Market Performance For Confectionery In Russia

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Demand for confectionery products in Russia is being underpinned by strong economic growth. The latter is boosting disposable income among middle classes, making indulgence products more appealing to mainstream consumers.

Moderate improvement over 2009
Sales of confectionery products in Russia grew by 1.2% in retail volume in 2010, according to Euromonitor International's estimates. This growth represents a moderate improvement over the performance registered in 2009, when sales grew by a mere 0.4% in retail volume.

Latest official data for 2010 indicates a reversal of trend over the previous year, when exports declined by 36% in value. According to the Russian Customs service, exports in January-September 2010 rose by 37% to US$283.1 billion and imports by 37% to US$157.4 billion.

According to a recent report released by the European Commission, EU exporters are facing more trade restrictions in Russia, where a customs union with Belarus and Kazakhstan is hurting the steel, automotive and agri-food exports.

One key obstacle for the further expansion of confectionery sales in Russia is the relatively low birth rate in the country, which is affecting demand for traditionally children-oriented products such as boiled sweets and liquorice.

According to Euromonitor International's Countries and Consumers' database, birth rates in Russia stood at 12.4 per '000 inhabitants in 2009, compared with the 19.9 per '000 inhabitants average at world level.
Demand for chocolate confectionery shows signs of recovery

The growth of chocolate consumption in volume during 2010 was significant in comparison with the previous year. There was retail volume growth of 2% in 2010 in contrast to the stagnation recorded in 2009. This indicates that chocolate confectionery is moving into recovery, a trend that is likely to continue in 2011 and 2012.

Pastilles, gums, jellies and chews lead growth in sugar confectionery
Pastilles, gums, jellies and chews was the most dynamic product area in 2010, recording 10% growth in current value terms and seeing 2% growth in volume terms to reach almost 18,000 tonnes.

Pastilles/gums/jellies and chews growth is due to jellies' growth, with these products also being known as marmalade in Russia. They are very popular in Russia and often consumed with tea.

Gum consumption expands among younger consumers
After stagnation in 2009, gum saw volume growth driven by new product development from the leading players in 2010. Young Russian people who are active gum consumers view its consumption as a part of their image.

Furthermore, they are open to novelties and very keen to try new products, such as new Eclipse Karma gum with cardamom, recently introduced by Wrigley.

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