

# Speedy development

THE MARKET FOR BAKED GOODS IN RUSSIA IS DEVELOPING FAST WITH A BOOM FOR RAW MATERIALS AND INFORMATION



photo: photocase.com

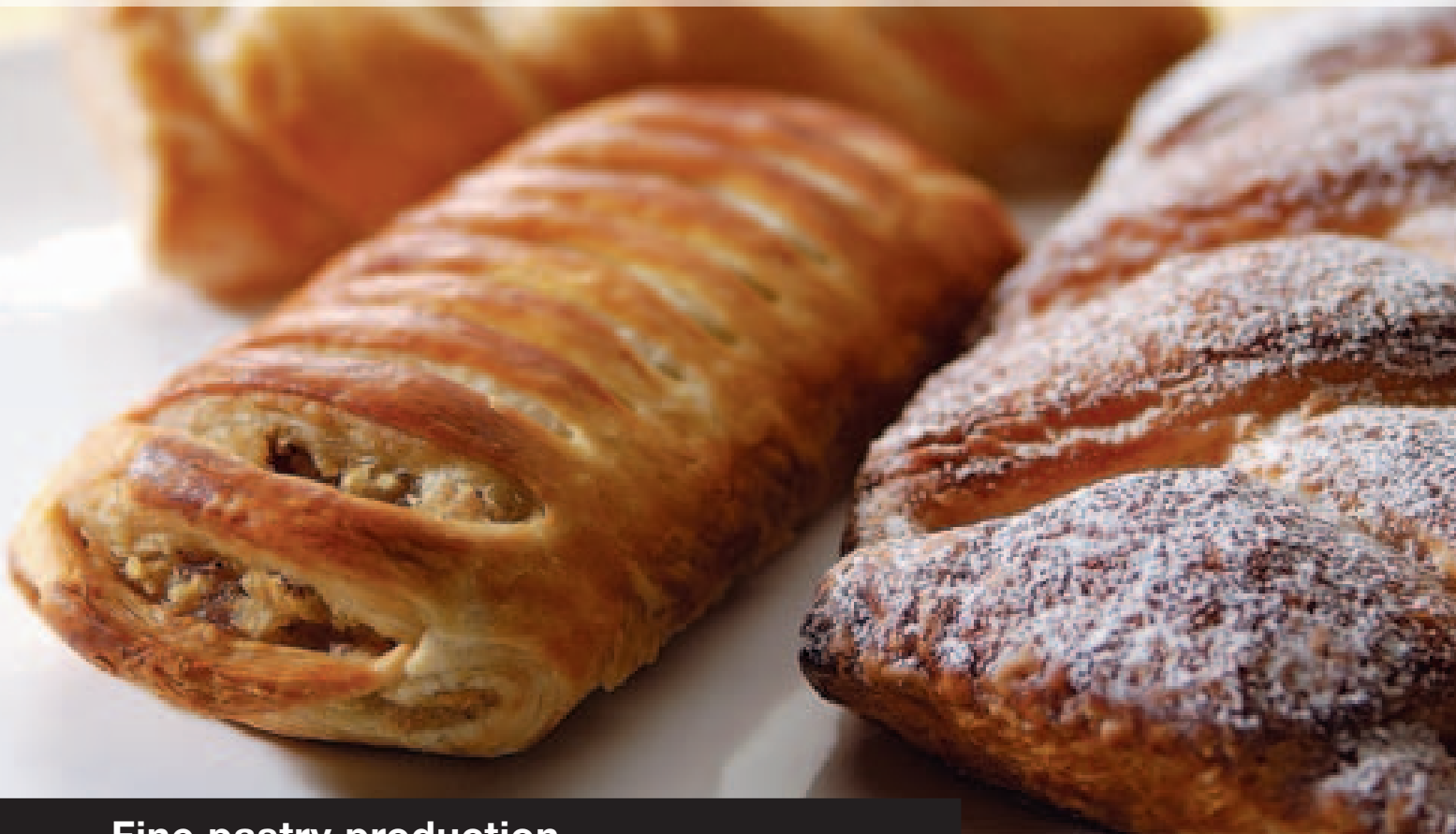
**+** The modernization of the Russian baked goods industry is accelerating at a rate never seen before. The opening up of the markets has forced the producers to face modern challenges in production and distribution. Even though bread is still a cheap food, new markets for new and more expensive types of bread are emerging. These markets mostly serve the upper levels of society, but increasingly the middle classes as well. In addition to that, new consumption and diet patterns have evolved. The out-of-home market is booming, not only in the capital cities of Moscow and St. Petersburg, but also in all larger and medium-sized cities. The market for frozen baked goods is still at the beginning of its development with one exception. Many domestic producers of gateaux use the new technologies and have created a new market

which according to reliable estimates has an annual sales volume of 2 bn Euro and high growth rates. This sector is mainly organized in semi-industrial structures, but numerous producers have reached their capacity limits ▶

## Growth market Russia

The Russian food market is looking forward to at least one more decade of strong growth. The available monthly income currently is on average about 300 USD compared to 20-30 USD 10 years ago. Latest forecasts expect that the disposable income will reach up to 600 USD within the next few years. In Moscow the sum of 1,000 USD per capita per month has already been exceeded. +++

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++ figure 1



++ figure 2



++ figure 3



++ figure 4

## ++ figure 1

Modern Bakery: The representatives of Western European companies had the largest stands. Only a few exhibitors such as Diosna and Miwe (in the back) had their own subsidiaries representing themselves at the fair

## ++ figure 2

Austrian producer of baking additives, Backaldrin, has had its own subsidiary in Russia for some time now and is always present at fairs with a show bakery

## ++ figure 3

About 50 % of all frozen gateaux suppliers to the Russian market were attending the seminar of hleb+wipetschka

## ++ figure 4

Traditional Russian baked goods

and are now planning for larger production units. A part of the market has changed on account of the food retail which has established itself all over the country. While the international trade companies mainly focus on Moscow and St. Petersburg, Russian companies have set up their own supermarket chains in many other cities, often with the participation of the now privatized former regional state-owned food combines. Incidentally, Russia has more than a dozen cities with more than 1 million inhabitants. Wladhleb in Wladiwostok for example has set up the largest supermarket chain in that area, which today serves the high-income people. In Moscow and St. Petersburg a clear trend towards concentration can be seen. Within the next years three or four groups will probably dominate the market in Moscow. Most of them have used Russian capital which is increasingly interested in the food industry.

One foreign investor is also highly interested. Finnish Fazer group is among the market makers in St. Petersburg and will soon start to enter the market in Moscow.

Due to this momentum, Modern Bakery, the largest specialized fair in Russia, welcomed a high number of interested visitors despite the fact that the last Modern Bakery fair was only six months ago. More than 20,000 visitors from all Russian regions and all republics of the former Soviet Union came together at the fairgrounds in Moscow. Traditionally the number of technologists was high as this is the group responsible for integration of new equipment into the companies and thus for the decision of its acceptance, but which rarely visit foreign fairs.

Directors, top managers and marketing experts from gateaux manufacturers met at the fringe of Modern Bakery outside of Moscow in a country and golf hotel to participate ▶

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**++ Harald Lochmann (left),** Manager of materials management and deputy plant manager at Erlenbacher Backwaren GmbH, was one of the most popular lecturers at the seminar on frozen baked goods and gateaux, organized by bbi's sister magazine *hleb+wipetschka*



**++ Philip Tcholakov (right),** Managing director of Unifine Russia, and proven expert for the Russian gateaux market presented the results of the latest market survey



in a seminar on gateaux and frozen baked goods in Russia and Western Europe. This seminar was organized by the editorial staff of *hleb+wipetschka*, a specialist magazine in the Russia language from Hamburg, Germany. This magazine with its East-West dialogue has become a well-known part of the Russian trade journal market over the last five years. Russian consumers love sweet pastry and buy significantly more gateaux and gateaux pieces

than people in Western Europe, even if there is no special celebration or other occasion, it is purely to make the family happy. Predominantly the high-income class is discovering increasingly the pleasures that lay beyond the Russian traditional high fat and high sugar gateaux. Fruit, cheese and yoghurt gateaux are the trend, said Philip Tcholakov, Managing Director of Unifine Russia during his presentation of a current market survey. +++

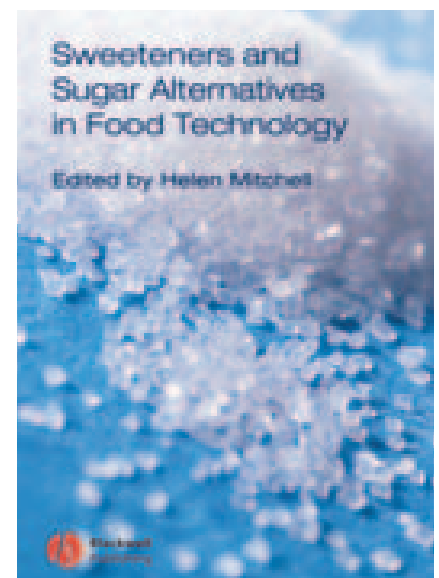
## ++ Sweeteners and Sugar Alternatives in Food Technology

Food scientists, technologists and manufacturers can find out all they need to know about sugar reduction and replacement in a new book entitled *Sweeteners and Sugar Alternatives in Food Technology*, edited by Helen Mitchell, Director of Applications at Danisco Sweeteners, UK.

Sugar replacement and improving the nutritional status of food products are now major driving forces in new product development. This book provides a comprehensive overview of sweetening and bulking solutions and the nutritional enhancement of foods. Part I of this comprehensive book addresses these health and nutritional considerations. Part II covers non-nutritive, high-intensity sweeteners, providing insights into blending opportunities for qualitative and quantitative sweetness improvement as well as exhaustive application opportunities. Part III deals with reduced calorie bulk sweet-

eners, which offer bulk with fewer calories than sugar, and includes both the commercially successful polyols as well as tagatose, an emerging functional bulk sweetener. Part IV looks at the less well-established sweeteners that do not conform in all respects to what may be considered to be standard sweetening properties. Finally, Part V examines bulking agents and multi-functional ingredients. Summary tables at the end of each section provide valuable, concentrated data on each of the sweeteners covered.

Sugar replacement in food and beverage manufacture no longer has just an economic benefit. The use of ingredients to improve the nutritional status of a food product is now one of the major driving forces in new product development. It is therefore important, as options for sugar replacement continue to increase, that expert knowledge and information in this area is readily available.



For further details of this publication, please visit:

[www.blackwellfood.com/1405134348](http://www.blackwellfood.com/1405134348)

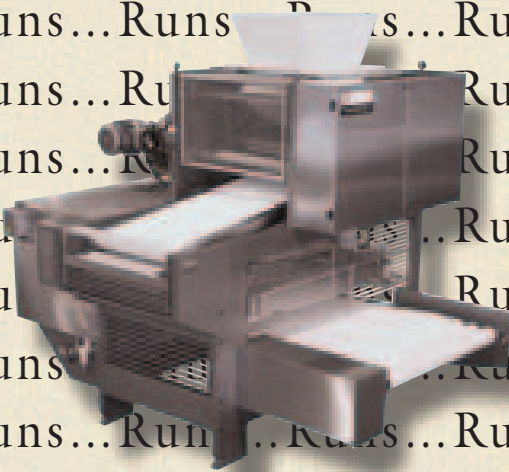
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