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Modern Bazaar Opens in Mytishchi

By Roland Oliphant

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MYTISHCHI, Moscow Region — Moscow food shoppers have traditionally walked a fine line between price and quality as they are forced to choose between supermarkets flogging expensive air-lifted produce and the classic rynok, or open market, where hygiene is questionable and an inexperienced buyer is more vulnerable than the poor dead sheep whose parts he's trying to purchase.

But the owners of a new, brightly lit, hangar-sized space in the Moscow region town of Mytishchi think they can add a third dimension to the equation.

This is EcoBazaar, the Rostik's restaurant franchising group's unexpected sally into the world of food markets.

Rostislav Ordovsky-Tanayevsky Blanco, the Venezuelan-Russian investor better known for running restaurant franchises, including Il Patio, Planet Sushi and TGI Friday's, said he was as surprised as anyone else with the diversification.

"In 2007, we were planning to build a shopping center or something here. Then the crisis came along, the money dried up, and the project was dead before it even started," he told The Moscow Times at the launch ceremony Tuesday.

"Then someone, I think it was one of our partners, said, 'Why don't you build a market?'"

The initial reaction was one of disbelief. They knew nothing about the market business — except that it has a reputation for being in the "blacker" parts of the economy — and they had no idea how to run one.

"But when we ran the numbers, we realized it was a very interesting idea," he said.

There is a precedent: The bazaar is on the site of a previously existing market, and in business terms it operates in the traditional way. Independent traders of fruit and vegetables, meat, fish, bakery and dairy products — and the guy peddling bear fat — rent space on the ground floor of the hanger and compete for the attention of passing shoppers.

But Blanco says his "bazaar," largely inspired by a similar market in Barcelona, is distinguished by its comfortable, airport terminal-like open spaces, modern infrastructure (the place comes with a purpose-built refrigeration and produce-preparation area, as well as state-of-the-art microclimate control), a guarantee of quality and "white" business practices.

The name is carefully chosen.

"Eco" because the company is pushing the market as a source of "ecologically clean food at accessible prices."

"Bazaar" because "we wanted to look back to the bazaars of old Russia, and the word 'market,' well, I won't say it's bad, but it has its own connotations," Blanco said.

Russians have long searched for decent local produce at wholesale prices at outdoor and indoor markets, but the institutions have come under attack in recent years for unsightliness, dubious business practices and questionable hygiene.

Former Mayor Yury Luzhkov made it a priority of his two decades of rule to replace open-air markets with indoor trade centers. The Federation Council on Monday postponed the introduction of a federal law requiring all markets to be enclosed — apparently in acknowledgment that many will not meet the deadline. Markets in Moscow and St. Petersburg were to be enclosed by July 1, 2012, and those in other cities with more than half a million people by Jan. 1, 2013.

Rosinter's main pitch is to provide small producers of high-quality food with a platform to access customers demanding fresh produce at "affordable" prices, with the attendant conveniences of a modern shopping center.

To that end the bazaar has a second floor where clothes and household products are sold and a there is children's play area — the company reckons that 50 percent of its customers will be families. Blanco has hinted that the play area could eventually evolve into a fully functioning kindergarten.

There was enough demand from small merchants, according to Rosinter, that some stalls had to be put to tender. Prospective tradesmen had to prove the quality of their products, the cleanliness of the originating farm and the competitiveness of their pricing, Blanco said.

The company would not name the price it charges to rent sales space, but insisted that it was reasonable. Traders working at the market on Tuesday gave differing accounts of the rates.

Marina Grubnova, selling meat from a farm she runs with her husband in the Moscow region, said she was paying 80,000 rubles ($2,600) a month for the 3-meter stall, compared with 1,200 rubles per day at ordinary markets. She added that the extra expense had been offset by a surprising high level of business in the first couple of days of trading, apparently boosted by customers curious about the new building.

Fruit and vegetable trader Maria, who did not give her second name, said she was paying 35,000 rubles a month for a 2-meter stall — about the same or slightly cheaper than rents at markets elsewhere in her experience, she said.

The project cost "about $20 million" and was 40 percent financed by Sberbank, Blanco told The Moscow Times. Future projects should be 25 percent to 50 percent cheaper as they learn from experience, he added.

The company plans to open seven to nine more EcoBazaars over the next five years, all in the Moscow region, with the exception of one in the Kaluga region town of Obninsk.

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