



### *Country Background*

Located in the north west of South America, Colombia is bordered by Venezuela and Brazil in the east, Ecuador and Peru to the south. With a population of almost 45 million, Colombia is Latin America's third-most populous country. The capital, Bogotá, is home to over 7 million people and 30 cities in the country have a population of 100,000 or more.

Colombia's history has been marred by years of brutal conflict between government forces, rebel factions, illegal paramilitary groups and drug cartels. Since Alvaro Uribe's government came to power in 2004 however, significant progress has been made in disarming guerilla groups and restoring public order. Between 2002 and 2006, there was a decrease in crime: homicides by 37 percent, kidnappings by 78 percent and terrorist attacks by 63 percent.

Despite the conflict, and unlike many of its neighbors, Colombia has not suffered any dramatic economic collapses. Over the past few years Colombia has enjoyed a stable economy with annual growth rates averaging at 5 percent due to an increase in domestic security, low inflation, an increase in exports, an increase in petroleum prices (Colombia's leading export) and competitive exchange rates. Colombia's main exports are coffee, agriculture products (especially bananas, flowers and cotton), petroleum, coal, gold and emeralds. In 2007 the GDP was U.S. \$320 billion (based on purchasing power parity).

Although much attention has been focused on the security issues in Colombia, the government is also making significant efforts to expand international trade, support alternate means of development, and reform Colombia's judicial system.

In February 2006 Colombia signed a free trade agreement with the U.S., which is waiting to be ratified by the U.S. Congress. It is hoped this will lead to greater economic growth

### *Top 10 Lifestyle Statements in Colombia*

Statement	% people who definitely agree
I would pay anything for my health	65.4
It is important to learn new things throughout your life	60.9
If you do not succeed at first, you must keep trying	59.7
It is important to be well informed	59.4
You should seize opportunities in life when they arise	59.2
It is important to feel respected by my peers	57.8
I would like to run my own business one day	57.5
I like to have good friends to support me during difficult times	56.7
My faith is very important to me	55.7
I like to be as informed as possible on ingredients before buying new food products	54.8

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### *Marketing Environment in Colombia*

Nearly 84 percent of Colombia's consumers qualify as LICs (low income consumers). It is crucially important to ensure products are marketed effectively to this



group in terms of the relationship between the product price and size. Another key success factor for Colombian advertisers is understanding the importance of small grocery stores of which there are almost 450,000. This channel represents approximately 50 percent of all retail sales, therefore below-the-line activities must be very creative and innovative in order to capture consumers' attention.

### *Unique Challenges for Marketers in Colombia*

One of the key problems encountered by marketers while extending and upgrading brands and products is that Colombian consumers often tend to stick to products they know and trust. In order to draw their attention to new or improved products, marketers have to develop engaging and innovative campaigns combined with at-the-line and below-the-line activities across all consumer touch points.

Another challenge is to drive marketing and advertising efforts towards segmented, one-to-one marketing activities, which could provide a further competitive edge in an increasingly consolidated and competitive market environment.

### *Media Environment in Colombia*

	TV	Computer Ownership	Internet Access	Broad-band	Mobile Phone
Penetration (%)	98.8	16.3*	14.3	2	90
Users (MM)	43.8	7.2	6.4	0.9	39.9

\*Percentage of homes with computer ownership

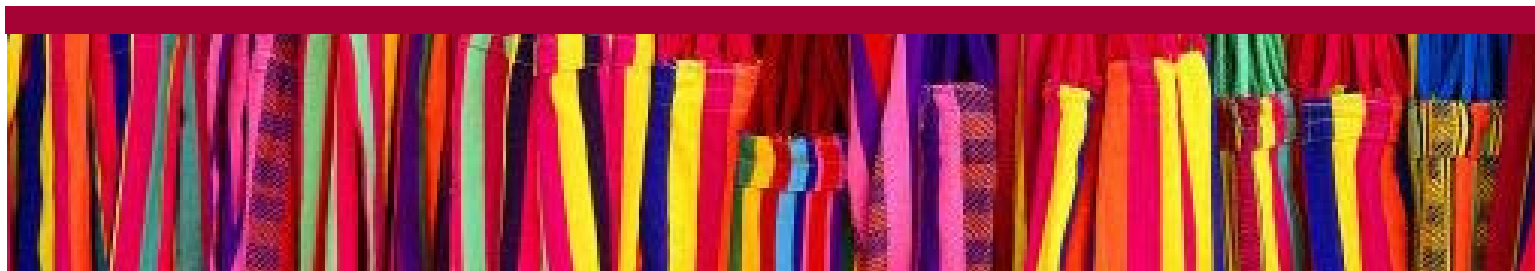
Internet penetration in Colombia is lower than the Latin American average. However, broadband is expanding at an impressive rate. In 2006, broadband overtook dial-up, and Colombia was among the top 10 countries in the world for broadband growth. Colombia was the first Latin American country to get a commercial WiMAX network, which receives a 4 percent share of the broadband market. Several operators offer triple play (voice, Internet, and TV). In the cable TV sector, the acquisition of five cable TV companies by Mexico's Telmex in 2006-2007 is giving rise to considerable controversy. Total advertising investment in 2007 was U.S. \$3,487,000.

### *Colombia's Share of Media & Media Consumption*

	Share (%)	Consumption (% of the population)
TV	52	94 (Daily)
Newspaper	18	27 (Daily)
OOH	2	N/A
Cinema	N/A	4 (Weekly)
Magazine	5	40 (Per period)
Radio	23	73 (Daily)
In-store	N/A	N/A

### *Colombia's Top Advertisers*

- |                     |                       |
|---------------------|-----------------------|
| 1. Unilever         | 6. Postobon           |
| 2. Quala            | 7. Coca-Cola          |
| 3. Procter & Gamble | 8. Comcel             |
| 4. Tecnoquimicas    | 9. EPM                |
| 5. SAB Miller       | 10. Colgate Palmolive |



### *Top Media Outlets in Colombia*

Television	Newspaper	Magazines	Web sites
RCN	El Tiempo	TV y Novelas	El Tiempo
Caracol	El Espectador	Soho	Semana
Paid TV*	El Espacio	Semana	Soho
City TV	Hoy	Cambio	Facebook
Canal Uno	El Colombiano	Dinero	

\*Discovery Channel, Animal Planet and TNT

### *Retailing in Colombia*

In recent years, the Colombian retail sector has been characterized by growing interest from multinational mass grocery retailers (MGRs), with Casino and Carrefour (third-largest MGR in Colombia by sales), in particular, investing significantly in their Colombian operations. In 2006, Casino acquired a local retail chain Carulla-Vivero for U.S. \$110 million. Casino already owns a minority stake in Exito, the largest retailer in the country, and plans to gain full control, which has further intensified the already highly competitive trading environment.

The MGRs' growing interest in the market has been sparked by Colombia's economic growth over recent years, fueled by record levels of investment and increasing levels of consumption. Along with these developments, a burgeoning middle class with higher levels of disposable income has slowly emerged, and is now increasingly demanding high quality, branded and value-added food and drink products.

Retailing in Colombia is growing rapidly, largely fueled by the arrival of foreign brands and new formats. In 2005, Locatel, the Venezuelan chain of drugstores, entered Colombia, while in 2007 new players with different formats started their operations in Colombia, such as the Chilean department stores Falabella as well as Zara, the Spanish clothing store.

Retail sales grew strongly in 2007 showing an expansion of at least 13 percent year on year.

### *Tips for Advertisers*

Colombia's main commercial media are owned by a handful of large consortiums and this makes price negotiations very difficult for advertisers.

Even though international channels are gaining more space, the local media still has the majority of the audience in Colombia. Colombia highly values creativity and innovation and the media welcome new ideas on how to do things differently.

The MGRs use their strong position to demand favorable rates from advertisers. It is therefore essential that advertisers build strong relationships with them.

### *Key Millward Brown Metrics*

	Awareness Index	Persuasion	Enjoyment	Involvement
Country Average	5	37%	4.08	5.02

MARKET  
FOCUS

## COLOMBIA

*Fun Facts and Trivia*

- Colombia is the only country in South America to have a coast on both the Pacific Ocean and Caribbean Sea.
- Bogotá has grown from a city of just 300,000 people to a huge metropolis of over 7 million in the last 50 years.
- Colombian pathologist Manuel Elkin Patarroyo developed the world's first synthetic vaccine for malaria and donated the rights to the World Health Organization.
- Colombia produces about 12 percent of all the coffee in the world and is second only to Brazil.
- The Parque Arqueológico de San Agustín, the largest collection of religious monuments and megalithic structures in South America, was declared a World Heritage Site by UNESCO in 1995.
- Colombia is a country of international fairs. It hosts more than 4,000 exposés, attracting a million visitors every year.
- The Luis Angel Arango library in Bogotá is the most visited library in the world. Over the years, its collection has grown rapidly and it currently has more than 48,000 books and 15,000 periodical publications.

*Top Tips**Where to visit:*

- A trip to the capital city Bogotá should include a visit to Monserrate, Simón Bolívar Park and Bolívar Square.
- Medellín is the capital of Antioquia, with beautiful places to visit, such as the Plaza de la Luz.
- Cartagena is Colombia's tourist capital. It has a variety of places to visit, including the San Felipe Castle, the Convent of la Popa and several wonderful beaches.
- Santa Marta is the oldest Hispanic city in Colombia and is known for its beautiful bay. It's surrounded by three natural parks: Salamanca Island, Tayrona Park and the Sierra Nevada Park.

- The Colombian region of Quindío has great and wonderful natural landscapes, dense vegetation and is the source of some of the best coffee in the world. You will find two wonderful attractions here, the Parque Nacional del Café, a theme park based around coffee production, and PANACA, a farming theme park designed to raise awareness about nature.
- The island of San Andrés has a variety of good hotels and tourist attractions such as Johnny Cay (a small nearby island), the Cave of Morgan (believed to have been used as a hiding place for stolen treasure by the Pirate Henry Morgan), beautiful beaches and a huge mall.
- Barranquilla is popular for its beaches, great hotels and the "Barranquilla Carnival", which takes place there every year.

*Eating Out*

- The cuisine varies from region to region in Colombia. The main elements in the Colombian diet are roots, especially potatoes and cassava, served with meat or fish. Rice, corn, wheat and plantain are also commonly used. Beans, peas and lentils are included in many dishes. Colombia has a great variety of fruits and many so-called exotic fruits are native to Colombia.
- The most popular dishes are sancocho (a soup of chicken, plantain, corn, coriander and yucca root), bandeja paisa (grilled steak, fried pork rind, red beans, rice, chorizo, a fried egg accompanied by a corn based bread and avocado) and ajiaco (chicken soup).

*To Buy*

- Colombian emeralds are considered unique in the world. Their color, purity, size and durability are widely renowned. The Departamento de Boyacá is the main emerald producer in the country. The mines and their proximity to the manufacturing facilities and industry make Bogotá the main emerald commercial hub in Colombia. It is advised to only make a purchase in an accredited jeweler and to demand that the gems are legally certified.
- Famous throughout the world, a packet of 100 percent Colombian coffee makes a wonderful present and is certainly very Colombian!
- Specialized music stores offer a great variety of Colombian music. Carlos Vives, Shakira, Juanes, Aterciopelados, Niche, Cabas, Joe Arroyo, Guayacán, el Binomio de Oro, Diomedes Díaz, Los Chicles Vallenatos, Toto la Momposina and Andrés Cepeda, are some of the most celebrated and famous artists.