



Colombia 2016,
a strong desire to succeed.

GAME CHANGERS



Colombia 2016,
a strong desire to succeed.

[Guide]

Ipsos Flair: Understand to anticipate

The world economy and relative weights are changing and our companies are willing to develop their business in increasingly important markets: Brazil, China, India, Indonesia, Malaysia, The Philippines, Russia, South Africa, Taiwan, Thailand, Turkey, Vietnam...

However, these countries are unevenly familiar to international firms and there is the risk to simply project outdated stereotypes, whereby our clients really need information on:

- Country values and mood, at a specific time,
- The influence of history, religion and culture,
- Their vision of the future, their ambitions and desires, their ideals.
- Their relation to consumption and brand image.

So this is why Ipsos Flair was created in the first place: in order to demonstrate the originality and sharpness of Ipsos, because “flair” is about instinct and intuition. It is the ability to capture the mood, to perceive the right direction, to know when to act...

It is also another way of looking, one that considers survey results as sociological symptoms to understand the real relationship between people and everything around them: brands, ads, media...

Ipsos is uniquely positioned around five major specializations: marketing; customer & employee satisfaction; media and advertising; public opinion research; and survey management.

By bringing together these diverse, yet complementary, perspectives, we are able to explore the many different facets of an individual, be it a consumer, a citizen, a spectator or an employee.

France was the pilot country for Flair in 2005, followed by Italy in 2010, China in 2012, Brazil in 2014, then Thailand in 2015.

Ipsos is an independent market research company controlled and managed by research professionals.

Founded in France in 1975, Ipsos has grown into a worldwide research group with a strong presence in all key markets. Ipsos ranks third in the global research industry.

With offices in 86 countries, Ipsos delivers insightful expertise across six research specializations: advertising, customer loyalty, marketing, media, public affairs research, and survey management.

Ipsos has been listed on the Paris Stock Exchange since 1999 and worldwide revenues exceeded 1,669.5 million euros (US\$ 1,84 million) in 2014.

Ipsos researchers assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their consumers. They test advertising and study audience responses to various media and they measure public opinion around the globe.

2015 is a great Birthday for all our Colombian colleagues and friends!

Remembering the 2005 May 17th Press release:

“Jean-Marc Lech and Didier Truchot, Ipsos Co-Chairmen, today announced the acquisition of the Colombian company Napoleón Franco S.A., a national leader in survey-based marketing, media, loyalty and public affairs research.”

Ten years later, Ipsos in Colombia is still a full-service agency with in-house data collection and data processing. The head office is located in Bogotá. It has offices in the main cities of the country - Bogotá, Medellín, Cali and Barranquilla, and has full coverage of Colombia for its fieldwork operations. With 200 fulltime employees, the company's turnover was USD 18,6 million in 2014.

That is why we are very pleased to develop Flair in Colombia, well known as a major stake for all of our clients.

Enjoy your reading and Happy Birthday!

Henri Wallard
Deputy CEO

[Editorial]

In a Google search of "Colombia", this map of the French Ministry of Foreign Affairs gives a pretty good image of Colombia as seen by foreigners.



- Strongly discouraged
- Discouraged except for a compelling reason
- Increased vigilance
- Standard vigilance

If it is not enough to deter visit, the comments are explicit. Let's read:

“Colombia is a dangerous country where nearly a quarter of homicides are due to armed conflict and where foreigners are targets for crime, including sometimes in areas deemed quieter than others. Most attacks (snatching, robbery ruse, scopolamine assault, armed robbery, express kidnappings) are committed in large cities. The bombings targeted but remain rare and demonstrations can easily degenerate. Stay distant. It is not recommended to go to Colombia by land. Mafias and armed groups abound in effect in all border areas. Dams and kidnappings have decreased but the risk is not zero.”

After the criminals risks, there are the natural hazards:

“Dozens of earthquakes of a magnitude greater than 4 on the Richter scale are recorded every year and a dozen Colombian volcanoes are active and can be dangerous. Updated information on the activity of these volcanoes is available on the website of the Colombian Institute of Geology.”

Considering this, it may be questioned whether it is appropriate to propose a trends book about the opinions, values and attitudes of consumers towards brands, advertising, companies or institutions!

A rare combination of adverse events is in progress: declining commodities prices, rising US Dollar exchange rate, declining exports, territorial waters problems, integration, housing, employment and inflation difficulties. And last but not less impacting, there are the FARC: 17% of Colombians believe that President Santos should continue negotiating with the FARC, while 9% is in favor to obtaining a bilateral cease-fire after three years of negotiations.

Despite this bleak picture, an effective “game changer” does not listen to doomsayers, having to provide efficient perspectives with an original and clear vision of the consumers-citizens.

*Our title, “**Columbia 2016, a strong desire to succeed**”, reflects it ambition: to move forward, thanks an average annual*

rate of 5% since ten years (3% this year), a new positioning as membership of the Organization for Economic Co-operation and Development, a new image thanks to the peace with the guerrillas, if possible, and a investments' plan of 25 billion US Dollars.

Clearly, it's a challenge to attract foreign capital, to develop tourism, to create new infrastructures and to empower social classes in connection with the hopes deposited on the communication platforms *“Colombia es Pasión”* (Colombia is Passion) or *“La Respuesta es Colombia”* (The Answer is Colombia).

Meeting this challenge, Ipsos Flair has an ambition: to paint in green a new map for Colombia in 2016.

Yves Bardon
Ipsos Flair Program Director

[Perspective Alex Grönberger – CEO from Ipsos Latam Region]

What comes after one hundred years of solitude?

How many years have gone by already? 50 years of war? 75 years of drug trafficking? On the one hand, it seems that it is going on forever, and on the other hand, it looks like the one hundred years are coming to an end. We have talked about and witnessed plenty of the cost and the pain of these hundred years – and it is likely there will be more – but it has also been good for shaping a new people, characterized by their tenacity to continue battling, their blind allegiance to each other, their frenetic pride and zeal for what they have defended, and their unwavering confidence on their ability to move forward: ¡Qué berraquera!

This new Colombia was not created overnight! It simmered and strengthened from the inside out, while the rest of the world looked on from the outside and moved away with that mix of pity and fear.

The very same attitude of the outsiders fostered even more the enterprising and vigorous spirit that among other things gave rise to great Colombian companies. Better yet, these local companies, defending themselves against many of the large multinational companies that hesitated in their commitment with the Colombian market, achieved hard-to-beat development and leadership: Nutresa, Tecnoquímicas, Alpina and Colombina, EPM y EEB, Avianca, Sura, Banco de Bogota, Bancolombia and Davivienda, among many others. These companies, already confident on their strength, not only defend their local leadership, but have successfully darted in the conquest of international markets across Latin America and North America.

This success is a magnet for attracting foreign investments. The interest is such, that Standard & Poor created a special index comprised by the best Colombian companies. This spiral of success and investment is a new reality that perhaps will also last another hundred years. It is Colombia's century!

It has been 40 years since the birth of Ipsos for listening and understanding what people feel, think and do, helping to understand people, consumers, citizens and markets. And it has also been 40 years since Napoleón Franco was launched with the same mission in Colombia.

I am confident that this first edition of Flair Colombia will show you new insights and will uncover new opportunities for better navigating this sweeping Colombian wave.

Let yourself be carried away.

[Point of view from Armando Mora – Ipsos Colombia Country Manager]

It would appear that the concept of “emerging countries” is always related to an issue of underdevelopment in many senses, and despite the innovation in products and services taking usually more time in these countries, people’s eagerness to have access to information still is a priority in any market.

The government in Colombia has been truly progressive in this sense. It is, in many ways, an example of that which is possible when a government bets on bringing connectivity to its entire territory. This is why there are laws such as the exoneration of the sales tax for imported equipment and components for the development of scientific research or technological innovation (Art. 30, Act 633 of 2000); and the exoneration of the sales tax for personal desktop or portable computers (Art. 424 of the Tax Code). In 2012, 7% of Colombians surveyed claimed having a tablet; by the end of 2013, this percentage climbed to 20%.

It is a fact that Colombia has experienced significant progress with regards to internet access, moving from 2.2 users for every 100 habitants in 2000, to more than 55 in 2014, a figure that surpasses the Latin American average.

This result is partly because of the investment that is being carried out in lower income households (SEL 1 and 2), which currently have internet service or are going to get it through a subsidy reflected on a lower monthly bill – ranging from COP 4,000 to 13,000 depending on the geographic region where they live.

With the implementation of these subsidies throughout Colombia, the TIC Ministry (Information and Communication Technologies Ministry) along with some private companies, has made an effort to reach the most distant places in the country in order to foster the development of communities and reduce the digital gap by making internet usage available to the masses. This ‘social internet’ covers the countries 32 departments and territories, increasing the possibility of being connected in any part of the Colombian territory.

Along this line, the Government has even opened nationwide tendering procedures for the implementation of internet-based applications for improving connectivity of Colombian mini SMEs. The government's objective is to support the goal of making internet massively available to mini SMEs (connecting 50% of companies in Colombia), particularly micro-enterprises from the less-connected business sector.

One example is Tappsi, a company that was chosen by the business and innovation publication Fast Company as one of the ten most innovative companies in Latin America. Tappsi was created in Bogotá in 2012. It is taxi service mobile platform. It currently has more than 1.8 million users, and it operates in the main cities of Colombia, Peru and Ecuador.

It has been chosen because it offers safe travel in unsafe cities. Tappsi developed its own security protocols and filters to screen out its drivers; created the chat functionality, so drivers and passengers can coordinate a service without exchanging telephone numbers, and allowed passengers to “*share the data of their trip so their relatives and friends could track them*”, stated a Fast Company spokesperson.

When Mark Zuckerberg offered the first Facebook meeting overseas, he did not go to Beijing, London or Dubai. Instead, Zuckerberg went to Bogotá, a city that at one point was known for drug bosses and assassinations. Now, Colombia can be the best recovery tale in Latin America. Zuckerberg's big day in Bogotá is proof that the country is carrying out a successful effort to become South America's “Silicon Valley”. Zuckerberg arrived in Bogotá to announce his plans of bringing free internet to Colombia. Google, Facebook and Microsoft have opened offices in Bogotá in recent years.

Between 2007 and 2012, Colombia's tech industry grew 177%, reaching 6.8 million USD, according to Government data. Along with the arrival of these renowned companies, Colombians are also leading their country's technological boom. René Rojas, co-founder of HubBOG – a campus opened 5 years ago for entrepreneurs to test their ideas – remembers the drug-trafficking days of Pablo Escobar, the drug lord that the Colombian police eliminated in 1993.

However, Bogotá is a very different nowadays. In 2012, Citi voted Medellín, Colombia, as the most innovative city in the world. It is expected that this year the Colombian economy will treble the size it had a decade ago, according to the International Monetary

Fund. Other Latin American nations have progressed in a similar way, but they lack the infamous history that Colombia has had to shake off its back.

The rate of homicides in Colombia still is high, but it is the lowest registered in a decade, according to government data. Colombian middle class grew by 50% in the last decade, according to a World Bank report. This growth is drawing the attention of U.S. companies. Starbucks opened its first coffee in Bogotá in July last year, and it expects to open 50 more over the next five years.

Car companies such as Ford and GM are recording growing sales in Colombia. “People have money to spend”, says Eric Farnsworth, vice-president of the Americas Council, a not-for-profit organization. “There is plenty of enterprising spirit in Colombia”. While Brazil and Argentina – the other key players in South America – stumble, Colombia is moving forward.

Colombia becomes then an appealing market, not only for investing in products and services, but for a very dynamic data-collection platform.

According to Ipsos Colombia Techtracker studies, we know that eight out of every ten Colombians are accessing internet, and that daily usage grew from 43% of the population to more than 47% in 2014. With the government’s efforts, the number of people from the lowest level (SEL 1) who declare having internet access has moved from 72% to 77%. On the other hand, there is also significant growth of mobile internet access, which has increased from 23% of the population to 34% in a year. It is not rare to see in Villa de Leyva (a small touristic township) a 15-year old boy who guides the horseback riding tour, using his internet access and Whatsapp for the coordination of his excursions with tourists.

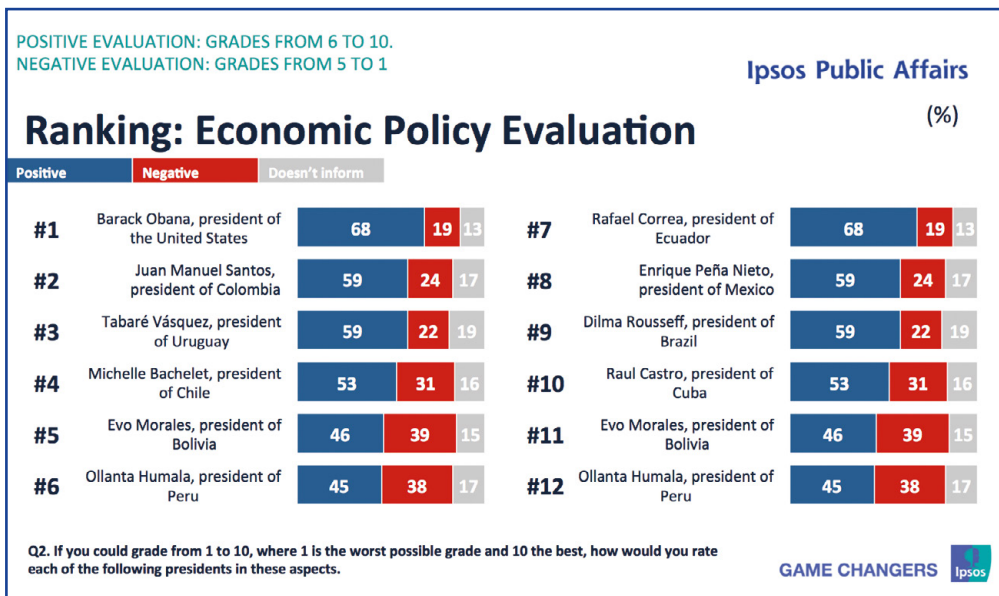
Despite the fact that Colombia is still considered a developing nation, I dare say that regarding connectivity issues, a range of possibilities for communicating with people in a deeper way and in real time is opening up, with Colombians – in contrast with the rest of Latin America – already willing to convey its needs in digital form, so they can be capitalized by global and local companies.

But it is important to have a good understanding of Colombians, a group of optimistic people despite adversity, and who perhaps because of that, do not accept criticism easily. Here you will find the challenges that the country faces, as well as the limitless

positivism that is patent in this apocryphal quote that circulates in Facebook: “Co.lom.bian (adj). Man or woman born in a mystical land, where summer, fall, winter and spring coexist in complete harmony. Formed in the middle of particular conditions that make you think they are insane (and they are), but with more spice, passion and happiness than most of the people you will know throughout your life. A little too noisy, a little too bubbly, a little too much. Their particular, sometimes annoying habits always require spotlight, but lucky for you if you ever get to bump into one of them, for if there is something that Colombians do better than anyone, is to spread the joy around.”

On the other hand, it is also necessary to say that Colombia is doing some things extremely well, and not only from the vantage point of its nationals. A recent Ipsos survey among more than 300 journalists in the region (from Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and a representative sample from Central America and the Caribbean), shows that the Latin American press thinks that Colombia is the region’s country with the best economic policy, not considering the United States, a country that was also included in the survey (http://www.ipsos.pe/sites/default/files/articulo_entrevista/Encuesta_a_la_Prensa_Latinoamericana.pdf).

Welcome to Colombia, through the eyes of our local experts.



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*“Nonetheless, facing oppression, looting
and abandonment, our answer is life.*

*“Neither deluges, plagues, famines or
cataclysms, not even endless wars lasting
centuries have managed to subdue life’s
tenacious advantage over death.”*

Gabriel García Márquez

Colombian Situation

BY **María-Isabel Ángel-Vallejo,**
Ipsos Public Affairs

Colombia is not as it is portrayed in the movies

During the 2014 Soccer World Cup, a transcendental controversy took place in social networks and Colombian media. A Dutch actress and UNICEF ambassador posted in her Twitter account a photomontage where two stars of the Colombian national team, Radamel Falcao and James Rodríguez, were lying down on the soccer field as if they were sniffing cocaine, which was coming out of the spray can that referees use to mark the field.

The tweet triggered such indignation that it transcended to international media, and prompted the intervention of the Colombian government itself. The level of significance given to what the actress called a joke, was not only because of the affection and respect that Colombians feel for the two players, but also because it represented a new case of stereotyping whereas Colombians are associated with drug trafficking.

The vexation for the photomontage led the Colombian Foreign Relations Minister to send a note of protest to both the actress and to UNICEF, as she is a goodwill ambassador, and generated a diplomatic offensive that ended with the resignation of the Dutch actress from her UN ambassador role.

Why such a comment, that some would consider just a joke, caused such level of discomfort and offense? In general, it could be said that it is because that stereotype and other negative stereotypes have become more than just a bad joke, affecting us socially, culturally and even economically as a society.

As citizens, they place us in discriminatory settings; as a country, they deprive us of commercial opportunities and take a toll on our economy. In the territory of feelings, they provide a blurred picture of our reality, and are not consistent with our actual features and efforts we make to show the goodness of our country.

Anybody would think that with a history dictated by war and drug trafficking, Colombians would be marked and entangled in our past. But no, despite this we have learned to cope with the negative aspects and to display our tenacity, focusing on the positive features that we have.

Proof of this is that we are a country renowned for its joy and cultural diversity, which we celebrate in the multiple festivities and carnivals throughout the territory. Only a persevering society could dream with reaching peace in the middle of the war and fight for it, which shows that it is not conformist and that it aspires to live differently. Despite de barriers, Colombians are always recognized by our great coffee, we have managed to strengthen our economy and to reach the four corners of the globe with our crafts.

Colombia as a country is making a significant effort to show the other side of the coin to the world, both through diplomatic efforts as well as through advertising. We managed to get worldwide recognition of our varied geography and biodiversity, to the extent that in recent years the number of foreign visitors to the country has increase, attracted by its landscapes and culture.

We also have as a society many examples to show, very distant from the way we are portrayed in the movies or the way people remember us.

Today, Colombia is fortunate to be represented in the world stage by different personalities in the cultural, political and sports arenas, people who – inadvertently – convey the qualities that we aspire to be recognized for. Celebrities such as Sofía Vergara, Shakira, Juanes, Carlos Vives, Falcao, and James Rodríguez among others have made a path to success in highly competitive fields – where at some point they were questioned by their nationality – using their talent to overcome these barriers.

It does not matter how much negative shouting there is; we Colombians are different.

Eventually, we would like to be remembered with the esteem and admiration that the entire world showed to our Nobel Laureate in Literature, Gabriel García Márquez, who – as an example of tenacity – won his prize in one of the most convulsed decades of Colombia's history.

Peace, the absolute challenging point

Colombia is experiencing one of the most important moments of its recent history. Since late 2012, the government of President Juan Manuel Santos has been holding with the FARC guerrillas (The *“oldest in the world”*) the most serious peace conversations that the country has witnessed in years.

The process is very complex and it is not lacking opposition, headed by Álvaro Uribe, the most popular former president in Colombia's history (at least since the existence of formal measurements, to be able to make such a portentous statement), who is now Senator of the Republic.

The country is divided over the issue, and it was evident in the last elections when President Santos was re-elected, in what was construed as a show of support to the peace process, his main electoral banner, but with an advantage of just 6% of the votes – in a very tight second round – over Óscar Zuluaga, former president Uribe's candidate.

The polarization on the issue remains practically unchanged one year through the second term of Santos. In fact, a recent Ipsos poll for a local medium showed that 53% of Colombians would have started the peace conversations if they were the President of the Republic, while 45% would have not started them (2% say that it does not matter to them)... This is nearly a repetition of the results of the 2014 ballotage: Santos 50.95%, Zuluaga 45.00%.

Will this difference in opinions remain when this process reaches its end, when the Colombian people will be summoned to cast their vote to endorse (or reject) whatever has been negotiated in La Habana, Cuba, between the government and the guerrilla? Without a doubt, this is a complex decision for the people of the country.

⟨ INTERVIEW

Javier Restrepo-Palacio,

Ipsos Public Affairs ⟩

What is going to happen in Colombia in relation to the peace process with the FARC?

Among other things, Colombians will have to decide whether – in the name of reconciliation – we are willing to approve such arduous points as political participation and alternative sentencing for guerrillas.

According to an Ipsos poll for local media¹, most Colombians do not agree with these concessions:

- *89% thinks that the FARC leaders should go to jail.*
- *79% is of the opinion that they should not participate in politics.*
- *71% of Colombians² expect the peace process to “reach agreements that will allow FARC to depose their weapons and forfeit violence”, which is frankly contradictory: Don’t we Colombians understand that, in order to reach agreements for the guerrilla to leave behind the weapons, it will be necessary to negotiate benefits for the rebel groups, precisely around alternative sentencing and participation in politics?*

It is a difficult outlook for such a nation as Colombia, which has spent several generations amidst a bloody armed conflict that has left behind hundreds of thousands of victims, and millions of people displaced by violence.

It is difficult for a nation that, simultaneously, shows an impressive democratic stability (our country is called “the oldest democracy in Latin America”), whose economic development is giving extremely positive signs (several years of sustained economic growth, above the regional average), and that is capable of giving rise – particularly in recent years – to compatriots that make their people proud, are recognized all over the world and bring joy to people’s lives, such as Shakira, Paulina Vega, Radamel Falcao García and James Rodríguez, just to mention some of the better known.

¹ Colombia Opina, April 2015: http://www.noticiasrcn.com/sites/default/files/15030686_-_colombia_opina_2015_-_v3.pdf

² Peace: Is Colombians’ patience wearing thin?: <http://www.revistacredencial.com/credencial/node/2380>

What would happen to Colombia if a peace agreement is signed with the FARC guerrillas?

The benefits that peace would bring are many and very significant for the people and the country:

- *A peace agreement will allow for the removal of mines from broad extensions of land, and would put an end to an immense danger to the civil population, which has already claimed thousands of victims – both death and mutilated.*
- *Peace will make it possible to know the truth about what has happened to thousands of Colombians that have disappeared amidst the conflict, about whom their families do not know anything.*
- *There will be harder work in the fight against drug cartels, a much more complex task as the actions and armed presence of the FARC is precisely in those areas where the coca plant is grown and processed.*
- *Peasants displaced by violence will be able to return to their land.*
- *Billions in resources that the Colombian state is spending in the internal conflict can be allocated to social and infrastructure programs that the country needs for its development.*

People in Colombia understand this, and Ipsos surveys indicate³ that Colombians expect peace to bring them tranquility (35%) and progress (22%).

However, the valid concerns of those who – as former President Uribe – oppose to the peace process are also reflected on the responses to our Ipsos surveys on the issue³: people in Colombia are concerned about it not being a true, definite peace, so violent actors will backslide into other forms of violence (21%), and there is also concern about their crimes going unpunished (11%).

Will the Colombian government sign a peace agreement with the FARC guerrillas?

Everything seems to indicate that the government will sign an agreement, because President Santos is willing to “put all his

³ Peace: Is Colombians' patience wearing thin?: <http://www.revistacredencial.com/credencial/node/2380>

political capital on the line”, as he recently stated to the media; but, will Colombians approve in the ballot boxes what the government has negotiated in La Habana, thus giving life to the agreements and allowing the guerrilla to effectively depose their weapons and reintegrate into civil life?

My intuition tells me that the yes will win, but for a small margin. The pollster that I am should answer that it is not possible to know yet, but – as it is our commitment and our vocation – Ipsos will be there, interrogating people’s opinion and helping society (and clients in particular) in trying to understand what is going to happen in Colombia in relation with the peace process with the FARC.

Peace, the absolute hope

It is difficult to believe that at the onset of the 21st Century Colombia was a metaphor of violence, corruption and drug trafficking. A failed state in every sense of the word.

For years, security forces, guerrilla groups, militias, drug dealers and the national government fed the conflict in different zones of the country, something that had a direct impact on the rural and urban populations.

It is estimated that between 200,000 and 600,000 people have been killed during the armed conflict over the last 50 years. According to the United Nations Refugee Agency, Colombia has more internal displaced population than any other country in the world (between 4.9 and 5.5 million).

The improvement of the security situation has been possible thanks to the success of the armed forces, which have received financial and technological support from the United States.

These results have managed to persuade the Revolutionary Armed Forces of Colombia (FARC) and, more recently, the National Liberation Army (ELN), which are the two main guerrillas, to take part in the peace conversations with the government. Both armed groups have suffered significant defeats by the government in recent years. The high toll combined with desertions has been a strong blow to these groups, which have been forced to move to remote zones.

However, the government still is far from claiming victory, as the country's geography makes it difficult to reach the places where the guerrillas are located. This outcome has brought groups in the conflict to the negotiations table for seeking peace.

It is easy to believe that we have left behind the past history of cartels, war and poverty; however, total peace is proving evasive. The potential to slip back into internal conflict and instability remains a latent threat behind the scenes.

Growth, the absolute goal

For investors, Colombia seems to be the new regional *“tiger”*, mainly because of the market’s size and the sustained year-on-year growth of the GNP close to 5%.

The country’s average per capita income is close to 8,000 USD and a population of 48 million.

Colombia’s manufacturing base is relatively diversified, less dependent on commodities than neighboring countries, although it has significant reserves of coal, oil and natural gas, with an estimated daily production of 1.1 million barrels.

All this has fueled the inflow of foreign investment, estimated at more than 2,5 billion USD in the first quarter of 2014.

This currency flow permeates the economy feeding the loans market, which in turn has invigorated the construction sector as a consequence of long-term mortgage loans. Moreover, the middle class has grown in the country, adding dynamism to the consumption of financial products, as well as durable goods and so on, supported on loans that are *“readily”* available through banks.

As a result, Colombia has enjoyed a period of a financial boom, which undoubtedly has been resented by the world recession and the fall of oil prices.

Nonetheless, Colombia remains far from countries such as Argentina and Venezuela, which are now experiencing recession, while Brazil and Mexico remain economically stable, and Peru and Chile grow at more modest rates compared with Colombia.

All the aforementioned progress and improvements are the byproduct of a significant increase of the security in cities and rural areas of the country. Although there are exceptions, such as the port of Buenaventura on the Pacific, as well as other areas that are not accessible to national security forces.

Decades of civil unrest, leftist guerrilla movements and drug trafficking distanced Colombia from foreign investment. However, the signature of Plan Colombia in the late 90’s, which included billions of dollars in military aid from the United States and a counterinsurgency program, has helped to bring peace to rural zones. As a result, large extensions of land were opened to

the exploitation of natural resources such as coal, oil, natural gas, gold and emeralds.

These achievements, along with the improvement in terms of security and the high prices of commodities during the first 10 years of the 21st century, impelled the above mentioned wave of foreign investment.

Asia is one of the main buyers of Colombian exports, which have grown more than ten times since 2008. With these results it is not difficult to find many analyst and investors who are optimistic about the country's future. However, as it has been mentioned already, there are factors that might obscure such an optimistic horizon.

The dramatic drop of commodities' prices, particularly oil, has negative consequences for the Colombian economy. Last year, the balance of payments was negative, after a prolonged period of surplus.

Peace, the big challenge to the country's growth process

⟨ INTERVIEW

Juan-Carlos Satizábal-Robayo,

Ipsos Connect ⟩

The peace conversations that started in November 2012 with a deadline of November 2013, are still going without a clear closing date. The confrontation continues in parallel, and any of the two parties (government or guerrillas) may abandon the conversations at any time.

In this scenario, it is a surprise that Colombia remains one of the best investment options among the emerging markets, because of its ability to maintain sustained growth above that of other neighboring countries.

However, with the population in the cities artificially flooded by jobless groups of displaced people, social tensions start to rise. This, combined with the polarization of the political environment – where there is the participation of right wing groups led by former president Uribe that are attacking the peace conversations – might create a sociopolitical conflict in the country.

The dividend of peace has propelled Colombia in economic terms to a third place in Latin America, after Brazil and Mexico.

However, the prospect of permanent peace is precarious, and it is not the only threat to continuous growth. There are other threats to the economy, such as a weak infrastructure, Washington's intentions to gradually reduce the aid from Pan Colombia, corruption and income inequality.

Colombia is the eighth country with the highest inequality according to the World Bank, and this problem has fueled the armed conflict for decades.

Even though the economy has attained excellent growth, the imbalance in the distribution of income is a latent problem (only 1% of workers earn more than 3,000 USD per month), and pressure from the poorest sectors does not recede.

Colombia's ability to withstand the 2008 global recession and the subsequent fall of oil prices suggest that its economy is more resilient than it seems, considering its problems.

The 4% growth of the GNP in the recent downturn of the world's economy is enviable to most developed countries.

If Colombia finds a way to put an end to the armed conflict and manages to handle the other serious problems, we could have a great future.

From drug trafficking paradise to investment paradise

〈 **B Y Sebastián Benitez,**
Ipsos Marketing 〉

The progress that Colombia has experienced in the last 30 years is not a secret to anyone, and writing this article I realize that today I am living in a different country from the one I was born in.

In 1982, when I was born, and after more than 20 years of armed conflict in Colombia, the country was immersed in a battle among drug cartels, guerrillas and armed forces, and without being conscious of it I was living through years of profound social and political transformation.

However, when everything seemed to not have an end, a failed political reform late in the nineties led to the creation of the movement known as The Seventh Ballot Paper, which would promote a popular consultation for the creation of a National Constitutional Assembly, eventually contributing to the creation and signature of a new political constitution, the **“human’s rights”** constitution.

Colombia’s declaration as a laic state, the inclusion of the Right to life, to equality, to personal freedom in all its forms, to freedom of conscience, of expression and cult, are only some of the aspects that set the foundation for Colombia to start afresh and open a window of hope towards a different future for the Colombians.

Laid these foundations, from then on and in general terms, the country’s economic growth strategy has been clear and constant: economic aperture to the world and a neo-liberal state with high stakes on foreign investment as development engine.

The decade of the nineties was a period of recovery, not only of the confidence of the country itself, but of the economy in terms of growth and consolidation of some key sectors, despite a severe economic contraction in 1998, influenced by the global crises and a failed peace process with the FARC, which strengthened militarily this armed group, the largest in Colombia since the sixties.

It was from the beginning of the new century when the good times of the world economy started to impel Colombia as an economic power, and its internal policies and the conservative management of its economy allowed it to maintain steady growth rates, appealing to investors.

In fact, the figures of the country in the last decade regarding GNP growth, foreign investment, reduction of poverty and unemployment rates are even the subject of envy for any developing country.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GNP % Growth	4.4	1.7	2.5	3.9	5	4.7	6.7	6.9	3.5	1.7	4.0	6.6	4.0	4.7	4.6
Inflation	9.2	8.0	6.4	7.1	5.9	5.0	4.3	5.5	7.0	4.2	2.3	3.4	3.2	2.0	2.9
Unemployment	20	17	17.4	14.2	13.6	11.8	11.1	11.2	11.3	12	11.8	10.8	10.4	8.7	9.1

Now, the growth of foreign investment in the country – which has been impacted by the good economic conditions – has been concentrated mainly on primary sectors such as oil, mining and energy (+45%), reflecting Colombia’s economy largest industries and the government’s bets on the so-called “*mining locomotive*”, the spearhead for the country’s economic development in recent governments.

DFI Flows by Sectors, 3Q 2014	
Oil Sector	32.5%
Manufacturing	14.6%
Mining and Quarries	13.3%
Transport, Storage and Communications	12.9%
Financial and Business Services	8.6%
Retail, Restaurants and Hotels	7.0%
Electricity, Gas and Water	5.0%
Other	6.2%

Source: Balance of Payments, Banco de la República.

The concentration in these sectors is characteristic of primary economies, and shows that despite the growth of the economy and Colombia's positioning as an attractive country for foreign investment, we are still just at the beginning of the consolidation of the development and advancement towards a modern country as a privileged destination for investments.

This consolidation should come hand in hand with the development of the industry and services sectors, with technology as a relevant facilitator of growth. It is here where I think that though it is clear that nowadays Colombia is a completely different country from the one I lived in three decades ago, it still has a gigantic field of action, not only for foreign investment, but for the innovation and growth of local companies.

With the consolidation of the new peace process and the government's stakes on the use of information and communication technologies, Colombia expects to grow in 12 years its per capita income from USD 8,288 in 2014 to USD 20,000 in 2026, matching the levels of countries such as Portugal, and getting above the region's average.

Even though this growth of the per capita income should come along with better distribution of wealth in the country for it to be a real economic engine, such growth – not just of the overall economy but of the population's income and purchasing power – consolidates enviable conditions for investing and innovating in sectors that will bring added value, such as the manufacturing and service sectors.

Keep going, now is the time!

Strengthening the appeal

BY **Fernando Rojas,**
Ipsos Connect

Colombia immersed in the world economy

In 2004 and 2005, Colombia received 37,378 million dollars in direct foreign investment. It is clear that the need to integrate in the world and to grow makes the presence of multi-national companies something desirable for development.

Colombians have had to get used to the “*proudly Colombian*” slogan disappearing from many of the companies that for several years were the most representative of the country.

Some years ago it would be unthinkable that companies such as Bavaria or Avianca would be in the hands of foreign investors. There are those who say that the only thing missing now is for Juan Valdez to turn blond and blue-eyed, and that a purebred English horse will replace Conchita the mule.

The fact is that Colombia was not alien to the globalization phenomenon. Free trade and market integration agreements, along with the concept of multi-national companies, are becoming an everyday staple in a country that is looking forward to growing and partnering with the world.

The presence of global players has determined industrial consolidation, a trend towards specialization and, above all, towards professionalization. Local companies had to start a process of technological renovation, investment in human resources, improvements in terms of competitiveness and productivity, and reduction of expenses in order to become profitable and competitive.

This included improving work methodologies, specialization, segmentation and search of new channels. All this makes it possible to respond to shareholders that are demanding greater yields, and to offer better customer service.

One of the concerns of foreign investors in the country was the legal instability, which improved with the Act 963 of 2005, which was created to guarantee legal stability of local and foreign investments in Colombia.

Colombian investment banker Violy McCausland, talking about the importance of foreign investment in Colombia, once said: *“Attracting direct foreign investment to Colombia depends, to a large extent, on managing to close the gap that separates the perception that there is of the country from its actual reality.”*

Paradoxically, while the perception that international markets have of the country is usually negative, underscoring in particular security and drug trafficking issues, the experience of those who have invested in the country has been positive.

There has been so much noise around this, that there are already those who tremble thinking that in the future there will not be Colombian companies, and that employment will be ever harder to find to local residents.

The 30 foreign brands that are coming after Colombian consumers

The need to diversify income, the difficulty to grow in their own countries, the higher purchasing power of consumers and the business opportunities have several foreign companies and recognized brands preparing their foray into the Colombian market.

From subsidiaries of Spanish stores to branches of Adidas are getting ready to enter the country.

An estimated thirty foreign brands are to arrive in the country in what is left of 2015 and during 2016, while other five that are already installed in the local market will be opening new points of sale⁴.

The clothing and shoe business, along with channels such as e-commerce and catalogue sales, will move around 17 billion COP, 6.2 percent more than in 2014, when it was 16 billion.

⁴ Source: Foreign brands that will arrive in 2015.

Even though Colombia has witnessed the arrival of famed brands such as Zara, Mango, GAP, Victoria's Secret, Versace, Dolce & Gabbana, Burberry, Faconnable, Rockport, Frey Wille, Aeropostale and Tissot, and there are more coming, Colombian brands battle to maintain the space they have conquered.

Competition among foreign and local brands maintains its dynamism, and names such as Pronto, Aquiles, Armi, Payless Shoes Source, Abril and Forever 21 continue battling.

“Today, no brand can stay only in its country, because market diversification may help faster growth,” said Felipa Jove, director of the Caramelo brand, to the Spanish portal Modaes.

The president of Inexmoda, Carlos Eduardo Botero, stated in turn that they see ever more growth opportunities in the country, leveraging on the increase in purchasing power of Colombians.

The fashion and shoes sectors are without a doubt those expanding most. However, some brands in the food industry have similar interests in growing outside their countries, such as Pan con Chocolate from Spain.

[Colombian Mood]

Surviving in a hostile environment

Defense mechanisms have been thoroughly studied, and have been described as a psychological process that tries to maintain the emotional homeostasis amidst an adaptive process to cope with the environment.

In Colombia, there are several defense mechanisms, that when understood allow us to better understand what goes on in the country. It seems that some citizens are assuming a behavior of *“delegation or citizen’s displacement”*, trustingly depositing in the hands of someone else their future, while others develop an escapist behavior, as if they were poorly informed, indifferent or completely insensitive, indolently watching the tragedy of others, and reacting according to the momentary mood, clearly disconnected from reality.

Surveys constantly measure and reflect the population’s moods, and they give the impression that the mood is not changing. There are no special modifications within its homogeneity, other than the events to preserve their hope and illusion.

Such mood does not change either, because of fear or uncertainty, as Colombians do not know what is going to happen, and in many cases there is not willingness to assume risks or take chances with an uncertain future.

On the other hand, facing potential polarization, people are also fearful of the rekindling of aggressive confrontations among the civilian population, in addition to those that have already existed for many years with illegal groups.

In all cases, the threatening prospects of war would be more likely than the signs of peace, which is what we are dreaming of immersed in wishful thinking.

Trying to understand the reaction of the people

⟨ INTERVIEW

Napoleón Franco,

Ipsos Colombia Executive Manager ⟩

Three fundamental motivations of human beings are truncated in Colombia:

- 1. Freedom and security, which would be attained as a consequence of peace.*
- 2. Advancing towards the goal of fulfilling their basic needs (employment, health, education)*
- 3. Peace of mind and stability in the present, and certainty of the future.*

If for advancing in the search of security the agreements are initially signed with a group with a criminal background, citizens experience again the anxiety of the dichotomy of admitting socially inadmissible past behaviors – such as assassinations, illegal appropriation, pressure on the population and illegal money – and admitting them through perturbing or conformist concessions to support official military forces in their fight against guerrillas and the “liberation” of rural areas, neighborhoods and cities.

Finally, in a clear symptom of bipolar behavior, occasional manifestations of euphoria and depression emerge. In them, the motivations – preferably disconnected from the source of the anxiety, such as going out to the roads, sports victories or small personal achievements – trigger disproportional behaviors of rejoice, extreme demonstrations of joy or lack of restraint, which eventually wind up in confrontations, disagreements or, even, antisocial behaviors that lead again to deep collective depressions and learned despair.

The bipolar cycle is thus completed, where – as there is not a clear diagnostic or analysis or debates of what goes on, or awareness of the disease or possible treatment or prognosis – the absence of causes is rationalized around the existence of an unidentified enemy that can be and can appear anywhere. The threat is extended with symptoms of paranoia, where the other will always be the enemy.

*I don't know, but it would seem that citizens are assuming a behavior of “**delegation or citizen's displacement**”, trustingly putting in the hands of other all of their future.*

*You either are with me or against me... or better yet, “**I don't even get involved**”. The ‘Chapulín Colorado’ (iconic Mexican popular comedian) was absolutely right: “**Follow me the good ones**” or “**who will defend us?**”*

[The new grid]

「The transformation desire」

Clearing the backlog

To the whole world, the influence of drug trafficking on the Colombian economy is a cause of discussion and confusion. Many people outside Colombia – and even inside the country – consider that the country is completely immersed in the drug economy.

Colombia has been in war for more than 50 years and more than 70 years with the drug dealing problem, with the money derived from these activities corrupting trade and other key sectors of the economy, among them hotels, sports, construction and farming.

Most of the population, irrespective of new or old generations, is aware of the negative impact and relevance of Colombia as a country that has been invaded by drug trafficking, so it is not worth delving deeper on this issue. But it is not needless to say as a starting point that the Colombian is a society that has faced accelerated change in all the aspects of its economic, social and political life.

Concurrently, Colombia is a country with enormous wealth in natural resources. In fact, it is the second richest country in terms of biodiversity, and the fourth best Latin American economy, growing more and more in all of its aspects: education, technology, civility, infrastructure, tourism, culture, music and so on.

Then, the question to solve is: Could Colombia become a paradise for investors?

Highlighting the present to create the future

⟨ INTERVIEW

Leonardo Duque,
Ipsos Marketing ⟩

Before addressing this question, we should study the events that the country has experienced to date, which have made the world turn its eyes towards Latin America and Colombia with the intent to invest and grow.

However, these events that have influenced other countries are now turning Colombia and South America into the focus of attention, after having gone through a path of great instability derived from drug trafficking.

Colombia has implemented public policies in the last decade that have allowed it to reduce the size of the problem and start to overcome it in the midst of internal changes. However, the situations it has experience show the world how easy it is to fall prey of drug trafficking and how difficult and slow it is to debunk such image and move away from it.

Therefore, I can give you a pointer to what my answer to the question is, with my firm belief that Colombia can be a paradise for investors and development, as the population is eager to join the big players in all aspects of the world economy: education, technology, hydrocarbons and so on.

Let us stop now to identify the facts and/or circumstances that have led the world to keep us in its sight.

First, even though the Colombian government has been criticized on multiple occasions for its decisions and multiple mistakes of the past, we have to acknowledge now that for twelve years Colombia has been proposing and executing public

policies that have allowed for a much more demanding business development through international competition. These policies that the government has proposed make it possible to open the population's mind, as well as to be seen in other markets with our products and services.

Stable governments with no affinity to dictatorships and with their sights on foreign investment, allow capitalist countries to see in Colombia a forward looking country, and this is why we have to acknowledge the vital role of governments in this new position of Latin America and Colombia.

As a second actor – just as important as the first one – there is the presence of Colombians in different corners of the world. They have succeeded in creating colonies and mini-societies that allow our culture and talent to resonate in different arenas, such as genetics, neurobiology, aero spatial engineering and nanotechnology, all through biodiversity, where biotechnology, bio-commerce and environmental services bring forth to the world solutions to environmental issues through nature, turning those problems into opportunities.

Not only science is an important bastion of development in Colombia; entertainment – such as the movies and soap operas – makes of the country a source of talent and creativity. For these points that we have just mentioned, the Colombian community overseas is leading the country to play a significant role in the world.

In third place, there are sports. Top level sports practitioners have taken the name of Colombia to places never imagined before. Not only in soccer, but in other sports that do not arouse the same passions, they succeed in resonating across continents, as nowadays Colombia has advantage in most sports. This is because of the mass appeal and the ease of renewal, with generations of sports practitioners that remain over time, and also the unconditional support of their compatriots.

From these perspectives, we observe that Colombia has experienced a drastic transformation in the last decade, and we can see in a tangible way all these victories. According to

the Telegraph newspaper, there are several figures that make Colombia “look good”: a middle class that moved from 16% in 2002 to 27% in 2011; a poverty rate that has dropped in the last decade from approximately 50% to less than 30% in June 2014; an economy that last year grew 4.8%, and an inflation rate of 3.8%, when neighbors such as Brazil and Venezuela show figures of 7% and close to 70% respectively.

The efforts made by the already mentioned actors translate in figures, which are a measurable indicator, as well as the country’s economic relations, which contribute to detecting commercial and economic opportunities in the world.

This is why the current incursion of a large amount of foreign companies makes it possible for tourism, economic diversity and the varied offer of products to materialize healthy competition with big job opportunities for the population. These efforts and the international recognition from several countries have been giving it the credentials to become a bilaterally open country that is, for both foreigners and their investment capital, and for its native products and fertile land to the world, and has managed to become a business epicenter with significant challenges.

Lastly, this type of growth translates into projection towards the country, the incursion of new companies that not only bring investment and work, but also alternative development projects in sectors such as tourism, biofuels and the creation of software.

This ensures giving Colombia a way out of years of drug trafficking and violence.

The power of people: resiliency and no-limit attitude

Despite the paranoid temptation evoked by Napoleon Franco, Colombians want to overcome and to be able to take care of their future, once and for all.

When there is nothing left to lose, people can surrender to despair, or move forward willing to succeed, or to simply feel alive.

This implies energy, imagination, self-confidence, boldness, sometimes blindsided... the main characteristics of superheroes!

For the more optimistic, it is the strength of Colombia, where there is abundant popular enthusiasm, able to innovate and invent despite the tragic context.

< INTERVIEW

Ángela-María Garcés-Jaramillo,

Ipsos Public Affairs >

Whenever foreigners visiting the country are asked ‘what is the best of Colombia?’, the most frequent answer usually is ‘its people.’ This is why I will take this opportunity to talk about the people of Colombia, how they act and their particularities.

When I talk about what Colombians are, I cannot stop thinking about all the problems of a social, economic and violent nature that have fallen upon our country.

However, every time that I think about this, I can’t stop being amazed (actually, the right word would be ‘astonished’) at how every day I see people in the streets who are happy, hardworking and optimistic.

I don’t understand how can we be happy in the middle of conflict, how is it that we continue our daily struggle while everyone is witnessing suffering. And in the midst of this everyday incomprehension of ourselves, I understand that it is simply because we are Colombians.

The power is not in knowing, but in creating

I have always believed that being able to acquire knowledge is one of the most important tools for life. However, even more important than knowing is the power of creating: creating knowledge, creating happiness, creating all that imagination can give us. And it is precisely what we Colombians do every day; we create new ways of doing things, we reinvent ourselves every day.

Not long ago I learned that there is always going to be a different way of addressing whatever life brings to us. When I understood it, it was clear to me that this is precisely what I see on a daily basis, how Colombians create in different ways how to be better despite of adversity and in the midst of it.

We are unique people, we do everything that we have to do in a unique, once-only way. What we want (whenever we want it), we get, and in ways that only a Colombian can think of.

I cannot stop being amazed at the kind of people as that one who takes a donkey, loads it with books to bring them children and adults from the most distant zones of the country, so they can have access to the knowledge and adventures that only a book can offer. Who else could think of creating a 'donkey library'?⁵ Only a Colombian.

⁵ <http://lamanufacturera.com/biblioburro/>

Who else can think of creating a classroom in the middle of nowhere, decorated with trees and flowers, where the chairs are the grass, the dirt is the blackboard, and the limb of a tree the marker, just to be able to teach?⁶ Only a Colombian.

⁶ <http://www.eluniversal.com.co/cartagena/bolivar/437-estudiantes-siguen-recibiendo-clases-en-el-piso-36600>

Who else can think of creating a banquet to feed more than five people, using only a brick of brown sugar, a pound or rice and a plantain? Not even the most creative chef in the universe would do it. Only a Colombian can think of it.

And just like that, I see every day how apparently ordinary people become superheroes creating the unimaginable. Something that can only exist in the head of a Colombian.

And it is precisely this country full of superheroes, of people who can reinvent themselves every day in order to achieve their goals, is the Colombia that we currently have in terms of markets, and that could get to be ever better. This is why there are many important companies in the development of the national economy.

These companies and the creation of native products are specifically what make Colombia grow in the market, allowing it to offer new products. It is not a futile thing that the Industry and Trade Superintendence received 2,193 patent applications in 2013, from mine-detecting robots to devices that help Parkinson patients to walk.

It is for this reason that I think Colombia is a country of superheroes.

「 Inventing the alternatives 」

How to move from resourcefulness and personal efforts to a strong institutional policy able to give a new impetus?

Let's read about the Bogota bike's policy, culture and the stakes it has placed on it.

We, the Bogotanos, want to be riding bikes

〈 INTERVIEW

Pablo Gómez,
Ipsos Connect〉

For several years now, Bogotá has been clearly recognized for its network of bicycle routes, which has broad coverage, communicating a large portion of the city. With an infrastructure of 215 miles, it makes 70,000 daily trips possible across the network.

However, bicycle usage in Bogotá is not only the outcome of an initiative of former mayor Enrique Peñalosa as we all think, but rather a powerful trend that goes back to the decade of the seventies. On December 15, 1974, the first test of what nowadays is called the “Bogotá bicycle way” was carried out, when Bogotanos for the first time took to the streets to claim a space that was exclusive for automobiles.

This initiative was led by a not for profit organization called Procicla, which with the support of the then Administrative Department of Transit and Transportation habilitated for three hours the exclusive transit of bicycles along the main thoroughfares and the city's center. This initiative set a historical landmark that gave way to the formal institutionalization of

the bicycle way through the decrees 566 and 567 issued on June 7, 1976, which regulated different types of bicycle ways depending on their usage, as it is the case of the Sunday bicycle way and the permanent bicycle routes.

This is how, as time passed, the bicycle way became a key part of Bogotá's culture, and 2006 was a key year as the bicycle way-recreation way was re-launched, integrating recreational spaces, maintenance and rehydration services, complementing the routes the bicycle way covered.

Following the success of the bicycle way, the bicycle route project was included in the development plan of Bogotá – as a solution to the city's mobility issues – when the Bicycle Route Master Plan was established with the goal of building a network that would make it possible to link bicycle routes with public transport systems.

Thus, the bicycle moved from being an element for recreation, to become a relevant transportation alternative, which has also made it possible for citizens to realize that bicycle routes are valid spaces for mobility.

However, this is not only limited to mobility, but it has transcended to different initiatives, as it is the case of the “no-car day”, whose goal is the reduction of harmful gasses in a normal day. The night bicycle way is, in turn, a leisure initiative, and it takes place sporadically in conjunction with special dates, seeking to stimulate the commercial sector.

This successful model has been integrated into the culture of the city and has become fashionable among university students, professionals and business executives – who even use their bicycles as an element to demonstrate their status, as nowadays it is not enough to go out in any bicycle, as the idea is not only to have the best one, but to own one that adjusts to each one's identity. It is because of this that we find a large variety of styles, that range from antique bicycles to the most modern two-wheelers and electric bicycles.

All this cultural change has had the support of the municipal authorities, which have made infrastructure available to urban cyclists, as well as a number of information systems that are mainly accessed through the internet. There are even mobile

device applications where maintenance services and public parking (bicycle parking) can be easily found, such as Bicimapa and Plan Bici.

However, with the passage of time and as a consequence of the massive use of bicycles as a transportation alternative, it is also necessary to generate action plans that will allow to offer the best conditions to urban cyclists during their journeys.

According to data disclosed by councilwoman Lucía Bastidas, Bogotá is the city where there is more bicycle theft. At the country level, the number of bicycles stolen from urban cyclists was 1,450 in 2014.

On the other hand, there are also shortcomings in the infrastructure of bicycle routes, and for this reason, among the nine solutions for mobility presented by ProBogotá to the Secretary of Mobility, there are two points that underscore the improvement of the infrastructure of bicycle lanes and actions to reduce bicycle accidents.

[The digital transformation]

An overall perspective: eight out of every ten Colombians have internet access

This is how the conclusions section of the Techtracker Colombia 2014 study began, where it was intended to understand how is the digital consumption of Colombians residing in cities with more than 200,000 inhabitants.

During 2013 and 2014, Ipsos Napoleón Franco along with the Ministry of Information Technologies and Telecommunications (MinTic) and in partnership with private companies in Colombia such as Claro and Intel, undertook a project to gain knowledge on the behavior of Colombians in relation to the digital world.

What was found with this project? What knowledge did we gain? How are Colombians focusing on the digital world? These questions emerged when the study was starting, and it was discovered that the answers are not only related to how many Colombians have internet access, but to what is the use that they give to this tool and the productivity that they find in it.

Some conclusions that make it possible to know the behavior of Colombians in the digital world are the following:

1. Internet use is ever more vital for Colombians: in the country (and we think that in the world at large), internet has not only become a work instrument, but – as different studies show ⁷ – a tool that allows users to communicate with other people and to stay informed about what goes on every day. A situation that makes this evident is that daily internet use has increased from 53.4% in 2013 to 59% in 2014, which is related to the fact that Colombian internet users might be changing their dynamics to more frequent consumption.
2. The PC still is a significant means to get connected, but smartphones usage ⁸ has increased. Although the PC continues to be the main tool for accessing internet, increased usage of smartphones⁸ has been observed, with 80% of Colombians

⁷ Techtracker 2013 – 2014/ Social Media Study 2014/ Media Consumption 2013

⁸ Information from a study related to social media, conducted in 2014.

who own a smartphone (43% of the population) using it to access the internet.

Access to internet is 70% through a PC, with home and office being the main connection places.

The increased ownership of smartphones by Colombians (43% in 2014) allows them internet access from any place.

3. Streaming is about to change everything; 49% of Colombians buy their movies in physical copies, which means that piracy or clandestine purchase of movies is noticeable. However, it is also observed that there is a trend towards using other media to access movies and series: people are decidedly adopting streaming. Thirteen percent of respondents claim usage of streaming services like Netflix, and 18% use free web platforms like Cuevana.

Moreover, people are downloading less and streaming more: 37% of users reproduce music and 34% watch video content via streaming.

4. Facebook is for many Colombians one of the most relevant internet activities: out of every 10 Internet users surveyed, 7 have at least one social media account. And 97 out of every 100 users with social media accounts have a Facebook account. Furthermore, 6 out of every 10 social media users check it on a daily basis, and 4.7 do it several times in the day.

In fact, checking social media is the second most frequent activity of Colombians in internet (81%), while the first one is checking their e-mail (83%). With these figures, we can say that practically all Colombians who use social media have a Facebook account, and that the platform is ingrained in the habits of a good portion of the population.

Nowadays, as mobile phone penetration grows, the magnitude and intensity of social media use will grow: accessing them is already the most common activity from a smartphone (39% of respondents do it).

5. Colombians want to be more connected; the increased connectivity in the lowest income sectors is usually in the news, while in higher socioeconomic levels users are increasingly more “geeks”. In first place, people already have more than

one device connected at the same time, with an average of 2.4 devices, and 30% claim having more than 3 gadgets simultaneously connected.

Moreover, many Colombians own videogame consoles, which are also used for connecting or playing online. 24% of respondents declared having one. The most popular consoles according to the study are PlayStation 2, with 29% and Xbox 360 with 23%. Smart TVs have also grown exponentially, moving from 5% to 10% in one year.

All this is driving demand for better broad band connections. Already, 36% of respondents claimed having a 3 - 5 Mbps connection, and 10% of users state enjoying connections speeds above 5 Mbps.

6. There are Colombians that still don't use the internet: despite the fact that connectivity figures are on the rise, there are sectors of the population that still remain away from this medium.

This group of *“2 out of every 10 Colombians do not navigate Internet”* belongs to sectors of the population that are not adopting technology at the same time of the population's average. For example, *“low income housewives are lagging behind.”*

Those who have no confidence in internet and gadgets should not be discarded either. There are studies showing that 16% of people think that technology is harmful to human relations⁹.

⁹ Online Study – Use of Social Media 2013.

Measuring the concrete influences and impacts

⟨ INTERVIEW

Ingrid-Paola Alfonso-Bello,
Ipsos Marketing ⟩

It is inevitable to think how this technological evolution has affected our business and our clients' business, and we realize that:

- *Internet is now part of the daily lives of Colombians. In the web, information of every kind is searched for, contents are shared, and users relate with each other through this medium.*
- *It is increasingly common to be connected through different devices while watching TV. This makes media planning more complex than in the times where internet did not exist, as a user can consume TV or radio while simultaneously checking the e-mail or searching for contents in social media, among other things. Campaigns that are divided in different messages adapted to the different supporting media are being used more and more.*
- *Internet advertising allows brands to target and customize their campaigns as much as possible. Tools such as Google AdWords or Facebook Ads make it possible for companies to target their messages based on age, sex, location and even users' interest, something that was unthinkable when there were only offline media.*
- *Creating a message for the audience at the very moment an event is happening is already possible because of internet and social media. Nowadays, users are always connected, and social media allow for an immediacy that was unthinkable before.*
- *Viral phenomena: the possibility of making contents viral without large investments is there in the new digital era.*

This digital evolution shows us that our research business should also evolve and stay at the forefront of what consumers are looking for, as they are increasingly becoming more technological.

The way of doing research should go in line with this evolution. We need to use techniques and methodologies that are more related to the digital era, and keep constantly evolving.

The use of online tools and methodologies allows us to be closer to users in their own environment. For instance, a tool that connects us with Colombian consumers is Social Listening, allowing us to see from social media how we connect, how we engage, how we learn and communicate.

The result is an enormous amount of data and comments shared every day in a spontaneous fashion, something that gives us a valuable opportunity for exploring and delving deeper on the opinions and experiences of users, thus making of the technological environment a large database.

From this point, everything that happens in the technological environment becomes a new research strategy, not only in Colombia but in the world.

[The new generation, the “like generation”]

When a technology crosses an attitude

Technology is nowadays involved in all the activities of human beings. From the moment we wake up to the time of going to bed, we are exposed to technology¹⁰. The penetration of smartphones in Colombia reaches 55%, and young men between 18 and 24 years of age and higher income brackets are particularly representative, a target that organizations should aim for. Currently, it is important to understand the effect of electronic media on our consumption habits and our interaction with products or services.

¹⁰ Ipsos Colombia - Tech Tracker, Second WAVE March 2014

Deep information is nowadays available in the cloud. The relevant aspect is what to do with this information, what our ability to analyze it is and how an organization will activate it in order to generate lasting relationships with their customers and to attract new ones that will provide greater income.

Facebook, Twitter, Instagram – among other social media – have become a primary source of information to organizations. Information collected through these media is very powerful, not only for organizations, but for consumers or users as well, as through them they can interact with brands and generate contents for them. Social media become a touch point to be constantly monitored. Social media users are the future customers of organizations; understanding them and looking after the relations with this target group is a big step in meeting the proposed objectives.

Electronic media are increasingly becoming part of everyday lives, not letting us reflect on their characteristics or gauge their effects; perhaps, this is the reason why organizations do not see the importance of social media in the evolution of their products. It would be a good thing that organizations would not only care about meeting their financial objectives, but that they would look forward to understanding their consumers and to create relationships over time, thinking right, moving for a moment away from that which is traditional and normally accepted. Technology

makes it possible to amplify the senses and the communication with consumers or users.

¹¹ https://es.wikipedia.org/wiki/Douglas_Rushkoff

Rushkoff¹¹ states that *“if you don’t know how the system that you are using works, it is likely that the system is using you,”* something that I think is a reality in our lives and/or organizations. It is important for organizations – and thinking about the future of their brands – to start understanding their future customers, i.e. adolescents, who today are communicating in different ways and with a speed that make it possible for them to spread their opinions in a few minutes, all this thanks to social media.

Teens, a fickle target

⟨ INTERVIEW

Alejandro Ariza Vargas,

Ipsos Marketing ⟩

Adolescents are always in the quest of their own identity, but they have to do it now in an environment where affection and acceptance are measured by a “Like”. It is a new way of communication and acceptance, 100% linked to technology.

Currently, because of the nature of media and their applications, organizations no longer have to chase after the kids in order to know what they like and sell them things that they think are cool; they expose themselves and tell the whole world what is it that they consider cool and socially accepted.

By studying this generation, the codes of social media are quickly revealed¹². A profile picture is the way a kid wants to be seen by people, the front page picture should be saying something about their personality; a woman gets more than 300 likes for her profile picture, while a man only gets 12; the more likes they have, the better they feel, besides getting recognition within the social network.

Social media become a way of living. The amount of likes that there are may make of a person, brand or product an icon to follow, use or consume. We can call this the power of social media and ‘likes’.

There is currently great pressure from organizations to collect as much information of their customers as possible. When they give a like, when they retweet something, when they upload any online content, they are creating data from first line sources. A personal demographic profile is being created, not only with basic data, but with likes and preferences.

¹² <http://pijamasurf.com/2015/04/que-se-siente-ser-parte-de-la-generacion-like-y-trabajar-gratis-para-las-marcas/>

When an adolescent gives a like to something in the cloud, a product, a brand or a celebrity, this becomes part of the identity that they are conveying to the rest of the world.

And this is something that does not go unnoticed by brands: our personality and our behaviors can be decoded and through an algorithm; that is the idea of Big Data. Thus, all the selfies that adolescents take for people to give them likes in Instagram or Facebook help organizations to sell millions of dollars.

One of the ways in which brands achieve this is through fame by association. Social media have also brought celebrities, brands or products closer to their followers, allowing those who try enough to get a response from their followers.

Nowadays, adolescents can approach the actors and products that they like; this motivates them to share things online, to discuss both their positive and negative experiences. For this reason, it is a medium that offers high credibility levels among members of this generation: this makes other adolescents take note and adopt these beliefs.

It is a great deal for the brand, as fans are now not only buying the products, but promoting them online. The idea today is that instead of selling a product to the audience, the audience will sell the product for them.

Another way in which internet is the perfect setting for organizations to mine information from users is through the contents they choose for their products, and YouTube is a medium that facilitates this task.

Internet is not just a huge focus group that reduces trial costs; it is the source itself of contents for other media. These contents are generated by adolescents who share information with other young people that they share other interests with. Consumers are currently seen as salespeople, something that is a significant change, because what was before a one-way conversation of the salesperson with the consumer, is now a consumer doing the job of the salesperson to spread the message and have it reach the target group.

Today, every moment is an opportunity for branding, and not anymore an opportunity to have a private experience or to communicate honestly with someone outside the web, in a direct contact that no one will be able to see and that will not generate data that organizations will then be able to use.

Adolescents from the like generation are kids with the empowerment to express themselves as never before, but the tools they are expressing with have an agenda, a specific aim and a series of values that cannot be subtracted.

[Consequences]

[A burgeoning market]

Expansion of Colombian brands and companies

While many Colombian companies are profiled as the beautiful brides for foreign investors, there are many cases where local entrepreneurs are after small companies overseas.

Bavaria, Carvajal, ISA, Almacenes Éxito and Noel are in the list of business visionaries who one day decided to break ground in foreign markets, and they are now considered multi-national companies.

The chairmen of these “*self-made*” conglomerates – as they like to put it – say that it has not been easy to tread the path, but they warn the generations in whose hands is the responsibility of managing Colombian companies that they will have to take firm steps to establish themselves in international markets, particularly now that Colombia is about to sign new foreign trade treaties.

The approach of Gonzalo Restrepo López, former chairman of Almacenes Éxito, was to “*get overseas what you lose in the domestic market.*” He is convinced that companies that sit still looking how competitors surround them to snatch a portion of the market are the ones who are going to lose. “*You don’t have to be afraid of internationalization. It not only is necessary for strengthening companies, but vital for positioning a good image of the country in the world. One of Colombia’s advantages lies on its human resource, on the ability to surge and in the creation of new strategies for raising money. This capital has to be invested in pursuing world markets.*”

Alfredo Carvajal Sinisterra, chairman of Carvajal, had a resounding phrase: “*The world is going to be increasingly integrated, and internationalizations are going to be sometimes convenient and other times necessary for long-term subsistence.*”

In 1960, Carvajal was interested in opening up space in Venezuela, but things did not work then. “*Opening operations outside Colombia is a hard, difficult road. Both my father*

and Manuel Carvajal, who insisted on bringing off the project, found many difficulties, including Colombian legal regulations that restricted the movement of capitals,” recalls the 73 year-old Guillermo Carvajal Sinisterra, one of Hernando Carvajal Borrero’s children, the company’s first chairman.

However, the Carvajal family did not give up, and the next year (1961) they purchased a small printing company in Puerto Rico. Ten years later (1971), they set up their first plants of continuous forms in Ecuador and Panamá, and in 1976 they opened the first office in New York. The company just recently entered on a strong footing into the Spain and China markets.

At about the same time, Noel started to see the appeal of international markets, and with a clear strategy of geographic expansion, it decided to follow the example of Carvajal and conquer world markets. They opened direct operations in Venezuela and Ecuador. Today, it has presence in Peru, Bolivia, United States, Central America and the Caribbean, Holland, Australia, Portugal and they even have businesses in some African countries.

While these two companies started to gain ground in the decades of the sixties and seventies, Bavaria was getting ready to follow their steps, and it was in 1982 when it left home looking for new opportunities.

Bavaria’s entry to the club of multi-national companies was through Ecuador, with the creation of Compañía de Cervezas Nacionales and Cervecería Nacional Andina.

Years later (2001) it took the second step in Panamá with the opening of Cervecería Nacional. The following year it entered Peru and purchased Unión de Cervecerías Peruanas Backus & Johnston, Cervecería San Juan and Compañía Cervecera del Sur del Peru. Today, Bavaria has 27 plants worldwide and is in the sights of international investors.

In 2001, the turn was for ISA and Almacenes Éxito. Both companies saw the opportunity to set operations in other markets, and did not hesitate about doing it. The first Éxito store in Venezuela opened on May 15, 2001. This year, the company is opening its sixth store, and is getting ready to arrive in new countries.

⟨ INTERVIEW

Fernando Rojas,

Ipsos Connect ⟩

We define a multi-Latin as the company of Latin American origin that has added value operations outside its country of origin.

For this study, we used Colombian companies present in at least three additional countries, and listed in the Colombian Stock Exchange.

Even though it is not a recent phenomenon, the size and leadership that these companies have attained is outstanding, as well as their relevance at the local and regional levels, and the variety of sectors they belong to: banking, non-banking financial sector, construction and infrastructure, food, energy and oil.

We set off by recognizing some of the necessary conditions for the emergence of this type of companies: after the crisis of the dreadful growth of the eighties, a process of pro-market reforms took place, including making it easier to move capitals, putting an end to imports substitution programs, reducing regulations, allowing the entry of companies and the privatization of some state companies. This led to restructuring, redefinition of businesses, debt fixes, purchase of technology and partnerships that improved competitiveness. Those companies that managed to overcome foreign competition were in a position to become multi-Latin companies.

In Colombia, the starting point was not an economic crisis as it was the case in other countries of the region. The pro-market reforms were brought by the then president César Gaviria Trujillo in the decade of the nineties. They looked for a gradual modernization of the economy, making it more efficient. There were labor, trade, foreign exchange and financial reforms; work was carried out on fiscal decentralization and social security, and the economic policy was modified. The reforms started to lose definition because of governance issues (Ernesto Samper's term) and the crisis of the late nineties (during the term of Andrés Pastrana). In the government of Álvaro Uribe (2002 –

2010), there were labor, employment and pensions reforms; free trade agreements were also promoted, which implied access to markets and competition.

Another facilitator was the investment, which – as a percentage of the GNP – moved from 9% in 2000 to 28% in 2013. The influence of the Iberian culture should not be overlooked, with the predominance of the Spanish language in Latin America, and the relative geographic proximity as facilitators of multi-Latin companies, something that does not occur in other regions of the world.

Among the analyzed companies, Cementos Argos shows significant presence in countries outside Latin America – currently, more than a fourth of its income comes from the U.S. – and Ecopetrol too, but to a lesser degree.

Another variable that our multi-Latin companies have taken advantage of is the exit of European capitals as a consequence of the crisis that began in 2008, generating unique buyout opportunities: HSBC (Davivienda), Cintra (ISA), among others. The relative large size of the Colombian market in terms of population makes it possible for a company with enough share in Colombia to be able to compete in other Latin American country with relative ease.

Of the Colombian multi-Latin companies, we highlight the managerial capacity and the vision of the entrepreneurs; their reaction to the opening of the economy was to reform the companies and bring them overseas. The analyzed companies have developed their own competitive advantages, evolving in terms of resources and capacities, in some cases developing technological, organizational and corporate social responsibility innovations.

In general, the multinational drive of our companies has taken place through acquisitions of other companies based overseas (inorganic growth), not through the creation of new companies.

The process includes prospecting companies that can be acquired, buying them and integrating the acquired companies. The low per capita consumption and the process of moving out of underdevelopment set the region's potential for growth.

Countries with a good economic performance and with political, economic and social stability are sought for investing in them.

Our multi-Latin companies have suffered significant losses because of these factors: expropriation of Cemento Andino from Argos in Venezuela; ISA in turn is expecting the indemnification for the investments made before 2000 in Brazil, after assuming the Brazilian government's "proposal" of renewing in advance the concessions that were expiring from 2015 to 2017. The age of the population, the financial penetration and the infrastructure requirements are also giving space to growth in the region.

In general, the investments made look forward to the creation of synergies and to complement the offer of products and services; in the financial sector, emphasis is made on the portfolio and network of offices of the target company.

The purchases might require long negotiation processes, or they should emerge from specific purchase opportunities, in which case the structuring of attractive offers should be carried out in record times. This work includes financing, applying for permits and obtaining them, and regulatory approvals among others.

The transition process and the ulterior take of control should be already planned. Specialized work teams are put together for both the purchase and the merger process. Implementing the buyer's own strategies and the adequate integration achieves synergies, economies of scale and relative advantages that strengthen the company as a whole. Colombian multi-Latin companies are respectful of the employees in other countries and their abilities, and look forward to generating partnerships and leveraging on local administration.

The significant internal cash generation of these companies encourages considering strategic purchases. Importance is given to the capitals market for their financing, keeping relatively low debt levels. The growth focus is inorganic. It is clear the high level of importance given to planning and strategy; basically, the analyzed companies are prepared and expecting opportunities to buy well positioned companies that classify within their strategic focus. The goal of improving competitiveness is ever

present. Multi-nationalization is in itself a strategy to diversify risk.

Colombian companies looking forward to becoming multi-Latin companies should make sure that the purchases are aligned with the long term corporate objectives; the objectives are first, the purchases come after. Likewise, they should lose their shyness and be confident that their knowledge and technical competences can be used in other countries. Greater competitiveness requires reducing red tape when it comes to endorsing the entry of products, the entry of personnel to countries still requiring visa, customs paperwork and the procedures for contracting with the state. The consolidation of multi-Latin companies is positive, as it generates consensus on the region's quality and capabilities before the world, and also about the fact that Latin America can be a safe and advisable destination for investing.

Even though the country does not have many multi-Latin companies (compared with Brazil and Chile for example), their balance is positive. Nearly a fourth of the income of the analyzed companies comes from their overseas operations, and this share is expected to increase. Up to now, our multi-Latin companies have focused on Central America and South America. The Central American GNP is slightly above half of the Colombian GNP; there is growth potential, but it is not an economically outstanding region.

In Colombia, the kick-off of free trade agreements and the Pacific Partnership will be a clear booster of multi-Latin companies.

Other events that will let the country take an economic leap, making it more competitive and stimulating all business activities – including multi-Latin companies – are the execution of the ambitious infrastructure plan (the fourth generation concessions cost five times more than the expansion of the Panama canal), the programs of the national government for financing social interest housing, and the expected disappearance of Colombian guerrillas.

Multi-Latin companies could emerge in sectors that did not classify in this study, such as the industrial and farming sectors.

In contrast with the companies in the region, Colombian multi-Latin companies have chosen sophisticated corporate social responsibility strategies to compensate for the reputation associated to our recent past of violence and drug trafficking, and overcome the disadvantages that the negative image entails in international markets, seeking to ensure social licensing and demonstrate to consumers and investors their financial, social and environmental sustainability capacity.

Multi-Latin companies are businesses from Latin American countries with added value operations in other countries. Many of the large Latin American companies have expanded just recently at the international level, and they have done so through the acquisition of companies in foreign countries, offering them opportunities to create value and diversify. Such a way of entering and consolidating (acquisitions) has prevailed in multi-Latin companies, because in the last decade they have had available accumulated capital, having secured access to financing in other countries.

Despite the long tradition of exports, Latin America has a relatively small number of globally competitive multinational companies, if compared with other regions. Researchers such as Lourdes Casanova have attributed this to the fact that countries in Latin America have had since the eighties protectionist policies against international competitors (such as tariff barriers and import substitution policies), underdeveloped capital markets, low investment in research and development, low productivity and the concentration on domestic markets.

Not having many historical precedents in Latin America, we can state that multi-Latin companies have learned to become international through their own experience (assuming their own risks), and the strategy that they have followed has depended on the nature of each company, rather than on the level of development of the country of origin. However, the fact that these acquisitions have been within the same region has not exonerated multi-Latin companies from cultural shocks in the region itself.

Multi-Latin companies were stimulated to become multinational companies after the structural reforms of the nineties in countries such as Chile, Mexico, Colombia and

Brazil, which forced them to increase their competitiveness in order to survive the competition from foreign companies in both their own territories and overseas.

Even though not all companies from emerging and developing countries can be considered a homogeneous group, it can be asserted that the companies from these countries differ from those of developed countries in terms of social structures, environmental contexts and the intervention of governments. Researches Rajneesh Narula and John Dunning explain that companies from emerging countries have higher dependency on their ability build relationships and on social media where cultural affinities are shared.

For Álvaro Cuervo-Cazurra and Mehmet Genc, the big competitive advantage of multinational companies from emerging countries in relation with those from developed countries, is that the former have experience operating in countries with institutions that are not consolidated and with relatively high levels of uncertainty.

Multi-Latin companies have natural advantages within Latin America, which promote regional expansion because of the few cultural, historical, geographical and institutional differences, the compatibilities in terms of the purchasing power of consumers, and comparable levels of social and economic development.

The internal market 'outgrew' local multi-Latin Companies

The wave of acquisitions by Colombian companies is set to intensify throughout Latin America in the short term, driven by regulatory barriers and the reduced space for growth that they face at home.

Seeking new markets, between last year and this one several local companies made acquisitions in Peru, Chile, Brazil and Central America for about 6.2 million dollars, accelerating the overseas disembarkation, which started timidly with the new millennium in sectors spanning from the financial to the foods sector, including the concrete and energy businesses.

Business people say that they are seeking with this strategy to avoid placing all the bets in the same place. And though common cultural codes and sharing the language make it easier to do business in neighboring countries, there is a more concrete reason: many Colombian companies have grown so much in their own territory that they are under the scrutiny of anti-monopoly regulators.

With the expansion of the middle class, the development of the local capital markets – which facilitated financing – and a good economic pace that took the GNP to grow 75% in real terms in nearly a decade and a half, several local companies have gained too much weight in the market, being too close to dominant positions.

“Gaining a share point when you already have 40 or 50 percent of the market has to be at very high cost, and any local acquisition close to that level brings along a strong discussion with regulatory agencies,” said business consultant Ricardo Mejía.

The case of Grupo Argos and Empresa de Energía de Bogotá (EEB) is illustrative. When both conglomerates tried to bid for Isagén, the Industry and Trade Superintendence (SIC) did not allow it, because of the high participation that both companies have in the domestic energy market.

After that, EEB announced that it would allocate the biggest portion of its 7.5 million dollar investment plan for the next four years to opportunities in the region, particularly in Brazil and Chile

– where executives said that they had already identified projects and bidding processes – and in Mexico. These countries are in addition to Peru and Guatemala, where the company already is operating.

And the Éxito chain of stores, which a couple of years ago resumed its expansion across Latin America when it landed in Uruguay, managed an odd month ago to get the approval from authorities to purchase 19 branches from a chain, but under the condition of selling four of its own stores. Éxito has 53% of the local retail market. The expansion strategy of Colombian companies outside the country has been mainly based on the purchase of already established companies, and to a lower extent with new projects in sectors such as electricity and construction.

Beyond the barriers at home, the growth potential overseas is very seductive for companies. Nutresa, the largest producer of processed foods in Colombia, has presence in 12 countries in the region, and last year it acquired Chilean company Tresmontes Lucchetti for 758 million dollars. On the same year, it posted an increase of more than 27% of its international sales – 80% of which corresponds to Latin America – compared to the 2% growth of sales in Colombia.

“To us, internationalization is one of the actions for growth; it makes sense to diversify markets that very often have different growth ratios and that allow access to more consumers,” said Carlos Ignacio Gallego, chairman of Nutresa.

Only in the last decade, direct investment of Colombia overseas reached a record of about 36 billion dollars, more than seven times the amount of the previous decade. Fifty two percent of such investment focused on Latin America, according to data from Colombia’s central bank. The remaining percentage was distributed among United States, England, Spain, Cayman Islands, Virgin Islands, Switzerland and other nations.

Looking at the companies listed in the stock exchange, the range of multi-Latin companies – as companies expanding across the region are known – includes, in addition to Nutresa, Éxito and EEB, Ecopetrol, Grupo Sura, Grupo Argos, ISA and Celsia. Other companies such as Avianca and Grupo Aval, Bancolombia and Davivienda, as well as Banco GNB Sudameris complete the list.

Combined assets of all these companies listed in the stock exchange are close to 200 billion dollars, equivalent to 52.5% of Colombia's nominal GNP (381.8 billion dollars).

But the list does not end there. It is estimated that there are more than 200 companies of different sizes based in Latin America, asserted Germán Salazar, international vice-president of Banco de Bogotá – part of Grupo Aval – that four years ago acquired BAC Credomatic in Central America for 1,920 million dollars, when it divested its stake in General Electric. And it could keep shopping. *“We are not in a hurry, (but) if there are opportunities that are deemed at a reasonable price and that are aligned with our strategy, they are going to be considered,”* said Salazar.

Recently, Citigroup announced that it will sell its retail banking in Costa Rica, El Salvador, Guatemala, Nicaragua, Panama and Peru, something that could be a perfect fit for some Colombian groups. *“Do not doubt it that the big players in the local financial sector are going to be interested in such a window of opportunity that is opening,”* said a top Citibank executive who asked to remain anonymous.

There is still space for more disembarkation of Colombian businesses in the region, taking into account that less than 20 of the 73 companies listed in the local stock exchange have operations overseas.

“There are still many Colombian companies that have not crossed the borders and that have huge opportunities outside; many of them are among the 100 largest companies in the country, with tremendous muscle,” said Mejía, who admitted being aware of plans for regional expansion of several companies he would not discuss in detail.

When looking at some neighbors, Colombia also seems lagging behind despite the wave of acquisitions. The country only have 9 percent of the 100 largest multi-Latin companies, compared with 34 percent of Brazil, 26 percent of Mexico, and even Chile's 16 percent, a smaller economy than the Colombian.

Less pressure from regulators in other countries because they are smaller in those markets, and the higher potential for growth, are enough factors for companies to seek opportunities beyond the borders. But there is one additional element in the equation: very good financing conditions for acquisitions.

Besides taking advantage of Colombia's BBB sovereign rating, which allows large companies to issue bonds at quite low rates, they will also be able to find financing in the Latin American Integrated Market (Mila), comprised by Peru, Chile and Colombia, with Mexico planning to join with a capitalization that will surpass 1 billion dollars.

Even though the integration is just starting and MILA is not working yet at its top potential, the perspective is for the platform to allow Colombian companies to get more competitive financing rates in these countries. *“Multi-Latin companies in general look for public resources via emissions in a larger proportion,”* said Andrés Duarte, economic studies manager at Corficolombiana.

Grupo Argos, for example, early in September placed bonds in the local market for 510 million dollars, right at the time when its subsidiary Cementos Argos considered the possibility of acquiring assets from Holcim and Lafarge in Latin America, particularly those in Brazil and Mexico. *“The use of these resources is very clear; first, to improve the debt profile, but it is definitively in order to have the resources readily available for any investment growth, whether it is in Colombia or overseas,”* explained José Alberto Vélez, chairman of Grupo Argos.

Sales for 41,018 million dollars and the generation of 171,820 jobs last year are some of the main figures of the ten Colombian multi-Latin companies that are in the America Economía Intelligence ranking of the region's 100 most global companies.

The first multi-Latin companies in the list have a similar production structure: most sales by employee correspond to operations outside their country of origin. That is the case of Cemex, Latam, Grupo JBS-Friboi, Avianca-Taca and Ajegroup.

The ten Colombian companies included are: Avianca, ISA, Nutresa, the groups Sura, Argos and EPM, Terpel, Colombina, Bancolombia and Tecnoquímicas, which in 2013 accounted for 4.1% of total sales of the 100 companies, reaching 994,916 million dollars.

The companies from Grupo Empresarial Antioqueño (GEA) stand out, whose expansion in the region has been possible through fifteen acquisitions from 2005 to date.

According to the Boston Consulting Group report, five Colombian companies are among the 100 largest multinational companies in Latin America. Argos, Avianca, Grupo Nacional de Chocolates, Organización Terpel and SaludCoop are the five comprising such select group.

They are packing in 21 countries

In 1989, one of the most recognized in the country and Latin America was born: Totto. Recognized for the manufacture of bags, clothes and accessories, it has more than 400 stores across the region, employing more than two thousand people and other five thousand through its franchise model, with presence in 21 countries.

With a fast grip on the Colombian market, Totto has been driving for the last 21 years its franchise model in Costa Rica, Aruba, Bahamas, Bolivia, Chile, Curacao, Ecuador, El Salvador, Spain, Guatemala, Honduras, Mexico, Nicaragua, Panamá, Peru, Portugal, Puerto Rico, Dominican Republic, Saint Marten, Trinidad & Tobago and Venezuela.

“The company is currently present in all cities at the national level through franchises and direct sales points, being the market leader in the small cases category,” says Totto’s corporate marketing director Juan Vásquez.

According to representatives of the company, since it began it managed to expand its products range with innovative designs on their traditional bags. *“We are characterized by the unassuming, adventurous and informal nature of the designs.”*

The brand grew 20 percent in 2012, having its sights in closing deals in different market niches and bringing its bags to other countries in the European continent, such as Greece. Vásquez says that *“when there is the opportunity in the world market for a brand like this one, you realize that portfolios have to be improved and the brand strengthened, even more considering that a great growth strategy has been carried out.”*

Colombian cosmetics that have the support of L'Oréal: Vogue

A cosmetics laboratory was opened in Bogota in 1955, with the goal of fulfilling the beauty and vanity needs of Colombians. Ever since, the brand introduced in the market nail enamels, remover and eyebrow pencils. Years later, they complemented their offering with eye shadows, lipsticks and hand creams among other products.

Since 2012 the world leading French cosmetics company L'Oréal signed an agreement with the Colombian group, which in recent years reached sales close to 50 billion pesos.

According to Carlos Chaves, vice-president of Laboratorios Cosméticos Vogue SAS., the brand has characterized itself since 1997 as the pioneer in Latin America for its offer of skin hydration and moisture benefits. *“Additionally, Jolie de Vogue still has a relevant role in the most important fashion events in Colombia and other countries. We continue sponsoring the National Beauty Pageant and are directors of the Miss Universe franchise for Colombia.”*

The brand maintains a large portfolio, and is currently promoted across the region. Its sales are expected to reach 90 billion pesos, a 35% increase compared with 2012.

Chaves from Jolie de Vogue, asserts that the brand has had *“exclusive representatives”* for more than 20 years in several countries across the region, who are in charge of bringing it to the final consumer through different distribution channels, such as supermarkets, specialty beauty stores, pharmacies and so on. *“In Costa Rica, we market the brand via catalogue,”* said Chaves.

Nine years facing Frito Lay's hard competition

Comestibles Ricos S.A. produces Todo Rico and the famous chicken-flavored potato chips Superricas for 52 años now. The company owners say that they have had to face strong competition from multinational company Frito Lay.

Sixty percent of the snacks market is currently controlled by this company, which acquired Industrias Gran Colombia from Grupo Savoy, owners of the Jack's Snacks brand (Gudis, Chitos, Boliqueso, Manimoto). They then acquired Industrias y Pasabocas Margarita, which had become their main competitor.

In this complex scenario, the Bogota entrepreneurs have said that *“nothing in the world”* would make them sell the company to a multinational, as it would disappear as it has happened with other companies. They have been proving for nine years now that the company means business.

They are betting on the chicken-flavored potato chips as their star product, and in recent years have launched and kept in the market products such as rib-flavored potato chips, Todo Rico Criollo or Taja Miel (plantain chips).

Last year, sales of Comestibles Ricos grew by 12.5%, reaching 108 billion pesos. *“Seventy percent of our sales are in the traditional channel. On the other hand, with our suppliers we keep our raw materials, packaging, long-term deals and agreements for fulfillment of orders. Finally, with the consumer, by assuming more shelf space in large format stores, with more presence and promotions involving family interests,”* says one of the company representatives.

Jet, the most recalled brand among us

According to the latest Invamer-Gallup survey on the most recalled brands by Colombians, Jet is in first place in all categories with 87% among children and youth. After 50 years it keeps in force its emotional connection with consumers.

Compañía Nacional de Chocolates, from the Antioquia-based Nutresa group, owns the chocolate bar that Colombians love most. According to Lina María Hoyos, Brand Manager of Jet Chocolates, the brand is currently showing significant growth in sales in volume with a positive trend in the market. *“It is a brand with large, significant bets in terms of innovation, communication and engagement with consumers, as well as in terms of expansion into other markets and categories.”*

Sales for this year are projected to be 200 million chocolate bars, with distribution growth close to 10%, considering that in 2012 there was a 25% unit price reduction of the traditional chocolate bar, when it moved from 400 to 300 pesos.

The strategy is also aiming at maintaining 70% share of the chocolate bars market, and 30% of the Jet brand. The regions in the country with the highest consumption of chocolate bars are Cundinamarca, Antioquia and Valle del Cauca.

Jet is currently available in Ecuador, Panama, El Salvador, Canada, U.S., and the Caribbean, and according to representatives it is looking forward to continuing its expansion and consolidation in these markets. *“Definitively, the strengths, the values and credentials of Jet have contributed to the brand’s positioning in other markets, above foreign companies.”*

Sándwich cubano

It was 1978 when a Cuban living in Santiago de Cali opened a small business in the garage of a traditional house on Avenida Sexta with 28th street. It had four tables outside, a bar inside, a sandwich preparation area, a freezer and an old tape player that added a musical atmosphere to the facility.

The Cuban was not much interested in this type of business, and started to venture into other commercial activities, so he decided to sell it after six months of having opened it. And it was when a couple of very young friends decided to buy it.

The deal was closed with 30,000 COP (2.4 million at current value), and a nearly new motorcycle that one of them had purchased with great effort; they also assumed all the passives that the Cuban had not been able to cover.

Amidst difficulties, the new owners spent several years focused on opening new outlets, as the business had good perspectives. In the nineties they perfected the franchise model, and in 1998 they had enough experience to sell the first franchise in the city of Barranquilla. Since then, the brand has grown to what it currently is: a nation-wide chain with 114 points of sale in Colombia and one in Miami, U.S.

According to Bancoldex, Colombia will have 200 multi-Latin companies in ten years

In ten years, Colombia will have 200 multi-Latin companies, or companies that will have exported to other countries their business model, compared with the 70 multi-Latin companies that there are now, asserted Luis Fernando Castro, chairman of Bancoldex, the state bank for business development.

In an interview with Colombia.inn, an Efe-operated agency, Castro say that this is one of the challenges of the new Bancoldex strategy, which focuses on supporting companies with growth potential, from disruptive ventures based on innovation, to consolidated companies with potential to take the leap to other countries.

Bancoldex was born in 1992 as a *“second floor bank”*, that is, with the mission of channeling loans through commercial financial institutions to promote exports, and after 22 years in this field, its intent is now to contribute to the internationalization of companies.

Castro said that 70% of Colombian exports come from the mining, oil and farming sectors, *“which face a large amount of challenges ahead.”*

Not foregoing those sectors, Bancoldex has the goal of consolidating as a business development bank that will include all productive activities and support companies showing potential.

“We are going to bet on supporting companies with growth potential, and we are transforming the bank in that direction,” said the bank's chairman.

After identifying the *“profitable sources, the success stories and the comparative advantages,”* Bancoldex has concluded that it is not only about supporting exports, but contributing to the creation of more multi-Latin companies.

“A 10-year goal within our strategy is that there are now 70 multi-Latin companies, and we could reach 200,” said Castro, who made it clear that *“there is potential for exporting business models”* and companies with the capacity

to buy assets or co-invest through funds. *“We help to land in those countries,”* he added.

He also underscored the significant activity of Bancoldex in 2014, a year that will close with *“historic disbursements, close to 4.5 billion pesos (1,961 million dollars).”*

About 50% of that amount has been allocated to Colombian manufacturing sector, which according to the chairman *“is not contributing to the GNP the way it should,”* and another significant portion to the modernization of companies.

“We are not betting on sectors here, the bets are on different stages of entrepreneurship, from early-stage ventures to mature companies that are already consolidated in Colombia and have potential in another country,” remarked.

In order to achieve this, Bancoldex is planning to strengthen *“with more resources”* two of its programs: iNNpulsa Colombia, which supports ventures based on innovation that guarantee extraordinary and sustainable growth, and Opportunities Banking, whose objective is to contribute to banking access, particularly in places where it is not easy to have access to resources.

In addition, regarding the Productive Transformation Program, which is the third line of action of Bancoldex, Castro considers that its *“essence should reside in the Ministry”* of Trade and Industry.

He specified that the strategy covers *“the modernization of companies, the renovation of the productive apparatus, and investment in technology and machinery.”*

Bancoldex is not considering at this point granting direct loans, because the nature of its charter does not allow it, but Castro mentioned potential changes in the future.

“Our dream is that in 2025, in ten years’ time, this bank will be the most important financial instrument for supporting business growth, particularly in non-traditional sectors,” he mentioned.

And regarding the investments that will be needed in order to implement eventual agreements arising from the peace process between the government and the FARC guerrilla, he stated that

Bancoldex will be *“a vehicle of financial and productive inclusion, with small loans aimed at rural areas and the informal trade.”*

“Based on this vehicle, it is possible to have a significant role in the post-conflict,” Castro concluded.

Oil companies and banks, the magnets for local companies overseas

While reaping positive fruits from their current operations, local companies continue expanding and diversifying their businesses overseas.

The balance of payments revealed by Banco de la República indicates that 1.5 billion dollars in profits entered the country during the first semester, that is, about 3 trillion pesos, with a 7.8% increase over the 1,391 million dollars of the same period of the previous year.

The resources were introduced mainly by banks operating in Central America, industrial companies and mining and energy companies.

Meanwhile, looking at Colombia's foreign investments, Banrepública reveals that it is still growing, totaling 2,371 million dollars between January and June, with a 64.5% increase over the first semester of 2013, when it reached 1,441 million dollars.

Looking at these in terms of participation, the companies that are ahead are the local mining and energy companies with 35.4%, followed by those in the financial sector with 30.1% and industrial companies with 10.3% of share.

In terms of geographic destination of the injected resources, 37% went to subsidiaries in Spain, 20% to Bermuda, 11.6% to Panamá, 7% to México, 6.6% to United States, 5.3% to Brazil, 3.9% to Chile and the remaining 8.6% was distributed to other nations.

Moreover, 64% of resources were invested by local companies as capital contributions, 28% by reinvesting profits, and 8% as inter-company loans.

Among recent movements of Colombian companies outside our borders, there is the 2.6 million dollars sale to Portland Organization for the stake of Grupo Orbis, owner of Pintuco, in Chilean chemicals producer Epoxa.

Also, through a franchise, the children's events company Picardías started operating in Paraguay, and according to Última Hora newspaper, it granted rights to set up stores with piñata items, toys and decorative items of the Colombian brand.

In Bolivia, Juan Valdez Café opened stores, also through this system, in Santacruz and La Paz. Even though it is not quite likely that Colombian foreign investment will surpass 7,652 million dollars, movements towards the end of the year could make the figure larger.

For instance, the company Celsia should confirm the purchase of assets from the French GDF Suez in Panama and Costa Rica for 840 million dollars, and Empresas Públicas de Medellín (EPM) has a pending investment close to 1 billion dollars in countries it has not disclosed yet. José Santos, manager of OndadeMar, indicates that by opening stores not only other markets are being reached, but that branding is also strengthened.

The central bank adds that during the first semester the country's revenue income for returns (including profits from Colombian companies) totaled 1,906 million dollars, and 11% of that total came from the investment portfolio of international reserves, which was of 207 million dollars.

Capital outflows for other type of investments also grew in a significant way to 6,614 million dollars, with a 45% increase over the previous year, when they totaled 4,561 million dollars.

About 80% of this money focused on portfolio investments, mainly by private companies, including pension funds managers. In turn, public sector's overseas portfolio investments were 2,085 million dollars.

「The emergence of Colombianness」

Colombia sets the difference

《 **BY Claudia-María Gómez,**
Ipsos Marketing 》

Last July 20th we celebrated 215 years of our declaration of independence, and our Colombian feeling of patriotism arouse through the colors of our flag or the notes of our national anthem.

These manifestations of love to our nation are similar to the love we feel for our brands, and the bond that some local brands have built is undeniable, such as Chocorramo, Jet, Alpina or Bon Bon Bum, which have endured over time, generating closeness and affection with their consumers.

The competitive environment in our country is quite complex for foreign companies trying to enter and grow in our market, as because of cultural and traditional considerations, local brands will always have greater chances of preference, particularly those that have endured over the years and that are currently part of so-called multi-Latin companies, i.e. Colombian companies that nowadays have presence overseas.

The experience of some foreign brands in our country has not been easy at all, as it is not always enough to have global or multinational experience in order to position them in the minds and hearts of Colombians.

It is important to remember that the giant McDonald's had a rocky start in Colombia, and it was even close to bankruptcy in 2006 because of poor results. It was rumored then that the potatoes in their menus were not Colombian, and people started to reject the restaurants because they did not support one of the basic products of the national farming.

They are now announcing loudly the *“Colombian potatoes”* in their recipes, just as Starbucks has been announcing the Colombian origin of the coffee that it sells since the day the opened their first store.

Some multinational companies are thinking that they standardized processes apply fully to the local reality, and they crash head on with local competitors, as it is the case of Quala, who know how to perfectly read the local idiosyncrasy and *“strike first”* in customized innovations, not only in terms of product as with the current Vive100 (energy drink), but also in terms of distribution channels such as the formalized network of street vendors for Bonice (frozen drink).

It took time for large multinational companies to understand the importance of the traditional channel in our country, while local companies were already building a close relationship with shopkeepers, as well as a powerful distribution network in that channel.

Currently, multinational companies have gradually adapted in order to be able to compete in this channel with low-outlay formats and competitive prices, but there still is an even fight with local companies in some categories.

When we look at business empires such as Grupo Nutresa or Postobón, and we probe on the success of their brands, it is undeniable that the quality and innovation of their products take precedence in consumers' preferences. However, we should also acknowledge that their local success leverages on the proximity of their brands to the hearts of local consumers.

Innovation in products and services is increasingly relevant in order to build a position in our market and approach the consumers.

Local entrepreneurs such as the founders of the Tappsi application understood how relevant it was for Colombians to take a safe taxi ride in an easy and convenient way, becoming in 2013 the first application created by Colombians to be recognized as one of the ten most innovative companies in Latin America, because of its progressive and sustainable business model.

Diversification in terms of channels of communication with customers is another indispensable aspect. This is why the new players looking forward to entering our market should keep in mind that Colombia is one of the countries with more users of

social media in the region, and is fourteenth in terms of Facebook users worldwide.

Brands should take into account this growing trend regarding the use of new technologies, in order to use a language that is close to their audiences and generate rapport with them. It is not accidental that initiatives such as the one undertaken in 2014 by Marca País with the campaign “*Colombia is what you say*” were designed in the world of social media, achieving in a short span of time more than 17,000 tweets with the hashtag **#LoBuenoDeColombia**, with an impact on more than 50 million people.

Clearly, foreign brands are seeing a big opportunity to enter our country, and to do it, it is important for them to thoroughly understand Colombians.

Giant multinational companies should understand that in the competitive environment they will find companies that are true titans for their innovation, distribution channels, internationalization and understanding of Colombian nature.

Is it difficult for global brands to reach the Colombian market?

⟨ **BY Felipe Mejía,**
Ipsos Connect ⟩

Colombia has recently gained significant relevance worldwide, whether it is for sports, peace negotiations, armed conflict, musical talents and so on.

But it is clear that one of the factors that have brought the country to the attention of countries that are world powers, is the appeal that the country has gained in commercial terms, and this has led multinational, transnational and global brand to consider this country as an opportunity to expand their businesses and get significant visibility among foreign consumers.

The actual appeal of our country comes from results that have been proven over time, as the fact that it is the most important economy in Latin America. Colombia is a country that generates economic stability in the region, and it simultaneously has posted economic growth figures above 4% in the last six years, which contribute to the improvement of the population's quality of living¹³.

Nowadays, before arriving in a given country, investors evaluate a series of risks in order to ensure that the capital to be invested will not generate anything but profits, and it is there where Colombia has gained differentiation among the region's countries.

The fact of having the best skilled labor readily available, an ideal geographic location (as it is the only country with the privilege of having two oceans), and protection to investors and other warranties has led large brands to move part of their operations to our country, in addition to those that will continue joining the list of companies that decide to have in Colombia a commercial partner¹⁴.

Now, before answering the question above, it is important to identify why our country is fashionable in terms of direct foreign investment.

The answer has to do with that which has been discussed above, but in general what makes this situation relevant is that the people who have held the reigns of the economic direction of the country have taken risks and undertaken actions that make it possible to see Colombia as the main attraction for investment in the region and the world. These decisions and/or actions have also taken the country to tackle challenges in terms of infrastructure, security, optimal dynamics of the local economy, legal certainty, investment incentives, improvement in the quality of products/services offered by local brands, political stability and so on¹⁵.

Furthermore, Colombia has the advantage of being a multicultural country inside its regions, as by having 32 departments, it has diversity of tastes, religions and beliefs, customs, personalities, climates, variety of foods, musical rhythms, languages and idioms.

Despite being different, when we translate this in terms of mass consumption, we are a country that adapts to change

¹³ EL TIEMPO. (January 25, 2015). Retrieved on May 15, 2015, From EL TIEMPO: <http://www.eltiempo.com/economia/empresas/empresas-extranjeras-que-llegaran-en-el-2015/15143796>

¹⁴ PROCOLOMBIA. (2015). Retrieve on May 15, 2015, from PROCOLOMBIA: <http://www.inviertaencolombia.com.co/por-que-colombia.html>

¹⁵ The 50 most often asked questions. (April 2012). Retrieved on May 18, 2015, from The 50 most often asked questions: http://www.ambogota.esteri.it/NR/rdonlyres/6E3AEB17-EEB7-4CE6-BF0F-4C1D295A895F/0/Documento_colombia_investmenti_FAQ.pdf

and accepts foreign consumption models and products as part of our lifestyle, maintaining our demanding nature with regards to the quality of the products offered by both local and foreign companies.

All this gives us enough arguments to list a great number of situations that determine Colombia's current ideal environment for trade issues, but it is key to identify the success that foreign companies have in our country.

What has happened now with companies such as Nestlé and McCain in our Country? How has the process of having Colombia as a strategic partner being?

To me as a Colombia, it makes me proud to know that the largest food and beverages company in the world, leader in nutrition, health and wellness has a “*shared value*” program with our country.

More than 90 years ago, Nestlé decided to start a commercial adventure in Colombia, when it brought its products for the first time, and with the passage of years, a relevant commercial relationship was built between Switzerland and Colombia.

This has come to the point of generating productive jobs in our country since 1944, when the first production plan was created in the department of Valle del Cauca. A significant opening was made there, making the commercial conditions favorable for expanding Nestlé's portfolio, acquiring local companies and building commercial ties; all this evolution led to having productive plants in different departments of the country. An example of this is having Grupo Éxito as an strategic partner, and generating more than 2,100 jobs¹⁶.

But, what is the Shared Value program about? It is the way in which Nestlé creates businesses in the countries, not only seeking profit for its shareholders, but looking for those commercial ties to benefit the society of the country where we operate. In all cases, a strong relationship is created with the country where Nestlé offers its products; however, it has looked for sustainable progress in Colombia, improving the quality of life of people, and participating in all the aspects of the country's growth.

This has led the Nestlé brand to enter the Colombian market in a surprising way. Since its products entered the country, they enjoyed great acceptance by Colombian consumers, something

¹⁶ (Nestlé History).
<http://corporativa.nestle.com.co/aboutus/historia/home>

that led us to become an important food products company in Colombia and grow in a significant way.

Another significant case of foreign brands coming into our country is McCain, a company that has chosen Colombia as the location of one its two most important production plants in Latin America and its Andean Region headquarters¹⁷.

¹⁷ <http://www.portafolio.co/negocios/marca-mccain-colombia>

This corroborates the success that important brands/companies of worldwide relevance have had in our country, and it would be irresponsible to say that it has not been difficult for them to reach Colombian consumers. These companies have had as their premise before arriving in a foreign market, that their product offering should be of excellent quality, while managing the inclusion of the local population in their productive processes, offering benefits and committing in the country with the social and economic development of all stakeholders.

The work carried out by companies when they enter an unknown economy as ours, and consolidating an excellent commercial relationship with the host country takes time and constancy, in order to generate throughout the process closeness and familiarity with consumers.

The Colombian companies that are giving multi-national companies a fight

⟨ **BY Fernando Rojas,**
Ipsos Connect ⟩

How have Jet chocolate bars, chicken-flavored potato chips or Bon Bon Bum managed to compete?

Like Goliat, multinational companies are colossal rivals – having won many battles in the five continents – exploiting the benefits of globalization, intensely investing on training their personnel, and with the ability to design strategic attacks at multiple levels in order to seek the leadership in the markets where they compete.

But in Colombia as in any other country, there are local brands that have a difficult, but not impossible, task. Like David, brands such as Tutto, Superricas, Nacional de Chocolates, Jolie de Vogue and Colombina are the example of how a small contender can challenge transnational leaders and empires.

Many of them have achieved enviable operations, which has given them the possibility of diversifying their market in order to reach other territories.

Flavor is infinite

Mentas Heladas, Coffee Delight, Choco Break, Pirulitos or the famous BonBonBum, are only five of the products with which the local Colombina brand has maintained its relevance for more than 85 years.

The company is currently selling and marketing a successful range of own products, with a broad distribution network covering the entire country.

José Fernando Ochoa, Colombina's marketing vice-president, believes that success comes from the strategic positioning in managing the brand.

For instance, since 2004, campaigns have been carried out allowing the company to get to the hearts of Colombians with a foods portfolio of confectionery, chocolates, cookies and crackers, ice creams, snacks, preserves, sauces, purées, canned foods and, lately, meats, with quality, flavor, distribution and convenient prices.

“We expect Colombina to be a company that accompanies consumers in all the stages of their lives and their days. Our products are there from breakfast to dinner, with brands of crackers and cookies, several sauces and jams. And during the day we offer a variety of indulging confectionery, chocolate, crackers, cookies and ice cream products. Some months ago we launched our Críos brand of baby foods, in order to accompany consumers from the moment they start their feeding stage and to generate recall and brand loyalty,” says Ochoa.

Our coffee is only ours

Now it is a fact that Starbucks will get in the house of Colombian coffee growers, who ten years ago also decided to launch their own coffee shop business. As people say, competition is getting tougher.

Procafecol, the company that manages the Juan Valdez brand, completed 170 shops, which means a growth of 17 locations per year. After several revisions to the business model, the coffee shops are in several countries, among them United States, Mexico, Panama, Chile and Peru. One of the goals is to conquer the Asian markets: South Korea, Singapur and Brunei.

Luis Genaro Muñoz, general manager of the National Federation of Coffee Growers, states that they are not afraid of the arrival of their competitor, and he believes that it only will bring benefits for producers and consumers alike. It is demonstrated that coffee consumption skyrockets when Starbucks arrives in a market.

Even though Procafecol has gained ground, it cannot rest assured, as starting next year Colombians will have a more varied offer. They will be able to choose among Starbucks, Juan Valdez or other expanding chains such as Oma, Diletto or McCafé, the latter one from the multinational fast food company McDonald's.

Fast food kings

In Colombia, the brands El Corral, McDonald's, Crepes & Waffles and Frisby are the kings of the fast food market.

Despite the fact that the multinational McDonald's and its Ronald McDonald clown are "**pushing**" by opening new restaurants and coffee shops and expanding its ice cream business, the local brand El Corral has consolidated its leadership in the Colombian fast food market.

An analysis carried out by www.losdatos.com of the 2011 financial statements of these companies indicates that the sales of the 17 main companies increased by 19%, totaling 1.2 trillion pesos.

The leader still was Industria de Restaurantes Casuales -IRRC- (Hamburguesas El Corral and El Corral Gourmet), with 235,465 million pesos and 19.8% growth over 2010, when sales reached 196,475 million pesos.

It was followed by McDonald's (Arcos Dorados Colombia and Arcos Dorados Paisas combined) with 230,422 million pesos, and 19% growth over 2010, when sales totaled 193,677 million pesos.

According to Luis Bernardo Naranjo Ojeda from losdatos.com, the battle in the hamburgers segment is fiercer, as McDonald's is after the leadership and is focusing on youth and children, while El Corral is betting on higher income adults.

The third company in the fast food ranking in Colombia is the also local Crepes & Waffles (C&W), with 171,183 million pesos in revenue last year, although its growth was below the combined growth average of the 17 large chains (11.2%).

Frisby follows with 132,469 million pesos, growing by 22.1%, about two points above the sector's average. Then is Avesco (Kokoriko) with sales for 117,122 million pesos, and the Oma chain of coffee shops with 81,179 million pesos.

Let us not overlook the retail world

In general, there is no room in any category for two players to compete profitably in costs with the same leadership strategy.

When this happens, what is known as "**competitive convergence**" occurs, a situation when two or more competitors battle to consolidate themselves in the same market segments, adopting the same competitive strategy.

And in those cases when it has happened, a price war has ensued, where the surviving company was the one with the best competitive cost advantage.

Carrefour was the first one in advertising its promise of always offering the lowest prices. This means that notwithstanding how aggressive the response from Grupo Éxito was, its competitor would do even the impossible in order not to disappoint its customers by not honoring its commitment to always offer the lowest prices.

Had Éxito continued with their eye-for-an-eye response, the price war would have likely been all out, long and costly for both companies. And who knows which one of the two French retail chains would have won the battle for having the greatest cost advantage.

Apparently, Grupo Éxito decided to avoid this situation of competitive convergence, and focused its communication on its philosophy of excellent customer service and permanent disposition to serve.

Why is it difficult for global brands to sell in Colombia?

⟨ **B Y Gloria Olaya,**
Ipsos Marketing ⟩

Competition between local and global brands is a daily challenge in the Latin American market, and more in a market such as the Colombian.

Until recently, most multinational companies that owned global brands tried to enter the Colombian market keeping the same guidelines used in developed countries with very different idiosyncrasies than ours. The brands and its products were imposed to us; it was considered that having global support and a successful trajectory in other countries was enough to succeed.

These brands and the companies they belonged to ignored key aspects that could boost or slow down sales, such as the knowledge of the market and its consumers, the ability to adapt and their flexibility, the distribution network and how deeply ingrained local brands are.

When we talk about getting to know the consumer, we are referring to thoroughly understanding their habits, motivations, expectations, relation with categories and products and the way they shop, among others. This knowledge involves getting to know the behavior of not only a city, for our country is comprised of regions with significant differences among them. Colombia

has six natural regions, each of them comprised by smaller geographic units, with different geographic, economic and demographic characteristics.

However, it is not enough to get to know the markets and their consumers. The inability to adapt and the lack of flexibility of global brands are another barrier for sales success in our country.

On the other hand, brands in the past would try to replicate the strategies used in other countries, and considered that doing so *“should be a guarantee for success,”* something that was not true; however, there are now some global brands doing it better than others, as they have understood that because they are global they cannot be unaware of the particularities of each market, hence the talk of global brands with local executions.

Today, the brands that best adapt without foregoing their values and essence are the brands that manage to succeed.

Once the previous phases are covered, it is necessary to understand and get to know the distribution network and its relationship with brands. A significant number of Colombian companies has made of distribution a differentiating, key business variable.

They have their own distribution, allowing them to reach all the corners of the country, or they have exclusivity contracts with distribution companies. This poses a hard battle that global brands have to fight. The availability of brands makes consumers/ users change their decisions at the point of sale.

And if we add to this consideration how deeply ingrained local brands are – brands that over the years have built a strong positioning in the consumers’ minds and have built strongholds in the different regions of the country – it is not that easy for global brands to sell in the country. Brands such as Chocolatina Jet, Chocoramo, Bon Bon Bum, Alpina, Colombiana and Familia are an example of this.

On the other hand, with globalization and economic aperture, local brands have had greater access to best practices and have managed to implement them, gaining competitiveness in the markets. For example, data published in *“How much do Colombians buy”*, published by Propaís, where they begin by differentiating between foreign brands and imported products

– as they do not fall in the same category – mention that more than 50% of brands marketed in large format stores are of foreign origin, surpassing local brands (44%), but that despite this unfavorable difference, Colombian brands account for more than 60% of sales.

There are brands with high levels of consumer preference in our country, and these brands have not been displaced by products of excellent quality and international support, as local brands stand for a country's history and for its customs and ingrained flavors and rituals. Examples of the aforementioned are brands such as: Chocorramo, Chokolatina Jet, yogurt Alpina, Chocolisto and Familia among others.

From imposition to adaptation, the step that have taken some multinational companies and their brands¹⁸.

¹⁸ Sources:

<http://propais.org.co/biblioteca/inteligencia/libro-propais-2013.pdf>

<http://www.dinero.com/empresas/articulo/marcas-mas-valiosas-colombia-2014/201333>

How to entice the consumers?

BY **Jairo Ospina,**
Ipsos Marketing

Creating the desire to buy a brand in peoples' minds is a difficult marketing task, and only those brands that understand peoples' motivations and are aligned with them in their product offering manage to gain differentiation in the market.

However, there is a much higher challenge when we want to create the desire to purchase a brand right at the moment of truth: facing a display cluttered with products, smells and sounds, advertisements with communication that are hardly seen and remembered, all of this in a reduced space, and in many cases preventing physical contact with the products as they are behind iron bars. The challenge of activating purchases in Colombia's traditional channels.

Product

Shoppers in these channels are looking for products that have the same quality of those found in a modern channel, and that are designed to cover specific consumption needs, most of them for short periods.

Having the largest amount of variants available is something that those shopping in these channels value in our country.

An example of these developments can be seen in the personal hygiene category, particularly in hair care, where in the same store more than 10 shampoo references can be found, each of them with a specific benefit. Activating the purchase through innovations and improvements in the products offered in these channels becomes difficult, but not impossible in the store format that is used in Colombia.

According to the Dane's General Census of 2005, four people live in 21% of households. As this is the highest percentage, it sets the guideline for thinking about the role that brands should play in order to relate to the taste of each individual in the household, and how the neighborhood store can become the vehicle to bring innovations closer to them, leveraging on its strengths as a channel that is nearby and on the potential to offer fresh products and, in many a case, non-traditional/artisanal products that are not usually found in large format stores.

Pack

Individual packaging predominates in the displays of traditional channels, but they are not the only ones; there are now sizes that can easily belong to a large supermarket.

An example of this are the single sachet packs with less grams, which are crowding stores' shelves. What poses an extra challenge is not the most innovative packaging, but one that better matches the shoppers' needs and expected quality. It is not enough to have small presentations; it is necessary to make the 20-g presentation visible in the ocean of 20-30-40-gram SKUs, and to generate the desire to buy it.

An example of how to offer packaging that will fit the needs of shoppers can be seen in our country – in large cities – in the vegetables and fruits category, where traditional channels are offering *packs* for 2,000 pesos for products where they have identified higher turnover and interaction at the point of sale (tomatoes, peaches, papayas, strawberries, potatoes, among others).

Price

Many of the strengths of these traditional channels are based on the possibility that they give shoppers to finance their purchases.

Many of the purchases made in neighborhood stores in our country are daily, in shopping trips for same-day usage.

If we look beyond what a shopper is looking for nowadays, it is worth considering the planning percentages of a category and a brand before getting to the point of sale (planned finders), information that we have at Ipsos and that is good for having Global Benchmarks that allow to understand the behavior among markets.

Studies conducted in several countries across the most important consumption categories in households, we find that in countries such as Mexico, 61% of people get to the store with a planned purchase; in Brazil, it is 56%; in Colombia, averaging the results of categories such as detergents, shampoo, deodorants and sauces, we observe that the figure is 72%.

This, compared with countries such as Japan, where 42% of purchase decisions are made facing the display, shows us that the challenge to influence the decision of the product and brand to choose in markets like ours is very high, even more when we tend to be increasingly more planned shoppers, looking for the best prices in these channels.

What shoppers are seeking is to get as much as possible from their budgets; therefore, communicating in a better way the price-quantity relation is key in stores. We can find an example in the soft drinks category, where brands compete among them (among their own SKUs), and it is necessary to have price

strategies aiming at preserving the preference of the leading brands, and communicating them both in the media and in the point of sale.

POP

It is difficult in our country to walk out of a store after a shopping trip and recalling at least three types of advertisements.

We know that shoppers do not have time for reading advertisements, and all these POP materials get lost on walls, ceilings, doors and windows of the stores, many of them on the store's iron bars.

According to the page of the National Advertisers Association (<http://www.andacol.com>) we can understand some important indicators in relation with communication in these channels: *“According to consolidated country results from the study conducted by Fenalco and Grupo Corporativo Eficacia in July 2010, the most effective aids that Colombian storekeepers can get from the industry in general in order to boost their sales are promotions (39%), followed by POP materials P.O.P. (25%), discounts (15%), samples and tastings (7%), none (5%) and others (7%). In the same sector, other figures draw our attention, such as data from the monthly retail sample (MMCM) from the National Administrative Department of Statistics (DANE) for July 2010, which reveals a significant 13.8% growth of retail sales compared to the same month of 2009.”*

All this makes us wonder: How can we generate impulse purchase in these situations? Many brands have created new types of advertising, but they have to carry a clear, different message in mass media, as we know that it is the main means through which consumers become aware of innovations, along with the word-of-mouth.

Position-Place

This variable clearly poses a visibility challenge, something that we at Ipsos call shop-ability (ease of purchasing), something that will always be a key factor in shopper satisfaction.

The greater the shopping ease, the greater the satisfaction, and find-ability (ease of searching), if products are placed in the same way that shoppers think about the category, it is more likely that they will find their favorite SKU (or a similar one), and lost sales will be reduced.

With store shelves that in many cases were suspended in time while the evolution of products continued its progress at full speed, activating the purchase in these channels involves a significant challenge, even more with packaging that in many cases is not visible because of the clutter and limited space of the facilities.

Many times the storekeeper can help to meet this challenge, but in a large number of the cases the purchase behavior tells us that the interaction with the storekeeper is higher than in modern channels with the floor sales staff. Furthermore, storekeepers are the ones helping to take the product and pass it over to the shopper through the iron bars separating them from the shopper. The storekeeper is a partner, the last word before the final purchase decision.

We can understand an example of the role of storekeepers through qualitative studies that Ipsos Colombia has conducted with them, where the main verbatim that we found are:

- *“I always ask: What brand (would you like)?”.*
- *“Whenever there are new products, I show them to the customers.”*
- *“I wait for them (the shoppers) to tell me the brand that they prefer, and if they don’t know, I offer them the brands that I have.”*
- *“Sometimes customers ask for a product thinking only about the price.”*

Promotion

A tool used inside our neighborhood stores to trigger purchase desire is what is called “ñapa” (freebie), which reflects a basic promotional activity, such as offering more quantity for the same price.

This will always be a way of activating purchases at the point of sale, and it is something that many brands have understood, and those doing it best manage to keep a high percentage of shoppers through promotions that can be redeemed at the time of purchase, or prizes/sweepstakes that match the aspirations of the profile of store shoppers.

An example of this are the promotions introduced by big soft drinks companies that promote their products with household items, such as collectible glasses that make it possible to build brand loyalty through premiums that are tangible at the time of purchase.

Other current examples of good promotions according to storekeepers are tie-ins and cross-selling with categories that are purchased in the same shopping trips. A snacks pack that comes with a tie-in of candy or cookies or that offers the possibility of giving a free pouch of milk to the shopper for collecting the figures from packs of cakes, not only helps brands to grow, but also drives sales and builds retailer loyalty.

One of the recommendations for these types of channels and challenges is to understand the shoppers' planning levels when they walk into the stores, and dimensioning the challenge on the basis of this understanding: the higher the planning percentage, the higher the challenge, as decisions are being made before entering the point of sale.

And facing a significant percentage of impulse purchases, the challenge is not that high, as the table will be served for the purchase activation of our brands at the point of sale.

Tools and methodologies that have been used in different categories are ready at Ipsos for understanding this increasingly modern traditional channel, and through them to be able to help manufacturers, retailers and shopper fulfill their needs.

「 The middle class? We are going to shed some light! 」

《 **BY** **Giovanna Ibagón,**
Ipsos Public Affairs 》

Good, pretty and cheap

In recent years, the middle class has gained size and importance. According to the Interamerican Development Bank, millions of Colombians have crossed an “*income frontier*” and are now enjoying greater economic comfort for their households, enlarging the country’s middle class.

However, what are the characteristics that can make the difference between one socioeconomic level and the next? We are going to shed some light and try to identify what is middle class in Colombia and what do they want to be, as we need to keep in mind that aspiration is something that characterizes this segment of the population.

Colombians “*want to be (or have) more*” and the middle class likely where they “*want to be more.*” Many Colombians are not conformist with the life that they have and aspire to improve, which is something that lies at the foundation of social mobility in our country: non-conformist people, who struggle to stay afloat despite economic adversity, and people who ascend and feel that they managed to reach a goal in their life.

The middle class is in a privileged position compared to a large portion of Colombians who are “*below it.*”

Those privileges are achieved through work and effort, and can be attained by “*climbing the hazardous social mobility ladder.*” The middle class has access to better utilities, to better health services, to better job opportunities, to better education, to the use of technology, to information; in simple words, life is easier for this class than for the 28.5% of Colombians who are poor or below the poverty line.

According to statistical data, nearly 55% of Colombia's population is in the middle of the population pyramid. Therefore it is not rare to find in the country endless lines in any new franchise of a multinational company opening their doors in the country.

In any case, it is something to keep in mind that in the Colombian middle class there is a group that is very sensitive to financial hardship, people who can go back to the base of the pyramid in the blink of an eye, because of labor instability and the high debt levels, among other reasons.

In fact, the offer of loans in the country has already moved from being broad to be overwhelming. The middle class is bombarded by multiple illusions of easy acquisitions. *“Buy now and pay later”* was never so widespread as it is now, and it is estimated that 7 out of every 10 households are currently paying a loan (not including informal loans outside the financial system, which can be greater), which means that losing a job or reducing the income may put a family at risk of default and serious financial strains, which would mean a disaster for their progress.

When income increases, middle class Colombians want to acquire, not to save (only 3 out of every 10 has some type of formal or informal savings), something that determines family finances that are always at the brink of failure. The middle class spends according to their possibilities, and indulge whenever possible, navigating between the desire to buy and enjoy and the need to be responsible and meet their obligations. They juggle their finances in all sorts of ways so they can stay afloat. Those who can, save for the future, but most are in debt for the present.

Having purchasing power opens up a world of possibilities, from enjoying experiences that were previously unthinkable, such as traveling overseas and purchasing sumptuary items, because there is no doubt that the average Colombian is a *“brand snob,”* whether it is for quality or just a fad. And though Colombian brands are among their favorites, they never rule out the option of owning and having access to the big foreign brands, whether it is that they find them discounted or of dubious origin, or that they buy them travelling abroad for the purpose. In any case, the average Colombian chooses to use something from those aspirational brands that will ratify how well they are doing in life.

As their income is not enough to fulfill all of their desires to enjoy and acquire, they have learned to navigate through promotions, sales seasons, outlets and e-coupons. Middle class Colombians are accomplished bargain hunters, they save whenever possible, and get into debt every time they want something; they work and struggle, but feel that they get what they want.

They plan their trips in advance so they can get cheap airline tickets, they are mindful of what they spend, but do not refrain from indulging once in a while, and their favorite phrase is *“good, pretty and cheap”*. Middle class Colombians know that provision is a factor that helps them spend less, and a poor credit report is something that terrifies them.

The Christmas season is the best excuse for the spending binge. However, retailers find every year more reasons to invite middle class Colombians to celebrate, therefore to buy: Mother's Day, Friendship Day, Child's Day, Pet's Day, Secretary's Day, etc.

All these occasions having repercussions on the family finances, because they all require spending: the gift, the cake, the invitation, the treat are always present: almost anything is a reason for celebration here. There is no skimping on the celebration of the life and love of loved ones, tangible gifts are preferred, and the costlier they are, the more love is shown, the more fanfare the better, the more food and drink the better the party.

Middle class Colombians are not willing to lower their guard, they stay optimistic and give all of themselves, they love their families and enjoy their work, they use public transportation but pay for the car so they can go out on weekends, they are the ones foreseeing a better future, the ones who consider emigrating if their country does not give them the possibility of being happy, the ones who study overseas but who do not hesitate about coming back, even if it is for a visit.

They are the ones who post their achievements in social media and post pictures of all their trips and treats, those who get their information in the web and want peace, even if they hate each other, those who with an almost pathetic humor contemplate how corruption keeps them from having the dream of more organized cities and a country in peace. The middle class will continue building the country amidst dreams and disappointments, failures and celebrations.

For navigating on the differences

BY **Giovanna Ibagón,**
Ipsos Public Affairs

The same, but not the same

Cultural heterogeneity in Colombia comes from the intercrossing of both local and foreign cultures. But, in order to talk about this, we are not going to make reference to the migratory patterns that have already been reviewed enough; we will rather focus on that which makes of us a country that protects ethnic and cultural diversity, according to the Constitution's Article 13: *“All people are born free and equal before the law.”*

However, let us briefly check the evidences of this diversity:

- We have 87 indigenous ethnic groups that account for 3.4% of the country's population.
- 10.6% of the population is of African descent.
- The gypsy communities are estimated at 5,000 peoples, i.e. 0.01% of the total population.
- Close to 95% of the population is denominated 'mestizo' (cross-bred).

This data suggest that we are in reality a mix, a mixture of American, European and African peoples, but the self-recognition of belonging to one of these large branches blurred a long time ago. We recognize ourselves as Colombians (only the minorities stick to their roots), and we are as diverse as we are alike, because we suffer the same ailments and we have many common dreams.

We Colombians have so many shared similarities as regionalisms and differences. And we can find several markers that make us different: those from the rural areas and those from the cities; those from the warm lands and those from the cold lands; the

'costeños' (from the littoral), the 'cachacos' (from the center of the country) and the 'paisas' (from the mountains), and so on, multiple breaking points as ways of feeling.

This diversity fosters contradictory discourses, but also facilitates the rapprochement and the understanding, making us flexible, tolerant, curious, kind and, above all, creative.

With diversity, the innovative potential is exacerbated, because solutions have to be offered in order to please all tasted; we all fit in, and there is for everyone.

In no other place is so evident the need to be read as different, as it is in the capital of the country. Peoples from all the corners arrive in Bogotá, come to the city to stay, bringing along the customs and tastes of their native lands, so the people from the capital can be anything, but from Bogotá. All ways of seeing and feeling the country converge in this city.

Diversity is experienced in the capital in its broadest sense. Everybody is accepted, and an inclusive and participative discourse is promoted, involving all sectors and minorities. Public policy that ratifies and promotes the respect for our multi-cultural nature is orchestrated from Bogotá.

Despite the impact that globalization might have on the homogenization of culture, the multiple expressions of cultural diversity that prevail in Colombia and that have been elevated in recent years are undeniable.

In music, it can be perceived the introduction of traditional sounds adapted to the new electronic trends, a fusion of sounds that permeates an entire society, and that brings back traditions of yore, reminiscent of African and indigenous communities. We also perceive that new restaurants redeeming the recipes of grandmothers and unknown regions are opening with an extensive, innovative offering.

Fashion does not lag behind. Fashion vindicates manufacturing with colorful ethnic, unique motifs that portray an almost forgotten richness, taking artisanal elements from different cultures and positioning them internationally as objects of great value and prestige.

All these are elements of a rescue an almost unconscious protestation against the uniformity of the new times. A unison greeting that claims for the preservation and the love of what is ours, and it is a great indicator of our value as a nation. Because even though we are many and diverse, we tolerate and respect difference.

The battle is now in the hands of the LGBTI population, who have to follow suit. They are the new afro, they are going for their rights, they are recognized as a group and are here to stay. A legal battle is taking place and it is just beginning, with achievements and setbacks, but one that has risen to the forefront of public debate.

Who doesn't have a stance regarding homosexuality?

We are now in the debate of whether being gay or lesbian is to be less or more, whether it is being the same but not the same. This is the time, ethnic minorities already did the course and graduated with the 1991 Constitution, now homosexuals are in kindergarten.

Time will pass and history will prove that we are as human as we are diverse, and that nobody can stop from being a citizen with rights and duties because of simple differences – that become trifle if they are seen separately. With a sharper look and under the magnifying glass of inclusive discourses, it will be recognized that the only common agreement that we should have is that of respect, and we are breaking it. Therefore, we should remember once and again the translation that the natives have made of the Article 12 of the Constitution: *“Nobody will be allowed to carry anybody above their heart or harm them even if they think and say differently.”*

With this simple agreement we can continue living our diversity in harmony, far from hatred and moral judgment.

Twenty years later of the Constitution that delivered recognition and autonomy to ethnic minorities, we are enjoying their varied cultural expressions, learning and valuing their heritage and traditions. This demonstrates that we have plenty to learn from others, but above all, to tolerate.

「 The new way to explore 」

The keys to succeed

Getting to know the reality of traditional channels is important for both local and international brands.

This reality is often comprehended by treading the streets and living the experience of choosing a product amidst so many stimuli that can be found.

For this reasons, we at Ipsos have understood the importance that each of these variables has, particularly the storekeeper's role in each of the stages of the purchase process: search, selection, purchase moment, shopper need and information given to the shopper.

For these reasons and for the constant need to know the reality of our emerging markets, the opportunity is open for the development of studies where we can help to improve the products and services that are offered to shoppers. Likewise, supporting retailers to get more visitors, manufactures to increase their sales and to understand the path to purchase, and through it to help customers to set priorities as to when, how and where to get involved with the shoppers, something that we at Ipsos call *The Triple Win*.

The ways to know

Nowadays, in a market with so much competition and such saturation of brands, it is more difficult for consumers to choose a product based on tangible attributes such as price or quality. This has led brands to prepare their communication in a motivational and emotional way, thus expecting that deeper connections with consumers will be created.

These connections begin with all-encompassing experiences, which are expected to wind up generating deep insights in consumers, therefore originating strong affinity with the brand and thus creating lasting relationships between brands and shoppers.

In order to generate more sales, companies have tried over the years to get to know and understand consumers, which gave rise to market research. The use of this discipline – which has gradually developed and evolved over time – has reached the point where companies no longer make “blind” decisions, that is, decisions based on the knowledge offered by their experience, because it is subjective knowledge that depends on the experience of each member of the organization.

For large businesses, it is vital to make decisions based on information backed by real consumer data.

Reinventing the methods

⟨ INTERVIEW

María-Andrea Parada,

Ipsos Marketing ⟩

With an increasingly globalized market and an ever growing need of businesses to get to know their consumers, great interest has arisen in understanding their behavior, both socially and individually, associating them to the subconscious motivations that lead to purchase decision making. In this knowledge process, not only tangible aspects are considered, but also intangible – such as the stimuli that dictate the behavior of people – in order to persuade their attitudes, based on the knowledge of their motivations.

Neuromarketing emerged as the union of cognitive neuroscience and marketing, and “it is understood as the systematic collection and interpretation of neurologic and neurophysiological ideas about people, using different protocols that allow researchers to explore non-verbal and physiological responses to different stimuli for market research purposes”¹⁹.

Interest in neuromarketing has increased in a considerable way in the last ten years. The proof is that if in 2001 the term was searched for in Google, no information would come up. Nowadays, the search produces 750,000 results.

From the point of view of market researches, a tool such as neuromarketing is a way of revolutionizing our business. This tool makes it possible to corroborate that which consumers have told us that they feel and do whenever they purchase a product or service, putting subjectivity aside – when, for instance, they do not want or are afraid of answering what they really feel. Neuromarketing does not ask directly for people’s opinions, but observes what happens in their brains when exposed to given stimuli.

¹⁹ Neuromarketing science and business association, <http://www.nmsba.com/ethics>

From the point of view of strategic companies that focus their business vision on consumers and not on products, such a robust and concrete tool as neuromarketing helps them generate a clearer, more defined strategy, aimed from and towards consumers.

Despite the worldwide popularity of neuromarketing in recent years, this Concept still is relatively new in Colombia, and it is seen as a tool exclusively designed for advertising strategies.

It is true that it is a very effective tool in that real, but it is also effective in the thorough knowledge and understanding of consumers. The adoption of this discipline in our market has found certain barriers, and the main of them is the lack of knowledge of the tool. This is why, mainly in Colombia, there is a huge opportunity for the development of this discipline, as with the country's globalization and high foreign investment, big and powerful businesses are entering the market, competing with innovative strategies that are overwhelmingly winning consumers.

Those strategies come from a thorough knowledge and comprehension of the consumer, and many of them have been developed based on this type of market research.

[Song]

THE LAND OF OBLIVION

As the moon that shines
At night the roads
As the leaves in the wind
As the sun scares the cold
As the earth is to the rain
As the seas awaits the sea
It is how I expect your return
To the land of oblivion

As my fears sink
If I sail on your eyes
As you sparkle my senses
With your loving voice
With your girl's smile
How you move my soul
How you keep me awake
How you steal my cool

You have the key to my heart
I love you
More than my life because
without your love I die

As the moon that shines
At night the roads
As the leaves in the wind
As the sun scares the cold
As the earth is to the rain
As the seas awaits the sea
It is how I expect your return
To the land of oblivion

Music and lyrics: *The land of oblivion* by **Carlos Vives**TM
Sonolux (Colombia) - Polygram (worldwide)

[Conclusion]

Colombia 2016: the desire to succeed

Remembering a García Márquez quote: *“Neither deluges, plagues, famines or cataclysms, not even endless wars lasting centuries have managed to subdue life’s tenacious advantage over death.”*

It’s a challenge to make predictions about the future peace and its positive consequences. For a long period, each year is the decisive one, the year of the last chance, and 2015 is included.

However, the will to develop the economic growth of Colombia is not going to stop, despite the difficult global context; the will to live, to have hope and to overcome the constraints of everyday life should continue. Bullfights, carnivals and festivals all express the vitality of a people that do not want to find themselves affected by the bad reputation of their country overseas.

Going deeper, we have the feeling that Colombia’s essence is happiness. But, when has Colombia been really happy? For centuries, and since the sixties, the FARC – besides other illegal groups – represent a reality that seems to have taken possession of the country.

For this reason and with plenty of hope, 2016 is projected as the turning point for the country to become one of big, clear opportunities for growth thanks to peace; for transforming, as the butterflies on our cover symbolize, showing the capacity for change as the fundamental premise of success, leaving far behind the swamp that has stolen this illusion for so many years.

Let’s have a dream, let’s try to find **“El Dorado”** again.

Maria Patricia Sinisterra e Yves Bardon
(August 15, 2015)

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Our experts, Henri Wallard, Yves Bardon, Alex Grönberger, are pleased to introduce the first edition of Ipsos Flair Colombia.

You can learn with them how to take studies a step further, in order to discover the true values and expectations of Colombians, where analysis meets intuition.

