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U.S. Franchise Sees Healthier Eating

By Khristina Narizhnaya

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Customers of all shapes and sizes selecting yogurt on Tuesday at Pinkberry's first cafe, located at Moskva-City. **Khristina Narizhnaya**

Research by frozen yogurt chain Pinkberry, which shows that Russians are increasingly inclined to watch what they eat, helped convince the company to open its first outlet in Moscow on Tuesday, adding another American franchise to the city.

"Moscow has a large consumption market with room to grow," Pinkberry chief executive Ron Graves said at the cafe located at the Moskva-City business complex.

Other U.S. chains have also taken notice of the healthy eating trend &mdash Baskin-Robbins's newest product is a reduced-fat and sugar-free ice cream.

Pinkberry, which is known for its health-conscious frozen treats and modern design, is the latest entrant to Moscow's booming franchise market.

Cinnamon roll bakery Cinnabon has seven franchises in Moscow and will spread to other

Russian cities, such as St. Petersburg, Rostov-on-Don and Vladivostok, in the near future.

The Papa John's pizza chain opened 17 franchises in the capital and continues to grow. Dunkin' Donuts opened nine shops in Moscow, with more promised.

The steady growth of American snack and coffee shops will continue for the next several years, Deutsche Bank chief economist Yaroslav Lissovolik said. Increased household income levels and consumer demand make a favorable environment for the growth of such businesses.

"The Russian consumer is ready to graduate to the higher level of consumption," Lissovolik said.

Another reason for the steady growth is lack of competition. Pinkberry is the first frozen yogurt venue with a sit-down cafe format in Moscow. Redberry and Freshberry serve products similar to Pinkberry, but they are kiosks in shopping centers and cinemas.

Although there are some kiosks where doughnuts can be purchased, Dunkin Donuts is the only chain coffee shop that focuses on the fried delights.

The ruble's increasing value makes Russia more attractive for foreign companies because of higher profit margins, Lissovolik said.

Pinkberry will open another store in Moskva-City in late spring at Afimall, also known as the Mall of Russia.

To attract clients, the chain will market their brand via social networks, like many other companies reaching out to Russia's growing population of Internet users.

"The Moscow consumer is sophisticated," Graves said.

The continued presence of these chains on the market will contribute to better quality of food and lower prices because there will be more competition, Lissovolik said.

Moneks Trading — a franchise company that represents U.S. and British brands that include The Body Shop, Mothercare, Payless and M.A.C — is Pinkberry's partner for the Moscow rollout. Moneks is also the joint-venture partner for Starbucks in Russia.

Local Pinkberry prices are about the same as in the United States. A small cup of yogurt with toppings costs 175 rubles ($6), while a large cup costs 313 rubles ($11).

Pinkberry has 113 stores, mostly in the United States and the Middle East. The chain is starting to expand to other locations. The next location will be Istanbul, and later Europe and Asia, Graves said, but declined to give specific details.

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