers in which super/hypermarkets and cinemas are the cardinal points. Investment also includes state of the art technology, logistics, remodeling

and improving service areas.
Colombia is a leader in the use of private brands. Leaders of private labels in food retail are Carulla, Exito, Carrefour, Olimpica and Cajas de Compensación (subsidized private and public retail outlets).
The limited cold storage transportation network is still a limiting factor for the future development of the food sector.
Besides the basic duty, the Andean community assesses a variable duty on 13 basic commodity groups and related products. This system results in high and varying duties for a number of products, including pet food, poultry and cheese.
Other non-tariff barriers to imported products are import licensing and sanitary (beef and poultry) restrictions.
Some trade agreements with U.S. competitors make several U.S. products less competitive, such as zero import duties on wine and temperate fruits from Chile
The Colombian government has changed investment policy to attract new foreign investors. Joint ventures, franchising and licensing agreements are increasing in number and value.
The import process still has many layers. However, the GOC has introduced key modifications to simplify the paperwork significantly. Furthermore, as of June 2004, the import declaration form was eliminated but other requirements remain. Import/export procedures and customs clearances could be completed and submitted by internet. Nonetheless, registration of new products with INVIMA could take a long time if required information is not complete.

Market Entry Strategy

General guidance to access the Colombian food market, enhance competitive sales and introduce new products:

- Calculate your competitive position on the equation of high quality, moderate price and good service to meet increasing foreign competition.
- Consider innovative marketing strategies when introducing new products. Social marketing strategy is a new approach. Sales generate funding for social programs.
- Provide guarantee of consistent supply of products to large stores, hotel chains and institutional markets. Marketing strategies must meet the specific needs of the Colombian market.
- Reinforce activities, such as trade exhibits, product sampling, advertising, etc.
- Be aware of hyper/supermarkets conditions to assign shelf space and accept or reject discount and promotion campaigns.
- Establish direct relations with leading companies to develop a low cost, direct sales approach and to offer products and services.
- Develop a relationship with top executives, i.e., marketing directors, purchasing managers, and expose them to U.S. business practices. Take advantage of domestic food fairs and exhibitions.
- Include after-sales service and customer support, which are decisive purchasing factors.
- Promotional materials translated into Spanish would be very well regarded.

Importers and Distributors

- Colombia is considered a natural market for U.S. products and technology, due to its proximity

and good trade relations with the United States. Colombia and the United States signed a bilateral free trade agreement, which is still pending U.S. Congress approval.

- Competition in food retailing has intensified; hence supply channels have been streamlined because supermarkets/hypermarkets are importing most of food items directly from suppliers.
- There are now a few large players with strong negotiating and purchasing power. Large number of end-users are purchasing directly from suppliers and/or manufacturers abroad, avoiding local representatives.
- With rapid development in the retail sector, only large importers and distributors with a broad knowledge of U.S.-Colombian market practices will remain in the market.
- Small importers and distributors will find it more difficult to compete, except with quality product categories that are not attractive to large importers.

Selected List of Main Importers and Distributors

Importer	Product	Importer	Product
Effem Colombia	Pet food, confectionary	Quala	Meat, vegetables
Provyser	Processed inputs for fast food, cheese poultry/turkey preparations, frozen potatoes	Frito Lay	Food preparations, seasonings, cereals, snacks
Frutcom S.A.	Fresh fruits	Ancla y Viento	Seafood
Imporfenix	Fresh fruit	Procaps	Juices, vegetables, vegetable oils
Globalim	Juices, Kosher food products	Congruppo	Pop corn, sauces, cheeses, vinager, ketchup
Pacific Seafood	Fish fillets, crustaceans Ginger.	Frigocargo Internacional	mechanical de-boned chicken meat.
Comestibles Alfa	Canned food products	Nabisco Royal, Inc.	Peanuts, sweets, biscuits, pastry
Pesquera Jaramillo	Seafood	Fedco	Line of processed food products, canola oils
EMCD Groupe Casino Americas	Beer (Budweiser), Beer, chocolates, baby food, canned fruits and vegetables, non-alcoholic beverages, etc	Griffith de Colombia	Food ingredients, spieces
Comercializadora Nacional de Alimentos	Fresh and frozen vegetables	El Trebol	Spices, pistachoes, nuts
Distribuidora La Sabana	Cold cuts, fish, delicatessen, eafood, etc.	Colanta	Juices, frozen meat
Franchise Systems de Colombia	Cheese, sweet, ham, juices, dry vegetables	John Restrepo & Cia.	Liquors, canned seafood, candy,
Promesa de Colombia	Breakfast cereals	Comestibles Dan	Pork and poultry meat, frozen
Distribuidora de Licores	Wine, liquor	Dicermex	Wine, liquors, food products

Casa Ibañez	Wines, cold meats, olives, oils, candy, etc.		Celtas	Wines
F&B Group	Wines		ECU	Wines
Inversiones de la 23	Wines		Destileria Nacional	Wines

Market structure and sub-sector profile

Name of Retailer / Type of Retail Outlet Hypermarkets	Ownership	# of Outlets	Location	Type of Purchasing Agent(s)
Carrefour	100 % France	60	Bogota, Cali, Pereira, Medellín, Ibague, Barranquilla	Importer/ direct / local
Alkosto	100% Local	9	Bogota, Villavicencio, Pasto, Ipiales, Tuquerres	Importer/ direct / local / producers / distributors
Makro of Colombia	100% SHV Holding (Dutch Holding)	14	Bogota, Cali Pereira, Medellín, Barranquilla, Ibague, Cartagena	Importer/ direct / local / producers / distributors
Almacenes Éxito Pomona, Carulla-Vivero, Surtimax, Ley	62% Casino – France 38% Others	261	Medellin, Bogota, Cali, Other Main Cities	Importer/ direct / local / producers / distributors
Supertiendas Olimpica	100% Local	153	Main/Middle Cities	Importer/local producers / distributors
Cacharrería La 14	100% Local	19	Cali, Pereira. Manizales, Buenaventura	Importer/ direct / local / producers / distributors
Colsubsidio *	100% Local	20	Regional Bogota	Local producers/ distributors
Cafam*	100% Local	42	Regional Bogota	Local producers/ distributors

*Entities funded by the employers as a way to provide workers with fringe benefits. They are mandated by the Colombian Labor legislation.

- The largest players in food retail are Almacenes Exito and Carrefour. In 2008, Almacenes EXITO reported total sales of \$2.3 billion a 4% increase and estimates that -2% will be the growth in 2009. Carrefour reported 17.5% market share in 2009 compared to 14.5% in 2008.
- Main retailers attract mainly upscale and middle-income shoppers. However, the low-income group is taking advantage of reduced price campaign sales, and premiums offered by large stores.
- All offer a wide variety of high-quality imported products at reasonable prices.
- Shoppers mainly buy pre-cooked, pre-packaged and frozen products, beverages & wine.
- The two main retailers have gained recognition in the market for the appealing of new products, including gourmet products and wide variety of wines.
- All chains have opened outlets in main cities. The coffee zone is particularly appealing because of tax privileges and large population.

Mom and Pop / Traditional Markets

- The Mom and Pop store concept is very important in Colombia and captures 52% of the food retail business. These stores are scattered throughout all neighborhoods.
- This store format is small in size (20 to 200 square meters) but large in number (approximately 650,000 in Colombia). They offer basic products, and have a small inventory.
- Most products available are perishable: milk, eggs, fresh fruits and vegetables, and some processed foods.
- The future of Mom and Pop stores lies in their ability to meet needs of low and middle-class groups that are not met by supermarkets and hypermarkets.
- Special consumer services, such as small-unit sales, short-term credit to lower-income consumers, and proximity have been the foundation of their success.
- This market is increasingly important to domestic wholesaler/distributors. Producers and distributors are adjusting to Mom and Pop market needs with new and customized products.
- Government and private institutions have organized and implemented marketing improvement programs, including credit sources, institutional framework, legal requirements and technical and managerial training aimed at fostering efficiency in the distribution of food and price reduction.
- Mini-markets, a blend between Mom and Pop stores and supermarkets, are consolidating. In an area of 100 square meters, these better-equipped self-service stores offer basic staples, frozen products, fresh fruit and vegetables, beverages and cleaning products.

Colombian Gas Marts

Tiger Market – ESSO
On the Run – MOBIL
Select - SHELL
Star Mart - TEXACO
Shell Select
Carulla Express

- Gas marts are convenience stores attached to gas stations. Gas marts have had very good acceptance and is a venue for fast food, snacks, ready-to-eat, hot and cold beverages and other food staples. They complement the Mom and Pop/Traditional stores. Another service offered in the gas marts is ATMs.
- Imported products represent less than 6% of total products.
- Fast food generates 60% of total sales. Beverages 30%.
- Shoppers are young professionals, students and single people who either drive or walk to the store. Recent findings show that 75% of consumers belong to the neighborhood.
- Gas Marts have had good impact on the market and have taken positive steps to ensure significant growth in the long term, particularly after alliances with fast food chains: Kokoriko and El Corral.
- In accordance with Euromonitor report, this retail format in Colombia has grown so fast due to the consumption patterns of Colombian consumers, which favors convenience and safety.
- Gas marts are usually opened 24 hours

Typical Product Lines

- Pre-cooked foods, tacos, dips, pizzas, pastas, etc.
- Fast foods: hamburgers, hot dogs, and sandwiches.
- Drinks: Hot chocolate, coffee, soft drinks, milk, tea, etc.
- Snacks and cereals: snacks (Pepperidge Farm US), (Kellogg's)

- Sweets: Nestle products, chocolates, candy, ice cream, etc.
- Baby foods
- Pet foods
- Canned foods: fruits and vegetables
- Liquor and beer to go
- Wines

Wet Markets

- These are part of Colombian traditional markets.
- Each small town has a wet market that opens at least once a week, supplied by local and regional small-scale production.
- Fresh perishable foods, (seasonal fruits, potatoes, and vegetable), live animals and homemade dairy products are offered at these "once a week markets".
- Low-priced, bargaining markets, also provide food products for Mom'n Pop stores.
- Number of wet markets estimated at 2,000 is declining slowly in larger cities.
- CORABASTOS, a Central market of 420,000 square meters for perishable products. It also acts as a warehouse and main auction market. It also handles large quantities of perishable products for retail sale.
- CORABASTOS located in Bogota, handles daily more than 10,873 tons of food, which represent daily sales estimated at \$10 million.
- Acts as a price indicator for food products and functions as a spot market.
- 6,500 wholesalers meet daily to trade food products directly from producers and sell them to another 6,000 retailers.
- Supplies food for nearly 10 million people in central Colombia and other central markets in the main cities.

COMPETITION: CONSUMER- READY FOOD

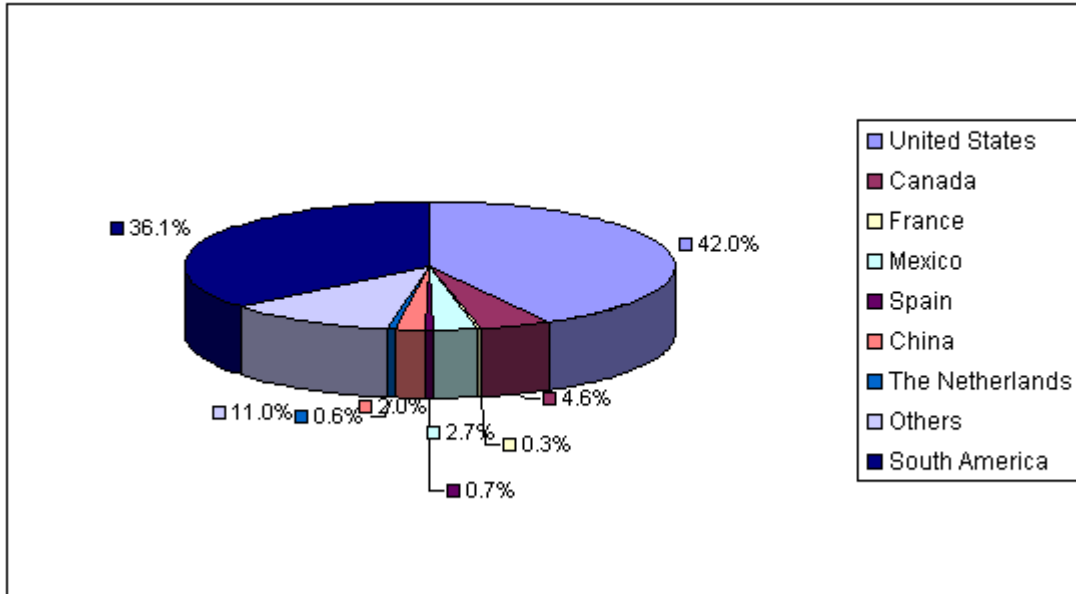
Colombia is a strong competitor in the production of:

Product	Company
Dairy Products	Nestle, Colanta, Alpina, Parmalat
Breakfast Cereals	Kellogg's, Nestle, Quaker
Snacks	Frito Lay- Margarita, Savoy Brands, Yupi, Kraft Foods, Nabisco Royal
Baked Foods	Levapan, Bimbo, Ramo, Comapan
Confectionery	Compañía Nacional de Chocolates, Colombina, Noel, Chicle Adams, Comestibles Italo, Dulces de Colombia,
Oils and Margarines	Grasas S.A., Unilever, Lloreda, Acegrasas, Gravelal
Dry Mixes for Sauces, Mayonnaise, Ketchup, Mustard, Jellies, and Condiments	Unilever-Disa-Best Foods, California, La Constancia, El Rey, Productora de jugos, Frutos del campo, La Coruña
Poultry feed Products and Pet Food	Solla, Ralston Purina, Finca, Contegral, Italcol, Nestle Pet care.

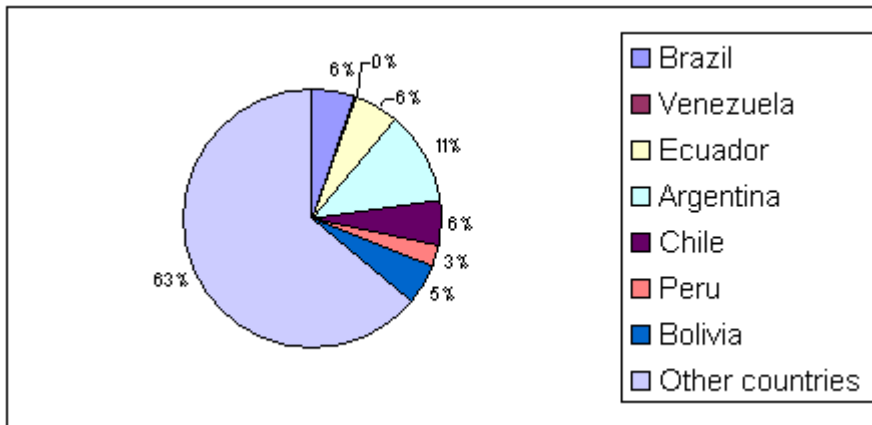
- Colombia grants preferential treatment to imported products from fellow members of the Andean Community. Also, bilateral agreements provide preferential import duties to countries such as Chile, Mexico, Brazil and Argentina.
- Private labels are a powerful tool used by the supermarkets to attract customers. Private labels are used for food products except perishables.

- Hypermarkets/supermarkets sell imported and locally produced products under private labels. Store brands are near 22% of food product categories sold at supermarkets and hypermarkets.

Colombian Food Product Market Share 2008



South America Market Share of Total Colombian Imports - 2008



Source: World Trade Atlas

- Colombia is a growing market for value-added food products. Economic recovery will be a driving force that will foster demand for new products at reasonable prices.
- Healthy and ethnic food categories are new in the market but their acceptance and preference are growing fast.
- Gourmet products are penetrating the market with excellent results.
- Wine consumption has been increasing, with the growing popularity of wine among Colombians. Import tax reductions have favored importation of wines from all over the world. Hypermarkets/supermarkets are actively working in promoting wines from different sources as well as educating Colombian

consumers.

- Surveyed retailers and producers feel there is significant potential for new products in almost all food product categories.

Best Product Prospects 2008

There is significant space for new products in ...

Ready to Eat	And	Pre-Cooked
Meat Chicken Turkey Fish Products	Canned: Fruits Vegetables Off-season fresh fruits, Cereals, Pasta, Juices, Bottle water, Bakery, Wine, Baby food and Frozen foods	Healthy food, Dietic, Ethnic, Organics

Related Reports

Report No.	Report Name	Date
CO-8002	Grain and Feed	3-19-08
CO-8004	Sugar	10-30-08
CO-8010	Trade Policy Monitoring	10-16-08
CO-8015	FAIRS	10-24-08
CO-8016	Colombian Exporter Guide	10-10-08
CO-9007	HRI	2-26-09
CO-9011	Agr. Econ Pol	3-20-09

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