

WHO'S WHO IN RUSSIA

Our survey was compiled and written by Eleonora Scholes from responses to a questionnaire sent to 250 key members of the Russian wine trade. As always, the results may be subject to discussion, but they offer insight and a better understanding of this complex and challenging, yet highly attractive market.

As a wine market playing by Western rules, Russia is a relatively young country. The free market economy only opened its doors to international wine imports in the early 1990s and since then, the sector has gone through several phases, including two crises. The first was caused by a near financial collapse in 1998 and the other, more recently, by the government introduction of new excise stamps and the unified monitoring computer system (EGAIS) to control the market.

Notwithstanding the fragility of the development, wine is the fastest growing segment of the Russian alcohol market and is estimated today at 730m litres. With the exception of the logistical problems in 2006, the market has posted steady increases of 8% by volume and 15% by value over the past years and the trend is set to continue.

Figures for total wine consumption are also encouraging. Starting at 2.5 litres in the mid 1990s, current consumption has risen to more than five litres per head. In wealthier cities, especially Moscow and St. Petersburg, the level is considerably higher. Bearing in mind that the Russians were drinking 17 litres of wine per head when consumption peaked some 30 years ago, the potential is clearly far from exhausted. Russia's relatively stable political situation and rising disposable incomes also mean that people have more money to spend on finer goods - and the growing interest in wine is good news for the industry.

Best On-Trade Importer

Selling fine wines to the restaurants, clubs and bars is a lucrative business in Russia. Bar last year's crisis, this market segment has been growing by double digit figures year on year.

The circle of major fine wine importers

is now well established, with five companies heading the list. Both Simple and United Distributors, although tied for fourth in our survey, received a great deal of praise. Simple was seen to be "the importer with the largest and most comprehensive Italian range". The portfolio of United Distributors was marked "balanced, with the best Australian selection".

The two runners-up were MBG and Vinicom. While "active work with a large number of restaurants" was a remark made about MBG, Vinicom was commended for its "great French portfolio". The victory, however, went to DP-Trade, whose "impeccable range of wines, clear cut distribution policies and a professional team" carried the vote unanimously.

Best Off-Trade Importer

Russian supermarket chains and retailers do not currently have their own structures for wine imports and depend on specialised wine importing businesses. Five or six were mentioned frequently in this class. Alianta and Fort were praised as reliable suppliers. The former thanks to its dynamism and an "expanding range that meets the requirements of the off-trade" market, the latter thanks to its good value French, Italian and New World bottlings. Whitehall was also lauded for its success in supplying both the restaurant and retail sector, with its off-trade reputation being particularly strong through the Chilean Concha y Toro brand.

Still, the battle for the title of 'Best Off-Trade Importer' was fought between Rusimport and Luding. Both have a broad choice of brands and the volumes needed for the multiple retail sector and both have established branches throughout Russia, working with a large number of partners. In the end, though, Luding gained the title, primarily due to its aggressive develop-

mental strategies and deeper market penetration.

Best Wholesaler

Russian is a country with an enormous geographic span. Although most wine business is conducted in Moscow and St Petersburg, a sizeable and growing market must be serviced in regions from Nijny Novgorod and Kazan to Ekaterinburg, Novosibirsk and Vladivostok. Some importers have their own wholesale teams, and some wholesalers import certain brands, but, as a general rule, importers rely on regional distributors to move their products outside the capital.

Several regional wholesalers, such as Omega Inc in Ekaterinburg, Formula in Krasnoyarsk and Regata in Rostov-na-Donu, were given credit for their work. Two, however, stood out in their class, with Ast International Environment winning the prize. Rotor House, also from Moscow, was runner up.

Best Supermarket Retailer

Although supermarkets inevitably mean larger volumes, they do not necessarily mean cheaper prices. Within this group, one finds outlets from 'pile 'em high, sell 'em cheap' to exclusive gourmet operators. There is also the issue of often exorbitant listing fees to be addressed, which can only be dealt with by importers of large volume brands.

Those surveyed recognised the buying power of such giants as Auchan, Metro, Perekryostok and Sedmoy Continent, but most votes went to other chains with their more inspirational ranges. Kalinka-Stockmann and Globus Gourmet enjoy good standing thanks to their premium quality offers, which come with a corresponding price tag, only affordable by affluent consumers. The prize, however, went to

BEST ON-TRADE IMPORTER*Dmitri Pinsky from DP-Trade*

With an impeccable range of wines, clear cut distribution policies and a professional team, DP-Trade is at the top of its class.

**BEST WINE JOURNALIST***Igor Serdyuk from Magnum*

A leading voice in the Russian wine press, Igor Serdyuk is the chief editor of Magnum magazine. His articles also appear in Vedomosti business daily as well as in the Robb Report and Forbes.



Azbuka Vkusa, the ABC of taste, which belongs to the same shareholders who own Kolleksiya Vin chain of wine shops (see Best Specialist Retail Chain).

Best Specialist Retail Chain

At the moment, only one chain specialising in drinks has much presence outside Moscow and St. Petersburg. Aromatny Mir operates in the European part of Russia, with over 100 outlets offering a range of wines and spirits in all price segments. However, most voters preferred the fine wine shops located in the two major cities, all of which are owned by importers. While some restrict their range to in-house labels, others offer a wider choice. The most notable contenders were Bon Vin, Grand Cru, Kauffman Collection and Vinoteka Paradis, but the joint winners were Kolleksiya Vin (Wine Collection) and the chain of DP-Trade boutiques.

Kolleksiya Vin began as a one shop operation in 1997, but further expansion brought six more outlets to Moscow, one in Krasnoyarsk and another in Perm. Soon, others will be opened in Italy, France and Germany. 'A wide range', 'best shop assistants' and 'excellent value' were cited as reasons for its success.

DP-Trade's chain includes six boutiques in Moscow - branded as Magnum, Magnum-Zhukoffka, Decanter, Vinum and Khorosheye Vino - and three regional outlets in St Petersburg, Sochi and Rostov-na-Donu. Excellent locations, an enviable range of fine wines, knowledgeable assistants and special seasonal programmes are what make this chain outstanding.

Best Restaurant Wine List

The number of entries was high, ranging from the all-favourite Pushkin Cafe to restaurants positioned as 'wine clubs' or 'enotecas' and run by experienced

sommeliers. A close runner-up was Semifreddo, an Italian restaurant, which was founded several years ago by a Michelin starred chef from Sicily. Top honours went to Nostalgie, a restaurant and art club that has become a true classic on the ever-changing restaurant scene in Moscow.

Best Sommelier

The profession of sommelier is quite new in Russia and largely restricted to the fine dining establishments in Moscow and St. Petersburg. Many of the first sommeliers have gone from being wine waiters to managing directors or even founders of their own establishments. Alexander Fomichyov, Pavel Kravchenko, Artur Sarkisyan, Pavel Shvets or Anton Panasenka belong to this group.

In their wake, a new wave of young sommeliers has appeared. St. Petersburg can boast a range of talent, including Leonid Sternik and Vladimir Yasnogorodsky, who were high on the list. In the end, though, it was Vladimir Basov from Moscow who received the most votes. One of the old guard, and a winner of the Russian Sommelier competition, Basov is behind five highly regarded Moscow projects: Tre Bicchieri, Tinto Fino, Champagne Bar, Casa del VINO and The Vinoteka.

Best Wine Journalist

Although the number of people writing about wine in Russia is limited, there are even fewer who make a real impact on the consumer or the trade. Mikhail Umnov, who contributes to Magnum, Vinnaya Karta and Enoteka garnered numerous votes of support. The author of this report was also regularly mentioned in the poll. The winner, however, was no surprise. Igor Serdyuk has long been a leading voice in the Russian wine press. A professional journalist, he started to write about wine

in 1994. At present, he is the chief editor of Magnum magazine. His articles also appear in Vedomosti business daily as well as in the Robb Report and Forbes.

Best Wine Publication

While there are but few wine columns in daily papers or monthly magazines, there are too many specialised wine publications fighting for attention in a relatively small market. Vinnaya Karta and Enoteka, two established publications, garnered recognition in many responses. Vinnaya Karta, the monthly with a distinctive newspaper format, has the highest circulation, targeting both the wine trade and private consumer. The consumer-oriented Enoteka magazine also boasts strong distribution in Moscow and the Russian regions.

Vinomania magazine was another of the main contenders for the title of "Best Wine Publication" and, in the end, came in second. Its glamorous approach has won a following from those who look to wine as an aspirational status symbol.

The clear victor, though, is Magnum. Although launched only two years ago, the line up of publisher Andrey Grigoriev, chief editor Igor Serdyuk and its journalism team have made the magazine the flagship Russian wine publication.

Most Influential Person

Although Pyotr Kanygin, chairman of Vinny Mir Holding, was often mentioned, chief sanitary inspector Gennady Onischenko carried the day. As one commentator put it, "In the negative sense, he has nearly single-handedly changed the market structure by banning wine from two key supplying countries". ■

This is an excerpt from a longer interview. Read the full text at www.wine-business-international.com