

## **Rising Disposable Incomes Boosting Russian Food Retail Sales**

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*Growing affluent class in Russia is filliping retail sales in the country. Russian food retail sales spurred by over 25% last year and other retail segments are also poised to grow in future.*

A recent report “Russian Retail Sector Analysis (2007-2011)” by RNCOS observed that food segment forms a significant segment of the Russian retail industry. But future seems promising for other retail segments also as the disposable income of Russian consumers is increasing.

Russian food retail sales in 2006 jacked up by around 25.5% to nearly \$141 Billion, up from nearly \$112 Billion in 2005. Market analysts opine that by 2011, the share of food retail will mount to around \$320Billion, with X5 Retail Group and Magnit accounting for about 10-12% of the market.

In Russia, there are about 110 to 150 food retailers who sold goods worth over \$35 Billion last year, a share of approx 25% in the market.

Big Russian cities, particularly St. Petersburg, Yekaterinburg, Nizhniy Novgorod, and Moscow, are witnessing dramatic growth in their retail sectors. Throughout the nation, the general economic landscape is improving and disposable incomes of consumers are going up.

Consequently, Russians are able to shell out more on good quality food items and non-essential goods, like jewelry. The fact that general Russian consumers are not laden with long-term credit payments, like car payments or home mortgages, is also accruing the large disposable incomes.

In coming years, food retail segment will open up new doors for domestic food producers and foreign suppliers who are looking to enter the Russian retail market. But to get the foothold in the market, overseas players have to focus on Moscow, or nearby areas - the best bet as retailers purchase a lot of products locally and Moscow has a huge market.

According to the RNCOS report “Russian Retail Sector Analysis (2007-2011)”, though the proportion of food retail sales in collective retail sales have declined in the last six years, the retail food segment is showing positive signs of growth as it has augmented at a CAGR of over 20% during 2001 to 2006. This phenomenal growth is the result of introduction and development of Western-style supermarket chains.

The market research report is a work of meticulous analysis on the Russian retail sector. It provides a keen insight into the market parameters, like region, composition, products, retail format, and demographic profiles. It gives a rational industry analysis completed with an overview on key players.

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