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NRA 2010 Buyers Mission Yields 2.1 Million US Dollars in Sales

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Report Highlights:

In May 2010, 46 Russian key foodservice suppliers and restaurateurs were recruited to visit the National Restaurant Association (NRA) show in Chicago. ATO Moscow's main objective was to acquaint HRI representatives with the quality and range of products available from the United States thereby encouraging additional export sales. Indeed, sales have exceeded projections and reached \$ 2.1 million by the end of 2010, including \$1.3 million in chilled beef and pork products, \$440,000 in fish and seafood, \$50,000 in ketchup and sauces, and \$310,000 in cheesecakes and frozen desserts.

General Information:

In May 2010, 46 Russian key foodservice suppliers and restaurateurs were recruited to visit the National Restaurant Association (NRA) show in Chicago. ATO Moscow's main objective was to acquaint HRI representatives with the quality and range of products available from the United States leading to additional export sales.

The Russian hotel, restaurant and institutional (HRI) sector is set to return to its dramatic pre-crisis growth of 10 to 12 percent annually. Restaurant players have noted growth in the food service market since autumn 2009. Most of the HRI sector's growth is in the fast-food, coffee-shop, and casual-dining segments. Since imports make up the vast majority of HRI products (more than 65 percent), opportunities for U.S. products are significant and the timing of this NRA buyers mission was spot on.

The U.S. Meat Export Federation (USMEF) sponsored travel for fifteen Russian meat buyers, who attended the NRA show and then visited meat processing plants in Colorado and Iowa. ATO Moscow sent a Marketing Specialist with the delegation who walked the team through the show and helped Russian delegates find exhibitors selling their targeted products, and facilitated communication between the two sides. The ATO Specialist also helped delegates arrange meetings with the American exporters.

The Russian importers were particularly interested in fresh and chilled beef, fish and seafood, new sauces, cheesecakes and frozen desserts, and ingredients. Each company reported making an average of 10 to 15 valuable new business contacts. Projected sales were set to exceed \$1.5 million, including beef and pork products for \$800,000, ketchup, Japanese style sauces, ingredients, fish and seafood for \$400,000, cheesecakes and frozen desserts \$300,000.

The Russian HRI sector rarely imports directly. Rather, Russian foodservice establishments are supplied domestic and imported food products via importers, distributors, and wholesalers. Most hotels and restaurants choose to purchase the majority of their products through foodservice importers/distributors in the HRI sector, both large and small. But in the case of this delegation (list attached), half of the participants were foodservice suppliers which import U.S. products to Russia directly. This helped to spur sales to \$ 2.1 million by the end of 2010. The main products imported included chilled beef and pork products for \$1.3 million, fish and seafood for \$440,000, ketchup and sauces for \$ 50,000, cheesecakes and frozen desserts \$310,000. . According to the Federal Customs Service, Russia imported 413 tons of U.S. chilled beef in 2010, up from 173 tons in 2009. Chilled meat is mostly used by restaurateurs.

After visiting the NRA show, Rosfood, one of the largest Russian meat importers, started to work with the HRI sector and increased its chilled beef and pork sales by 17% in 2010.

Another NRA participant, Ginza Project, brought six of its key managers to the Chicago trade show. Ginza Project is one of the largest and the most dynamic consumer foodservice businesses in Russia. The company has operated various restaurants and entertainment venues with different formats and price segments since 2003, although there is a bias towards various fine dining options. In 2010 the group doubled the number of its themed high-end restaurants in Moscow. As of December 31, 2010 the

company had 75 outlets, including 42 restaurants in Moscow. As of now Ginza project buys marbled meat, veal, fish and seafood, and Japanese sauces from the United States via its Russian suppliers. However, Ginza Project is planning to import key products directly. Recently Ginza Project signed a franchising agreement with Burger King and became the second partner of Burger King in Russia.

The General Director of the PIR trade show (the Russian version of the NRA show) visited NRA in 2009 and 2010. As a result, the Russian restaurant show organizer uses NRA as a model for its foodservice show and invites key HRI players to exhibit. Already twice USMEF has been a main meat sponsor of PIR, conducted master classes for chefs and presented American beef and pork during the show.