

# Ben Betesh International Panama's retail innovator

Panama's economy is set to rebound in 2021, with GDP growth forecast at 4% on the back of resurgent activity in key service sectors. Retail commerce will play an important role in future growth. The sector recorded years of rapid expansion prior to the pandemic, and e-commerce was especially robust, rising by an average of 12% annually between 2014 and 2019. Online sales are forecast to reach \$270 million annually by 2024, supported by leading retailers like Ben Betesh, which has been at the forefront of retail innovation in Panama for 70 years.

Ben Betesh International is a clothing, footwear, and luggage retailer that has risen to become a top regional player, with a reputation for honesty and flexibility. The company traces its origins to Manchester, where it began selling textiles in 1928. Operations shifted across the Atlantic during the 1950s, and the company opened its first store in Panama City in 1959. President Jack Btsh described one of the company's earliest bright ideas: duty free shops.

"After my father and uncle opened the



Jack Btsh  
President - Ben Betesh

first store in Panama City, he had the idea to open some shops at the airport. It was basically the start of duty-free system in Panama, and we opened one of the first stores at the airport."

Growth accelerated from there. The company has a knack for accessing closed markets and working closely

with major global retailers, forming partnerships with both Lacoste and Marks & Spencer in 1968, among others. It expanded across Latin America in the following years through retail, wholesale and franchise, opening 50 shops in Mexico by 2015, as well as 20 stores in Peru and 29 in Panama.

Ben Betesh now plans to build on its solid reputation and strong brand recognition through new joint ventures, like the one done with Lacoste in 2015, that will allow it to adjust its position in the supply chain. Although regional e-commerce is still in its nascent stages, Btsh has identified online sales as holding high potential for future growth.

"The older generation still prefers traditional retail, but this is not the case with the younger generation, and they are spending more today, so we are moving into e-commerce. There are a lot of big companies using Panama as a hub. This is our advantage; we can supply all of South and Central America from Panama," he concluded.



# Manzanillo International Terminal Efficiency and Reliability

It has been buffeted by a global economic slowdown, but Panama's shipping industry is still a major economic growth driver following years of robust expansion. International merchandise trade nearly doubled between 2005 and 2019 to hit \$32 billion, while the maritime, logistics and port sectors account for a combined 290,000 jobs and roughly one third of Panama's GDP. This means the country's leading shipping hub, the Manzanillo International Terminal (MIT), will play an important role in supporting recovery and future growth.

Launched in 1995, MIT stretches across a 520,000-square meter area near the Atlantic entrance of the Panama Canal. It is known for its efficient, diverse, and high-quality port services. As Stacy Hatfield, president of MIT-Panama explained, it has also developed a reputation for reliability, having maintained continuous operations since 1996:

"We're fortunately not usually affected by hurricanes or other weather trends you see in other ports which is a huge advantage, as well as our proximity to the canal. We



Stacy Hatfield  
President - MIT

work with other ports on the Pacific coast and have the cargo rail link in-between. Having a stable operator here on the Caribbean side is, I think, the biggest advantage they see and the biggest reason we have the strong volumes we do."

MIT benefits from advanced port infrastructure, including the region's first automatic stacking cranes, which has helped it rise to become Latin America's

second most-efficient port facility. The terminal offers over 2 kilometers of berth space, 19 ship-to-shore gantry cranes, manned by more than 1,200 employees. It is capable of handling containerized, ro-ro, general and project cargo, and it is large enough to handle the largest neo-Panamax vessels.

MIT is now looking to further cement its leading position by growing its client base. The prospects are bright; as Hatfield explained, MIT has thrived despite the global pandemic:

"We've been very fortunate. Panama began to be affected around March 2020 and we saw a drop in local cargo. We still have that effect to some degree, but at this time, MIT is 4% above last year's numbers and we expect this to be a record year despite the issues with Covid."



*Serving Panama and the world.*

# Panafoto Growth and ambition

With forecast growth of 7% in 2021, Panama is expected to rebound strongly from a year in which its trade-based economy has suffered a setback from the global recession. One of the fastest-growing economies in the world prior to the coronavirus pandemic, Panama experienced has seen average annual growth of 6% over the past 25 years, the longest and fastest growth in Latin America, according to the International Monetary Fund. Despite the difficulties of 2020, the IMF expects Panama to achieve growth of 5% per year again as the global economy regains momentum. The country's strategic location on its famous canal, openness to investors, and low-tax environment place it strongly for the expected global economic rebound in 2021.

Panama doubled its income per capita between 2004 and 2014 and its economy has grown further since, bringing substantial new purchasing power to its citizens and thus boosting the growth of the retail sector. A March 2020 report from Euromonitor noted that "retailing experienced encouraging growth in 2019 in Panama". Low inflation has protected Panamanians' real incomes, supporting spending power. Natural disasters and the covid crisis have proved merely temporary setbacks to retailing in Panama. Strong long-term growth in retailing is likely to reassert itself, as the global economy is set to pick up strongly in 2021.

Panafoto is one of the leading Panamanian businesses poised to benefit from the rebound. The company is an electronics-focused retailer, which started with an 110 sq m shop and has built into a 11-shop chain with 450 employees; a Panamanian success story.

"My partner, Danny Nandwani and I, started from zero, with six or seven employees, and now we have nearly four hundred and fifty," says Panafoto president Peter Chatlani.

Panafoto sells international brands ranging from Apple through Samsung to Huawei. It stocks everything from white goods to smart watches and TV and video equipment. The company originally sold photographic equipment - hence the "foto"

in its name. And as mobile telephones replace cameras as the main means of taking photos, Panafoto is at the forefront of offering the latest technology.

Panafoto's deep roots have helped it weather the covid-19 crisis better than many of its counterparts. The company's strong inventory saw it through supply chain shock.

"We already had an established online system, and we work with a very comfortable inventory," says Chatlani. "The first two months of 2020 our sales were down 30%, but this was reduced quite quickly."

One of Panafoto's business principles is owning the real estate of its own shops - a policy it has had since 1974. Chatlani says that this gives the company more confidence and comfort with its customers; it also adds a real estate investment to the business. Working with many of the world's leading electronics brands, through long-established relationships, also ensures consumer demand.

The company puts an emphasis on customer service, organisation, and presenting the best quality brands. Its slogan - and philosophy - is "what you need", putting an emphasis on the customer's specific needs and wishes, with personalised service for each customer.

"Selling quality goods at good prices with a guarantee has been the success story



In Memoriam - Last day in the Office  
Peter Chatlani  
President - Panafoto

of Panafoto," says Chatlani. "And I'm sure when I'm gone the future generations will carry on."

Indeed, this remains a family business, with Chatlani's nephew, Mr. Ashok Nandwani, running the company; he is determined that the younger generation will take over the company in the longer term.

Panama's status as one of the most affluent countries in Latin America sets its retail market apart from many of its neighbours, benefitting high-value retailers. Chatlani is confident that Panama provides an environment in which the business can continue to thrive.

"At Panafoto, we have a lot of faith in the country, and a vision for the country," he says. "The government knows it's important to attract foreign investment, and that people will find this a good place to do business and invest in."

The company is now seeking further expansion in Panama, leveraging that economic and political stability - but perhaps most of all its location.

"Panama is a transit point for many countries," Chatlani says. "Many people pass through here and see the situation and realise the opportunities, and that's the real promotion of the country. There are a lot of opportunities here for the private sector."

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