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### *Colombia Country Facts:*

- Colombia is the third largest Latin American country by population (49.8m) and the fourth largest by GDP.
- Colombia has had an average economic growth of over 4% between 2001 and 2017 and grew 2.7% in 2018.
- Colombia was ranked number 3 in Latin America and the Caribbean for “Ease of doing business” in 2017 behind Mexico and Peru, and 59th in the world – according to the World Bank and the IMF.
- Colombia has access to 60 countries and more than 1.5 billion consumers through its network of trade agreements. Some of these agreements include the US, Canada, the EU, and South Korea
- Fixed investment is playing an important role in the economy, as it increases from 18.8% of GDP in 2008 to 29.0% in 2017.
- It is a country characterized by the expansion of the middle class and increasing foreign direct investment, due to improvement in the security environment.
- The approval of the peace deal in particular will improve Colombia's reputation amongst investors.
- Disposable incomes are rising, with the portion of households expected to be earning above the USD10,000 mark reaching almost 29.0% by the end of 2020. - According to BMI Forecast 2017.
- Colombia has continuously decreased its poverty levels, and the percentage of people considered to be middle class has doubled in the last 15 years.
- Colombia is the 37th member of the OECD – this means that public institutions in Colombia will meet standards of the developed world which gives more confidence to investors.
- Colombia was recognized as the first country in the region that best protects investors, obtaining the sixth worldwide position – World Bank.

### *Fashion and Retail Sector Overview:*

Colombia is the 15th most attractive market worldwide for retailers and got the 2nd place in Latin America due to its stable economic growth, growing middle class, and macroeconomic stability. Colombia is one of the fastest-growing markets in Latin America, with a growth rate of roughly 3% and a population of approximately 49.8 million inhabitants, the third-largest in the region, which is naturally beneficial to its retail sector given the size of the potential market.

The key drivers of growth will be the positive prospects for the economy, the friendly business environment for foreign investment, and the increase in the banked population, driven by retailers through store cards. This will motivate further openings, not only in larger urban centres, but also in smaller cities, which have become attractive locations for companies. Colombia's supportive economic policies on economic trade have made the market an attractive target for new retailers. In the last couple of years, new players arrived in fashion (Sfera, Havainas, Decathlon and Hennes & Mauritz), Luxury (Carat and Le Creusot) and cosmetics (Yves Rocher and Mary Kay). Customers incorporated multichannel, as many retailers developed an online presence and new firms that offer delivery services have appeared in the market. App-delivering services also appeared and became popular amongst consumers. This tendency is explained by the fact that Colombia has one of the highest internet penetration rates in the region, at over 60% of the population.

This said, the devaluation of the Colombian Peso has made UK exports over 30% more expensive than they were at the end of 2014. However, the Colombian Peso has recovered since the end of 2016 due to the recovery of oil prices. This has led most local partners and distributors to be cautious when exploring new commercial opportunities with foreign suppliers. Many of BritCham Colombia's contacts are, instead, looking for local providers and using up their current stocks before purchasing from abroad. The strength of local brands has not helped to encourage local retailers to take risks with potentially unknown British brands. Colombian consumers are increasingly brand literate and discerning in their purchases.

Disposable income has doubled since the year 2000 (40% of Colombian households are now considered by the United Nations to be "middle class") and greater numbers of Colombians are travelling abroad, empowering international cultures and fashion trends to play an ever more important role in determining purchasing decisions. The existence of a large, Colombian diaspora in world cities such as Miami, London and New York has also helped fuel a demand for foreign tastes and styles.

Price is key in Colombia. Although the middle class is expanding, many consumers in lower income segments can't afford products at higher price ranges. That said, there is evidence to suggest that luxury items have taken on an aspirational nature, particularly amongst female consumers, who are willing to save up to buy exclusive or fashionable items.