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COLOMBINA S.A.: ENTERing THE ICE CREAM MARKET

Enrique Ramirez and Juanita Cajiao Saenz wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In March 2017, Florencia Peña, vice-president of the ice cream division at Colombina S.A. (Colombina), was in her office at the company’s headquarters in Cali, Colombia. She was reviewing the growth figures for the company’s ice cream business, for which she was accountable. The sales target set for the company in 2010 was to invoice US$1 billion[[1]](#footnote-1) by 2020, and the ice cream segment would play a fundamental role in reaching that target. Peña remembered very well what Colombina’s chief executive officer (CEO), Cesar Caicedo, had told employees the year before at the last strategic planning meeting: “It is simple; in order to reach the sales target, we must continue to do three things: achieve organic growth of the businesses we already have, open new markets or new businesses, and acquire companies with which we can generate synergies with our ongoing businesses.” Despite having invoiced over $40 million in ice cream in 2016, a growth of 12 per cent over 2015, Peña was aware of the challenge this strategic guideline meant for her category, which led her to consider options for increasing sales and profits. What market opportunities should the ice cream division exploit? What channels should it grow? Should particular channels be grown more than others? Should the product portfolio be expanded?

Colombina: Moving taste forward

Colombina was a family business founded in 1927 by Hernando Caicedo, grandfather of the current CEO. From the beginning, the company manufactured and marketed candies, called “colombinas.” In the 1960s, it started exporting sweets to the United States and to other Latin American countries. In the 1980s, Colombina acquired Splendid S.A., a crackers and pastries manufacturing company. In the early 1990s, it entered the sauces and preserves market by buying La Constancia S.A., and obtained exclusive distribution of Van Camps canned tuna and Buen Dia coffee. The company continued evolving under the slogan “moving taste forward” until becoming the global food company it was by 2017, with a wide portfolio of categories and brands (see Exhibit 1), and with a presence in over 75 countries in the Americas, Europe, Asia, and Africa. With its administrative headquarters in Cali, it had six production plants in Colombia—two of these were for ice cream—as well as a plant in Guatemala and one in Spain. By December 2016, it was one of the top 15 exporting companies in Colombia.

As a leader in the confectionery (sweets) category in Colombia, and with a market share close to 50 per cent and a consolidated aptitude for exports, Colombina faced some business expansion alternatives at the beginning of the millennium. Its owners faced the dilemma of pursuing continued growth in different Latin American markets, or expanding into other food categories and staying mainly in Colombia. In the end, they chose the latter option. Caicedo, CEO of Colombina, explained why that decision was made, saying, “We had to evolve from being just a sweets company to a food company. Given the trends—and not only in Colombia—of [an] ageing population and the adoption of healthy food habits, our strategy had to focus on offering products from different food categories to consumers that ensured quality, flavour, distribution, and prices for any type of consumer.” Jose Fernando Ochoa, corporate vice-president, added, “Colombina wanted to change as a company, to complement its portfolio with new value propositions, instead of being perceived by the market as a confectionery company.”

With this change in direction, Colombina began to look for new businesses that offered synergies in terms of both purchasing raw materials and distribution systems, and that, above all, allowed cross-branding—using Colombina as the umbrella brand. Expansion to other businesses began in 1987 with the acquisition of Splendid, which manufactured crackers and pastries. Its most recent acquisition, in 2015, was Spanish company Fiesta S.A.

As for the reason for entering the ice cream business, Ochoa explained, “Ice cream stands in an intermediate zone between indulgence and food; since it includes dairy components, the consumer perceives some nutritional value in it.” In 2004, Colombina entered the ice cream business by buying Inalac, a local producer of the Liz ice cream brand; it then bought Robin Hood ice cream in 2006. By the end of 2016, ice cream accounted for 10 per cent of the company’s sales in Colombia, and was one of the categories with the highest growth (15 per cent) among the firm’s product portfolio.

ice cream market in Colombia

Unlike in non-equatorial markets, the ice cream business was not seasonal in Colombia. Indeed, over the past five years, the Colombian ice cream business had grown both in volume produced and in sales: from 66,500 tonnes manufactured in 2012 to 74,500 tonnes in 2016, and from nearly $354 million in sales in 2012 to $476 million in 2016 (according to Euromonitor figures). According to Colombina’s estimates, about 60 per cent of the ice cream in Colombia was sold as a packed product in the freezers of small local stores (SLSs), 30 per cent in scoop shops, and the remaining 10 per cent in supermarkets.

The ice cream consumption in 2016 in Colombia of 3.1 litres per capita was low in comparison with other countries such as Chile (12.6 litres per capita), the United States (21 litres per capita), and Spain (14.6 litres per capita). One possible explanation for Colombia’s relatively low consumption was the country’s socioeconomic conditions. According to data from the World Bank, the per capita gross domestic product in Colombia was $6,320 in 2016. According to the DANE[[2]](#footnote-2) 2016 Quality of Life Survey, 32.1 per cent of household heads said they did not have enough income to meet their minimum needs, while 56.7 per cent said they could barely cover their minimum expenses. This situation largely determined the consumption patterns of Colombians. Unlike in other countries, in Colombia ice cream was not considered a family product, which was understandable because people with low incomes had small refrigerators with equally small freezers, so the space available to store a litre of ice cream, if any, was minimal. Survey and World Bank data was consistent with the profile of a typical ice cream consumer, where consumer consumption increased with income level. With ice cream not being a seasonal product in Colombia, the only influence from climate on its consumption was apparent on rainy days—in that rainy weather affected people’s mobility. There were no significant variations in consumption by either age or gender, or by region, with sales being proportional to the number of inhabitants. Peña said, “In Colombia, the consumption of ice cream is mainly in the impulse-purchase category. A person buys ice cream when in a store to buy something else, after looking in the freezer and craving it.” She explained that a consumer’s demand for ice cream products came about “when the person sees a man in the street with an ice cream car, or when passing by an ice cream parlour, or on special occasions when there is a celebration.”

The main player in the category of ice cream was Meals de Colombia S.A. (Meals), a company in the Nutresa Group (see Exhibit 2), the largest processed food company in the country. Meals sold 23 brands of ice cream, under the umbrella brand Crem Helado, and dominated the market in the SLS channel. In the ice cream parlour channel, the greatest competition was between the brands Popsy and Mimos, which had exclusive outlets for the sale of cones and 1-litre take-home containers. By 2016, the top-of-mind of ice cream brands belonged to Crem Helado, with 30 per cent of the top of mind (see Exhibit 3).

So-called homemade ice cream was also included in the competition; it was usually produced by small family businesses often located in the family residence, where the ice cream was made and sold. These businesses often presented the product as ice cream or fruit popsicles with different combinations of natural fruits such as coconut, soursop, lulo, blackberries, pineapple, and others, taking advantage of the wide range of fruits available in the country. This product was deeply rooted among Colombian consumers. Crem Helado had already incorporated into its portfolio a product with individual packaging that emulated homemade ice cream.

Another distinct feature of the Colombian ice cream industry was that local competitors controlled the market. Although large multinational food companies such as Nestlé and Unilever had been operating in Colombia for several years, they had not ventured into this category. Häagen-Dazs returned to the supermarket channel in 2014, having closed its operation in Colombia in 2010 after failing to obtain the expected results. Nevertheless, Colombian ice cream market forecasts remained optimistic (see Exhibit 4, 5, and 6).

Colombina ice cream

Continuing with its strategy of producting high-quality products—wherein flavour was a determinant of preference—offered at a price that the Colombian consumer could afford, Colombina improved its ice cream production process. It took the company four years to reach a standard of quality acceptable for putting the Colombina brand on the acquired product lines. In the words of Pierangelo Marchetti, vice-president of strategic planning, “When we bought Helados Lis, the Colombina brand did not appear on any product.” Peña added, “Consumers recognized Colombina by the taste and quality of its products, and we have been very careful to protect that aspect. The taste of our ice cream should always correspond to that expectation. It took us some time to say: Yes, they are now Colombina quality!”

Colombina then had a portfolio of ice cream that depended on its distribution channel (see Exhibit 7). For the SLS, there was ice cream in individual packaging, such as popsicles and ice cream on wooden sticks, and ice cream in cups, cones, and cookies; for the ice cream parlour, there was the institutional line; and for the supermarkets, there were 1-litre containers and frozen desserts. By 2017, the firm had 150 stock-keeping units in the ice cream category.

In 2015, Colombina launched some ice cream through its “Colombina 100%” line, a line of healthy products without artificial colours or flavours that offered nourishing benefits. In terms of the ice cream in this line, the company offered 1-litre containers of sugar-free vanilla, six-unit packages of sugar-free vanilla bars, and ice bars with chunks of natural fruit (60 calories).

The Colombian consumer was quite price sensitive, given the low-income conditions of most of the population. Colombina’s ice cream consumer prices—as well as its customer profit margins—were similar to those of the market leader (see Exhibit 8).

Colombina’s competitors in confectionery were not large enough (i.e., lacked strong financial muscle) to advertise their products massively. However, in categories like ice cream, sauces, preserves, milk modifiers, and crackers, the size of Colombina’s competitors was different. It was competing against the Nutresa Group, Nestlé, and Unilever—very strong multinational companies that had the ability to invest in advertising and brand recognition. “This fact was the subject of many discussions because we went from being the strongest player in the confectionery segment to competing against much bigger companies in different categories,” recalled Caicedo.

Colombina did not advertise ice cream massively because its sales volume did not make it viable, so the company opted for a brand extension strategy with brands of other Colombina products already established in the market and positioned in the minds of Colombian consumers. It became clear that the most powerful brand it had was Colombina, which was why the company opted for an endorsed-brand architecture in which the brand of the product coexisted with the corporate brand. “We knew that this model had both benefits and disadvantages: the scope of the umbrella brand was not infinite and we had to be very careful about what we did because a bad step could affect recognition of the Colombina brand itself in general,” said the corporate vice-president.

Following this line of thought, Colombina (as the umbrella brand) appeared across the entire line of ice cream. Under that brand were: (1) frozen desserts; (2) the institutional line—bulk ice cream sold in buckets and boxes; (3) products in the ice cream category that were extensions of other products with a long trajectory and strong positioning in the Colombian market, as was the case with Bon Bum, Nucita, and Choco Break; (4) the Robin Hood brand used for litre containers of ice cream for household consumption and for some impulse products such as cones, cups, and ice cream bars; and (5) Colombina 100% for popsicles with chunks of natural fruit and sugar-free ice cream. The company decided to keep the Robin Hood brand because it had a good position in Bogota and in the northern part of the country. For products with individual packaging, in particular, Colombina transferred the power of its already established chocolate and confectionery brands to ice cream, accompanied by its umbrella brand, anticipating that the consumer would find an affinity with those types of products. The first product of cross-branding was the ice cream bar Nucita, which was immediately accepted. Shortly after, Meals, Colombina’s main competitor, launched the Jet chocolate ice cream bar, one of its flagship brands.

The Small Local Store

A traditional SLS usually had an area ranging between 10 and 50 square metres, the average being 15 square metres. In format and operation, it was similar to *kirana* in India and, to a lesser extent, mom-and-pop stores in the United States. The merchandise offered was comprised of a wide range of product categories. The store was characterized as being a family business, and was usually attended to by its owner and/or the family. Considering the informality of many of these stores, it was difficult to establish with certainty the number of these establishments that were operating. It was estimated that between 200,000 and 300,000 of these stores existed throughout Colombia.

In many SLSs, the consumer did not have direct access to the products. The person in charge would stay behind a counter and hand the customer what was asked for. According to a Nielsen study, an SLS received an average of 135 customers per day, and the average consumer purchase did not exceed $1.50. This reflected a pattern of daily purchases of small quantities, for example, an egg or a tomato, which led producers of mass-consumption products to adapt their packaging to personal or individual presentations. In a SLS, it was possible to find a 250-millilitre bottle of cooking oil (a can of Coca-Cola was 354 millilitres), an envelope of powdered drinks, or a sachet of shampoo. Taking into account the restrictions of space and the buying habits of customers, SLSs handled low inventories, looking to sell products with high turnover rates.

On the other hand, this scheme allowed the shopkeeper greater proximity to the consumer, and allowed the shopkeeper to give more personalized attention—shopkeepers and customers frequently called each other by name—reflected in some practices peculiar to that channel. When a customer did not have enough money, for instance, it was not unusual to hear the grocer say, “Pay me later, neighbour.” Although not all of these stores offered credit, they did manage cash payments.

These circumstances also made the exhibition areas of the stores critical variables for which different suppliers vied, as in the case of ice cream: a typical SLS barely had space for a relatively small freezer (80 centimetres wide, with room for three baskets). It was a standard practice in this industry for the producer to provide freezers at the point of sale. In the case of Colombina, the company responded within 24 hours when a shop owner called to report a damaged or malfunctioning freezer. The company’s logo was exhibited on the sides of the freezers, accompanied by photographs and designs of the products offered, both to promote them and to highlight the exclusivity of the freezer for Colombina products—preventing its use as a vehicle to sell competing products. By the end of 2016, the company had installed around 50,000 freezers throughout the country, mainly in ice cream shops and SLSs. Also by that time, Colombina had arrived directly (with its portfolio of products) in about 40,000 SLSs. These stores had to maintain a minimum purchase level in order to keep Colombina’s freezer. A premium client would buy $67 a week; the gross profit for ice cream in SLSs was around 28 per cent.

Other channels

Ice cream stores were businesses selling single-serving-size ice cream mixtures or ice cream scooped directly into a cone. Some had a larger portfolio and sold more elaborate ice cream cups, adding other ingredients to the ice cream. Given that ice cream stores had generally fewer space restrictions than SLSs had, these businesses would also get a freezer, the largest one Colombina could provide—1.2 metres wide, with space for five baskets, or adapted to stores’ bulk ice cream containers. In the local ice cream parlours, these freezers could be exclusively for Colombina, or shared with the competition, Crem Helado in particular. In rare cases, Colombina sold ice cream with the competition’s individual packaging, or vice versa. Ice cream shops contributed to 30 per cent of the category’s revenues.

Colombina distributed take-home litres of ice cream and frozen desserts through large chain stores. This channel handled another 10 per cent of overall ice cream sales. Colombina wanted to strengthen this sub-segment, since it helped to build awareness of the company’s products and therefore supported its brand-building efforts. Finally, there were street pushcart vendors that travelled the roadways selling ice cream in individual packages, but such outlets contributed to less than 3 per cent of sales.

In 2010, a new channel began to compete strongly in the Colombian retail business, so-called hard discount stores—similar to convenience stores in the United States. According to Nielsen data, by the end of 2016, these stores had 7 per cent of total retail sales, compared to 1 per cent in 2013. Their value proposition was focused on offering the convenience of proximity to the customer—they were usually located in neighbourhoods—and low prices, offering hard discounts. They likewise focused on developing their own brands, with very simple standards in terms of exhibition and packaging. Aware of this trend, Colombina developed products and presentations that allowed it to have a presence in these formats. As Andres Sanchez, marketing manager of the company’s ice cream business, asserted, “We consider that discount stores will gain prominence in the medium term.”

Distribution

“We have to ensure that the product is always available at the point of sale. Ice cream is an impulse-purchase product—you have to see it to crave it,” said Peña. Compliance with this premise demanded large-scale investment and special logistical efforts by producers, taking into account how difficult it was to reach more than 50,000 unique customers at least once a week, while maintaining the cold chain from the moment the product exited the factory until it reached the end consumer. In order to respond to this challenge, Colombina had two ice cream producing plants, one in Itagui (northwestern region) and the other in Bogota (central region). From there, it distributed to the seven refrigerated storage centres it had throughout Colombia. The ice cream business singularly had its own distribution system and specialized sales force. Since ice cream was prone to cross-contamination with nearby items, Colombina faced risks when distribution was outsourced, since the contractor could transport other products—for example, meats—to take advantage of freezer truck space; additionally, Colombina could control different issues associated with temperature-sensitive logistics. This was why Colombina assumed a distribution process with delivery trucks operated by one driver and an assistant, both Colombina employees. They were responsible for placing and organizing the product in the freezer at the point of sale and for collecting the bills that were usually paid in cash, especially by customers in the SLS channel.

Peña explained the reasons for this decision: “Those who operate the delivery trucks had to be part of Colombina’s culture, since they were the image of the company to the SLSs; they stocked the freezer with the product they were delivering, so the grocer had to trust them. All this assured us [of] maintaining the cold chain, because the ice cream cannot stay on the counter even for a moment, as it melts and loses all of its properties.” Besides, this system allowed the company to validate that its freezers were not being used to store the products of its competitors, and to ensure that the shopkeeper did not turn off the freezer in an effort to reduce energy consumption.

sales force

Given the low consumption in Colombia of ice cream in take-home presentations, the SLS channel and the ice cream shops continued to maintain their power. Given its peculiarities, the sales force also garnered special features that corresponded to the requirements of the channel.

The firm faced a learning curve when the business started. Looking for synergies and the optimization of logistical and administrative resources, when it entered the market it included the category of ice cream as another product in the portfolio handled by Colombina’s sales force. It had to re-think that strategy after not realizing the expected results. Luis Eugenio Cucalon, vice-president of human resources, recalled the situation: “When we integrated with Robin Hood, we believed that our sales force—which was already very mature and with a great knowledge of the channel and of the categories we now call ‘dry’—could also handle ice cream. That was a mistake; sales were not as expected.” Within a few months, the company decided to have an exclusive sales force for the ice cream category.

Colombina had nearly 400 salespeople nationwide specializing in the SLS channel for its ice cream product line. The salespeople had to focus on three key factors that determined the variable component of their income: sales quotas, average sales per freezer, and new customers. They would visit their customers weekly, check the inventory in the freezer, take new orders, remove frost from the walls of the freezer, and organize the product in the baskets, leaving open space for the arrival of the next shipment. The order was sent via text message to headquarters to be delivered the next day. On average, the salespeople had to visit 20 customers daily between SLSs and ice cream parlours. These small retailers in the food and groceries business accounted for about 60 per cent of the company’s sales in this category. The remaining 40 per cent corresponded to supermarkets and specialized channels, both of which were handled by salespeople specializing in those channels.

Challenges ahead

With its ice cream products, Colombina managed to position itself in the Colombian market. However, the aspirations of the company were focused on growing the category. Peña had almost 10 years of experience in the ice cream business; she knew the clients, the competitors, and the business in general. On her desk were proposals from her team for growing the ice cream industry. All of this gave her the tools she needed to make a decision about what strategies to follow in order to continue growing and thus meet the expectations of the CEO. With this in mind, Peña began to review her options.

EXHIBIT 1: COLOMBINA’S CATEGORy PORTFOLIO

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Chocolate** | **Cookies and Pastries** | **Candy** | **Ice Cream** | **Canned** | **Desserts** |
| * Chocolate lollipops * Chocolate bars * Chocolate lentils * Instant chocolate-flavoured beverage * Chocolate cream * Covered marshmallows * Chocolate bonbons | * Crackers * Cookies and pastries * Baby food * Pastries * Water rolls * Wafers | * Lollipops * Hard candies * Chewy candies * Gummies candies * Marshmallows * Mints | * Frozen desserts * Water popsicles * Ice cream sticks * Bulk ice cream * Ice cream cookies * Cones * Cups * Take home ice cream | * Tuna * Sardines | * Condensed milk * Sweet milk |
| **Cereal Bars** | **Snacks** | **Oil** | **Coffee** | **Pasta** | **Preserves and Table Sauces** |
| * Kick cereal bar | * Peanut | * Olive oil | * Buen Dia Iophilized Coffee | * Buongiorno pasta | * Amazon Sauce |

Source: Company files.

EXHIBIT 2: MARKET SHARE IN colombian ICE CREAM MARKET (% of share)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company/(Brand)** | **2012** | **2013** | **2014** | **2015** | **2016** |
|  |  |  |  |  |  |
| Meals de Colombia S.A. (Crem Helado) | 41.1 | 41.1 | 42.0 | 43.0 | 43.2 |
| Colombina S.A. (Colombina) | 9.6 | 10.0 | 12.,1 | 12.8 | 12.9 |
| Comercial Allan Ltda (Popsy) | 6.1 | 6.6 | 6.9 | 7.1 | 7.2 |
| PCA Productora y Comercializadora de Alimentos S.A. (Mimos) | 4.9 | 6.1 | 6.3 | 6.3 | 6.4 |
| Quala S.A. (Bon Ice & Yogoso) | 4.3 | 4.1 | 4.0 | 4.0 | 4.0 |
| Rico Helado S.A. (Rico Helado) | 0.0 | 1.1 | 1.7 | 1.8 | 1.8 |
| La Campiña S.A. (La Campiña) | 1.3 | 1.2 | 1.1 | 1.1 | 1.1 |
| Others | 32.7 | 29.8 | 25.9 | 23.9 | 23.4 |
|  |  |  |  |  |  |
| **Total** | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: “Ice Cream and Frozen Desserts in Packaged Food Industry,” Passport, Euromonitor International, 2017, accessed August 14, 2017, www.portal.euromonitor.com/portal/?IaJuDGW6R%2bh39bQQBRhGuA%3d%3d.

**EXHIBIT 3: ICE CREAM TOP OF MIND IN COLOMBIA (%)**

Source: “Brands that Colombian Adults Remember Most in Entertainment [in Spanish],” Dinero, April 27, 2017, accessed August 1, 2017, [www.dinero.com/edicion-impresa/caratula/articulo/top-of-mind-2017-marcas-de-entretenimiento-mas-recordadas/244700](http://www.dinero.com/edicion-impresa/caratula/articulo/top-of-mind-2017-marcas-de-entretenimiento-mas-recordadas/244700).

EXHIBIT 4: FORECAST ICE CREAM SALES (tonnes per year)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **2017** | **2018** | **2019** | **2020** | **2021** |
|  |  |  |  |  |  |
| Argentina | 21.828 | 22.449 | 23.149 | 23.496 | 24.859 |
| Brazil | 381.300 | 373.600 | 370.000 | 370.700 | 372.800 |
| Chile | 102.000 | 104.400 | 107.200 | 110.200 | 113.600 |
| Colombia | 74.200 | 75.200 | 77.300 | 79.300 | 81.200 |
| Ecuador | 18.808 | 18.990 | 19.236 | 19.516 | 19.832 |
| Mexico | 84.200 | 86.000 | 87.800 | 89.700 | 91.700 |
| Peru | 28.704 | 29.872 | 30.624 | 31.337 | 31.947 |
| United States | 2.793.718 | 2.785.507 | 2.783.178 | 2.783.960 | 2.783.960 |
| France | 215.100 | 216.800 | 217.700 | 218.800 | 219.700 |
| Germany | 613.300 | 617.200 | 620.700 | 624.600 | 628.700 |
| Italy | 209.800 | 211.100 | 212.800 | 214.600 | 216.800 |
| Spain | 257.800 | 266.200 | 273.200 | 280.000 | 287.100 |

Source: “Ice Cream and Frozen Desserts in Packaged Food Industry,” Passport, Euromonitor International, 2017, accessed August 14, 2017, www.portal.euromonitor.com/portal/?IaJuDGW6R%2bh39bQQBRhGuA%3d%3d.

EXHIBIT 5: FORECAST SALES OF ICE CREAM AND FROZEN DESSERTS BY CATEGORY: VOLUME GROWTH IN COLOMBIA, 2016–2021 (%)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2016/17** | **2016–21 CAGR** | **2016/21 Total** |
| Frozen Desserts | 1.8 | 1.4 | 7.3 |
| Ice Cream | 3.5 | 3.0 | 16.0 |
| Frozen Yogourt | 3.2 | 2.3 | 12.2 |
| Impulse Ice Cream | 3.1 | 2.6 | 13.9 |
| Single-Portion Dairy Ice Cream | 3.2 | 2.7 | 14.3 |
| Single-Portion Water Ice Cream | 3.0 | 2.5 | 13.2 |
| **Unpackaged Ice Cream** | | | |
| Take-Home Ice Cream | 4.8 | 4.2 | 22.8 |
| Take-Home Dairy Ice Cream | 4.8 | 4.2 | 22.8 |
| Bulk Dairy Ice Cream | 4.7 | 4.1 | 22.2 |
| Ice Cream Desserts | 5.7 | 5.2 | 28.6 |
| Multi-Pack Dairy Ice Cream | 5.2 | 4.7 | 26.0 |
| Take-Home Water Ice Cream | 4.6 | 4.1 | 22.0 |
| Bulk Water Ice Cream | 4.7 | 4.1 | 22.4 |
| Multi-Pack Water Ice Cream | 4.5 | 3.9 | 20.9 |
| Ice Cream and Frozen Desserts | 3.5 | 3.0 | 15.9 |

Note: CAGR = compound annual growth rate.

Source: “Ice Cream and Frozen Desserts in Packaged Food Industry,” Passport, Euromonitor International, 2017, accessed August 14, 2017, [www.portal.euromonitor.com/portal/?IaJuDGW6R%2bh39bQQBRhGuA%3d%3d](http://www.portal.euromonitor.com/portal/?IaJuDGW6R%2bh39bQQBRhGuA%3d%3d).

**EXHIBIT 6: FORECAST SALES OF ICE CREAM AND FROZEN DESSERTS BY CATEGORY IN COLOMBIA, 2016–2021 (IN US$)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2017** | **2018** | **2019** | **2020** | **2021** |
| Frozen Desserts | 763,866 | 797,077 | 797,077 | 830,289 | 830,289 |
| Ice Cream | 495,616,074 | 514,181,335 | 531,683,826 | 547,857,855 | 562,537,363 |
| Frozen Yogourt | 11,856,526 | 12,221,853 | 12,553,969 | 12,786,450 | 13,018,931 |
| Impulse Ice Cream | 349,817,336 | 361,441,382 | 372,201,926 | 382,032,547 | 390,800,399 |
| Single Portion Dairy Ice Cream | 282,132,182 | 291,597,476 | 300,398,539 | 308,435,736 | 315,675,855 |
| Single Portion Water Ice Cream | 67,685,154 | 69,843,906 | 71,803,388 | 73,563,600 | 75,157,755 |
| **Unpackaged Ice Cream** | | | | | |
| Take-Home Ice Cream | 133,942,212 | 140,551,312 | 146,961,142 | 153,038,858 | 158,718,034 |
| Take-Home Dairy Ice Cream | 131,119,229 | 137,562,272 | 143,872,468 | 149,817,336 | 155,363,667 |
| Bulk Dairy Ice Cream | 113,085,354 | 118,498,838 | 123,746,264 | 128,694,786 | 133,277,981 |
| Ice Cream Desserts | 14,812,355 | 15,709,067 | 16,539,356 | 17,402,856 | 18,199,934 |
| Multi-Pack Dairy Ice Cream | 3,221,521 | 3,387,579 | 3,553,637 | 3,719,694 | 3,885,752 |
| Take-Home Water Ice Cream | 2,822,982 | 2,955,829 | 3,088,675 | 3,221,521 | 3,321,156 |
| Bulk Water Ice Cream | 2,025,905 | 2,125,540 | 2,225,174 | 2,291,597 | 2,391,232 |
| Multi-Pack Water Ice Cream | 697,443 | 830,289 | 863,500 | 896,712 | 929,924 |
| Ice Cream and Frozen Desserts | 532,480,903 | 514,978,412 | 532,480,903 | 548,688,143 | 563,367,652 |

Source: “Ice Cream and Frozen Desserts in Packaged Food Industry,” Passport, Euromonitor International, 2017, accessed August 14, 2017, [www.portal.euromonitor.com/portal/?IaJuDGW6R%2bh39bQQBRhGuA%3d%3d](http://www.portal.euromonitor.com/portal/?IaJuDGW6R%2bh39bQQBRhGuA%3d%3d).

EXHIBIT 7: COLOMBINA ICE CREAM LINE PRODUCT PORTFOLIO—RETAIL PRICES BY DISTRIBUTION CHANNEL (IN US$)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Small Local Stores** | **Supermarkets** | **Ice Cream Parlours** |
| **WATER POPSICLES** |  |  |  |
| Fruly | 0.27 |  |  |
| Chupileta Lengua | 0.40 |  |  |
| BBB | 0.40 | 0.40 |  |
| Fruit Chunks | 0.56 | 0.56 |  |
| **ICE CREAM STICKS** |  |  |  |
| Traditional Homemade | 0.40 |  |  |
| Special | 0.50 | 0.50 |  |
| Mini Tentazione | 0.50 | 0.50 |  |
| Nucita | 0.56 | 0.56 |  |
| Coffee Delight | 0.56 | 0.56 |  |
| Fruit Chocobreak | 0.56 | 0.56 |  |
| Premium Fruit Chocobreak | 0.66 | 0.66 |  |
| Non-sugar | 0,83 | 0.83 |  |
| Tentazione | 1,00 | 1.00 |  |
| **CONES** |  |  |  |
| Nucita | 0.40 | 0.40 |  |
| Robin Hood | 0.50 |  |  |
| Mega Robin Hood | 0.56 | 0.56 |  |
| Maxilatto | 1.00 | 1.00 |  |
| **CUPS** |  |  |  |
| Small Cups | 0.27 |  |  |
| Sundae | 0.50 | 0.50 |  |
| Surprise | 0.56 |  |  |
| Big Sundae | 0.83 | 0.83 |  |
| **ICE CREAM COOKIES** |  |  |  |
| Muu | 0.33 |  |  |
| Nucita | 0.33 |  |  |
| Colombina | 0.50 | 0.50 |  |
| **FROZEN DESSERTS** |  |  |  |
| Cassata |  | 5.71 |  |
| Roll |  | 9.60 |  |
| Cake |  | 10.49 |  |
| **TAKE HOME ICE CREAM** |  |  |  |
| 1/2 Litre Standard |  | 3.27 |  |
| 1/2 Litre Premium |  | 3.52 |  |
| 1 Litre Standard |  | 6.43 |  |
| 1 Litre Premium |  | 7.32 |  |
| 5 Litre Standard |  | 8.88 |  |
| 5 Litre Premium |  | 9.05 |  |
| **BULK ICE CREAM** |  |  |  |
| 10 Litre Standard | 11.99 |  | 11.99 |
| 10 Litre Premium | 12.59 |  | 12.59 |
| 18 Litre Standard | 19.73 |  | 19.73 |
| 18 Litre Premium | 20.66 |  | 20.66 |

Source: Company files.

EXHIBIT 8: RETAIL PRICING COMPARISON OF SIMILAR ice cream category PRODUCTS

(in US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Colombina** | **Crem Helado** | **Sinfonia** | **Popsy** | **Mimos** |
| **WATER POPSICLES** |  |  |  |  |  |
| Water Popsicle | 0.27 | 0.40 |  |  |  |
| Chupileta Lengua versus Lenguiletta | 0.40 | 0.40 |  |  |  |
| Fruit Chunks versus Fruti | 0.56 | 0.56 |  |  |  |
| **ICE CREAM STICKS** |  |  |  |  |  |
| Traditional Homemade | 0.40 | 0.40 |  |  |  |
| Filled Traditional homemade | 0.50 | 0.50 |  |  |  |
| Mini Tentazione versus Mini Polet | 0.50 | 0.50 |  |  |  |
| Tentazione versus Polet | 1.00 | 1.00 |  |  |  |
| **CONES** |  |  |  |  |  |
| Chocovanilla versus Choco Cono | 0.50 | 0.50 |  |  |  |
| Figs & Rum | 0.50 | 0.43 |  |  |  |
| Mega versus Croquito | 0.56 | 0.56 |  |  |  |
| Maxilatto versus Bocatto | 1.00 | 1.00 |  |  |  |
| **CUPS** |  |  |  |  |  |
| Surprise versus Heladino | 0.56 | 0.73 |  |  |  |
| **ICE CREAM COOKIES** |  |  |  |  |  |
| Muu versus Festival | 0.33 | 0.40 |  |  |  |
| Colombina versus Platillo | 0.50 | 0.50 |  |  |  |
| **FROZEN DESSERTS** |  |  |  |  |  |
| Cassata | 5.71 | 6.53 |  |  | 6.71 |
| Roll | 9.60 |  |  | 9.13 | 9.50 |
| Cake | 10.49 |  | 10.35 | 10.23 |  |
| **TAKE HOME ICE CREAM** |  |  |  |  |  |
| 1/2 Litre Standard | 3.27 | 3.11 |  |  |  |
| 1/2 Litre Premium | 3.52 |  | 3.90 | 4.05 |  |
| 1 Litre Standard | 6.43 | 6.44 | 6.87 | 6.94 |  |
| 1 Litre Premium | 7.32 |  | 7.92 | 8.09 |  |
| 5 Litre Standard | 8.88 | 7.92 |  |  |  |
| 5 Litre Premium | 9.05 |  |  |  |  |
| **SCOOPED** |  |  |  |  |  |
| 10 Litre Standard | 11.99 | 11.99 |  |  |  |
| 10 Litre Premium | 12.59 |  |  |  |  |
| 18 Litre Standard | 19.73 | 19.10 |  |  |  |
| 18 Litre Premium | 20.66 |  |  |  |  |

Source: Company files.

1. All currency amounts are in U.S. dollars. [↑](#footnote-ref-1)
2. DANE = Departamento Nacional de Estadística, the National Administrative Department of Statistics, an official entity responsible for the planning, compilation, analysis, and dissemination of the official statistics of Colombia. [↑](#footnote-ref-2)