

USDA Marketing Assistance Project	Date: September 2002
Market Assessment Report	



Latvia Market Rapid Assessment 2002

Prepared by

Jeffrey E. Engels
Marketing Manager
USDA-MAP
74 Teryan Street
Yerevan, 50079, Armenia

Report Highlights:

Latvians are familiar with Armenian food and beverages from Soviet times. Local Armenian Diasporans own upwards of 20 Armenian restaurants in Riga alone. Due to USDA-MAP's assistance to the Armenian wine industry, there is a growing demand for Armenian wine in Latvia's most prestigious supermarket chains. As a result of the Riga Food 2002 trade show, there is an untapped market for Armenian processed fruits (natural juices and nectars) and vegetables (tomato paste), goat cheese, processed meat products (beef jerky), and herbal teas. A key to Armenia's long-term success in Latvia lies in the consistent supply of high volume and high quality products vigorously marketed through reliable, economically solvent distribution channels.

Quotes

‘[Latvia] is the biggest, most complicated and most promising piece of the new Europe.’

--*The Economist*, in an article about impressive economic reforms and prospects for the Baltics and the whole of the Baltic Sea region.

‘Latvia is an indeterminate nation, neither fish nor fowl, ambling unsteadily between its two more decisive neighbors...Latvians like to think of themselves as dreamers with a practical streak... they are regarded by the other Baltics as having the rare capacity to believe two contradictory things at the same time...It brings to mind a character in a Latvian satirical novel who comes to a crossroads, and after giving the matter careful consideration, goes in both directions.’

--Anatol Lieven, *The Baltic Revolution*

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1.0 Executive Summary

The Marketing Assistance Project (MAP) is an agribusiness development project based in Armenia managed by the United States Department of Agriculture (USDA). Established in 1996, MAP assists farmers and agribusinesses in producing, marketing and exporting food products to increase incomes, create jobs, and raise the standard of living for rural Armenians. MAP clients include wineries, fruit and vegetable processors, cheese makers, water bottlers, and other agribusinesses. Marketing assistance includes market research and export market development.

Several members of the USDA-MAP Marketing Team visited Riga, Latvia during 10-18 September 2002 on a trade mission to explore various aspects of the market and promote a number of Armenian food and beverage products.

Latvia has served as a major transit and trade route for goods traveling between Europe and Russia, and between Central and Northern Europe from Viking times to present day. As the economies of Russia and Central Europe recover from and expand after the collapse of the USSR, trade is on a sharp rise. Latvia itself is becoming an important destination and source for goods.

In 2001, Latvia was Europe's fastest growing economy in Europe, and investors expect eventual parity between Latvian and European productivity levels. Latvia has proven itself to be politically and economically stable, with low inflation and a high GDP growth, circulating a stable and convertible currency, and backed by pro-business legislation.

Latvia has a population of approximately 2.5 million, and on average Latvians spend approximately 37% of their income on food. Estimates show eating out accounts for 13% of their total food expenditure. Women are 49% of the 1.4 million employed, and account for much of the increased demand in processed food and meals consumed away from home. While the typical consumer is price sensitive, there are a growing number of Western-oriented consumers who prefer modern supermarkets with a wide and international food assortment. A preference for new products is especially evident amongst the younger population and an increased expatriate community. Increasing tourism contributes to the penchant for high-valued processed production.

Latvians are already familiar with Armenian food and beverages from Soviet times, and from the local population of Armenian Diasporans, who own upwards of 20 Armenian restaurants in Riga alone. For several months in 2002, Areni LLC, working in collaboration with the MAP Marketing Team, has been successfully exporting wine to the country's most prestigious supermarket chains.

But it is not just Armenian wine Latvians are interested in: from the results of the Riga Food 2002 trade show and other promotional activities, there is an untapped market for processed fruits (natural juices and nectars) and vegetables (tomato paste), goat cheese, and processed meat products (beef jerky). The market is not saturated with teas, but

successful marketing of Armenian herbal teas will take committed effort in light of many competitive brands.

A key to Armenia's success lies in the consistent supply of high volume and high quality products vigorously marketed through reliable, economically solvent distribution channels.

2.0 Scope of Work

This Latvia Market Rapid Assessment Report is the result of an eight-day trip (10-18 September 2002) to Riga, Latvia by four members of the USDA-MAP Marketing Team: Jeffrey E. Engels, Marketing Manager; Gagik Sardaryan, Economic Development Advisor; Samvel Shahbazyan, Marketing Information & Research Specialist; and Naira Mkrtchyan, Marketing Projects Coordinator.

Exhibition at international trade exhibition: The primary aim of this trip was to participate in the 7th Annual Riga Food 2002 trade exhibition-----specifically targeted to the food, beverage, and food processing industries. The exhibition, along with ancillary activities, helped launch and promote Armenian food and beverage products in the Latvian market, while identifying food importers, brokers, and distributors.

Evaluation of food importer/distributor: This trip provided the opportunity to see previous work done by Grigor Keshishyan of Areni LLC, presently shipping Armenian Ginetas wines, Vedi Alco fruit vodkas, as well as Dilijan mineral water to Latvia via his Baltic business partner:

Zorayr Aleksanyans
"Areni" LLC (Reg. No. 00348897)
Ropazu iela 60a
Riga, LV-1006, Latvia
Tel: 754.2584
Mobile: 965.0614

Armenian beverages are sold through Mr. Aleksayans' 24/7 convenience store, as well as via major retail chains. The MAP Market Team reviewed Areni's warehouse operations, distribution network, salesmanship at Riga Food 2002, retail store facilities, and discussed obstacles to expanding future trade and collaborate on joint marketing efforts.

Signing of grocery store contracts: With MAP assistance, a one-year agreement with Beta stores was signed to carry three different Armenian wines in six outlets: Beta stores will feature Armenian wines not only in their Wine Section, but also cross-merchandise these in Meat and Cheese Sections within their stores.

A 3-month contract was signed with Nelda Grocery Stores to place a ½ page advertisement in their full-color monthly grocery newspaper, distributed Latvia-wide to

customers via mail, handed out on the street, and available in racks within each Nelda store.

Product promotion via in-store tastings: Plans were made to conduct in-store wine tastings in seventeen Nelda outlets between 13 and 21 September 2002, each running 3 hours each:

Nelda Grocery Store Promotions		
Date	Address	Time
13 September 2002	27 Lidonu	3:00 pm-6:00 pm
17 September 2002	56 Valdeku	6:00 pm-9:00 pm
17 September 2002	9 Kleistu	3:00 pm-8:00 pm
17 September 2002	27 Lidonu	3:00 pm-6:00 pm
18 September 2002	56 Valdeku	2:00 pm-5:00 pm
18 September 2002	9 Kleistu	4:00 pm-7:00 pm
18 September 2002	27 Lidonu	6:00 pm-9:00 pm
19 September 2002	9 Kleistu	6:00 pm-9:00 pm
19 September 2002	27 Lidonu	4:00 pm-7:00 pm
19 September 2002	Salaspils	2:00 pm-5:00 pm
20 September 2002	56 Valdeku	6:00 pm-9:00 pm
20 September 2002	9 Kleistu	2:00 pm-5:00 pm
20 September 2002	27 Lidonu	4:00 pm-7:00 pm
21 September 2002	56 Valdeku	10:00 am-1:00 pm
21 September 2002	9 Kleistu	12:00 pm-3:00 pm
21 September 2002	27 Lidonu	2:00 pm-5:00 pm

Source: Author

Promotional film made: Video film was shot at the Riga Food 2002 trade show by Viesturs Alksnitis, an independent filmmaker and Director of Video Chronika. Mr. Alksnitis has strong ties with Latvian public station LTV2. On 16 September 2002 at 11:00 pm. a five-minute broadcast was exclusively devoted to USDA-MAP sponsored products, specifically highlighting Armenian wines and juices.

Market research conducted: Meetings were held with Karen Pilmanis, Senior Commercial Officer, and Jolanta Andersone, Agriculture & Food Marketing Specialist (USDA), at the U.S. Embassy in Latvia; Julia Shmatova, Head of Marketing, SunGate Forwarding Agency; and AversCentrs Logistika, a large food and beverage distributor.

A retail price survey was undertaken 13-16 September 2002 in several stores: a Nelda Grocery Store, Remi Hypermarket, Sky Market, and City Market. Retail pricing research was conducted on red wines, natural fruit juices, goat cheese, and a wide range of teas. Detailed results are available in Appendices I-IV.

3.0 Situation Analysis

Latvia is located on the southeast coast of the Baltic Sea. It is one of three Baltic Republics opposite Sweden, with geographic coordinates 57 00 N, 25 00 E. Latvia is bordered to the north by Estonia, to the south by Lithuania, and to the east by Russia and Belarus. It is one of the smaller countries in Europe with a total area of 64,589 sq km (slightly larger than West Virginia). Latvia has a long coastline, approximately 531 km, more than half of it around the Gulf of Riga, which sweeps inland from the Baltic Sea. Its elevation extremes run from its lowest point on the Baltic Sea at 0 m to its highest point in Gaizinkalns at 312 m.

The four regions that comprise the country are Kurzeme in the west (which has two large ports on the Baltic Sea), Ventspils, Liepaja (a largely rural and underpopulated area), and fertile and low-lying Zemgale, south and southwest of Riga. East of Riga, with upland mixed farmland and forest that includes Gaizinkalns, and Latgale in the southeast, is the poorest area of the country, with more upland and home to more than 40% of Latvia's several thousand unspoiled lakes.

Twenty-seven percent of the land is arable. Thirteen percent is comprised of permanent pastures and 46% forests and woodland. Grains, sugar beets, potatoes, and vegetables are predominately cultivated. Around 20% of the 1.4 million (2000 est.) labor force works in the agricultural sector, although this only accounts for 10% of the gross domestic product. The fishing industry is a major source of food export earnings: around 70% of Latvia's catch is for lucrative overseas markets.

The climate is influenced by pressure fronts hailing from the Atlantic: humidity is high and the skies usually cloudy. There are 30-40 days of sunshine annually, with 150-180 completely overcast days. The average precipitation is 22-24 inches in the lowland areas and 28-31 inches in the upland regions.

Latvia regained independence from the Soviet Union in 1991 and many reforms have taken place since. The government is a parliamentary democracy and its parliament Saeima consists of 100 publicly elected deputies. New laws have passed that make the Latvian legal system compatible with Western democracies and the process is ongoing.

Economically, notwithstanding predictions after the collapse of the Soviet Union Latvia couldn't survive, the country has progressed toward financial stability: in 2001, Latvia's transitional economy recovered from the 1998 Russian financial crisis mainly due to the government's budget stringency and reorientation of exports to EU countries, lessening dependency on Russia. Today it is well in advance of Russia with real growth averaging 4% annually and unemployment around 7.8% (mid-2001), down from 9.6% in 1991 and 9.2% in 1998.

Only a few large remaining state-owned enterprises have yet to be privatized, including the Latvian Shipping Company "Lasco" and the electrical company "Latvenergo." Some

entities, such as ports, the postal service, agricultural research, and road maintenance units have been excluded from privatization.

4.0 Market Summary

Agriculture utilizes 1.8 million ha of Latvia's land. Pastures, meadows, fruit trees and berry bushes occupy the balance. Field crops, mainly cereals and grains, generate 33% of the total agriculture produced. Spring barley, used in fodder and brewing, constitutes more than 50% of the total grain-crops and covers 10.5% of arable land. Winter wheat, winter rye, barley and oats are also grown. Latvia has total self-sufficiency in dairy farming, pig breeding, grain production, and potatoes.

Before World War II, Latvia was an exporter to Europe of butter and bacon, although when Latvia became a Soviet Republic most of its output was exported to Russia. That continued for five decades, right through independence.

With the adverse economic situation in Russia in 1998, the food-processing sector was heavily hit by a decline in exports---relying so much on Russia. At that time food processing provided the largest portion of Latvia's manufacturing output (44.3% of the total manufacturing output). Latvia has struggled to recover and today a solid agriculture base exists, particularly for meatpacking, dairy, fish and grain processing industries.

Latvia is looking for new markets, most notably in Western Europe and the United States. Trade with Europe has increased over the last five years and continues to do so.

Overall imports for Latvia have shown impressive growth over the last several years. Latvia's main trading partners are:

Main Trading Partners, 2000	Exports	Imports
Germany	16.9%	1.52%
United Kingdom	16.4%	3.3%
Sweden	10.7%	7.2%
Lithuania	7.5%	7.3%
Russia	6.6%	10.5%
Denmark	6.1%	3.9%
USA	5.3%	2.0%
Estonia	4.7%	6.4%
Netherlands	3.5%	3.9%
Ukraine	2.9%	1.1%
Finland	1.9%	9.1%
Total Trade (EUR Billion)	2.0	3.5

Source: Northern Enterprise, July/August 2002

The possibility of servicing the entire Baltic and Western Russia from Latvia is attractive to Armenia. Latvia traders have an extensive network of trade links throughout the CIS and Europe. Here is an overview of Latvia's imports for agricultural products:

Latvia Imports (In Millions of Dollars)—Customer-Oriented Agricultural Totals			
Imports from Around the World			
	1998	1999	2000
Snack Foods	19	35	24
Cereals	3	5	3
Fresh Meat	12	12	12
Prepared Meat	3	4	3
Poultry Meat	8	12	8
Dairy Products	15	23	19
Cheese	1	3	4
Egg Products	2	4	1
Fresh Fruit	21	44	40
Fresh Vegetables	12	23	17
Processed Fruits/Vegetables	18	33	18
Fruit Juices	11	12	5
Tree Nuts	3	5	3
Wine & Beer	23	43	23
Cut Flowers	6	12	7
Pet Foods	6	11	7
Other Products	93	139	85
Total:	257	419	278

Source: United Nations Statistics Division

For the most part, these products are sourced and shipped from CIS or European nations. The breakdown is as follows:

Latvia Imports			
Consumer-Oriented Agricultural Imports (\$1000)			
	1998	1999	2000
Lithuania	30377	59254	46583
Netherlands	31668	58805	32232
Estonia	25816	41585	26117
Poland	21813	40549	23649
Germany	24390	35972	24467
Spain	8695	13256	17230
Denmark	13620	22171	14412
Italy	6718	13357	11798
France	7967	12181	9217
Ukraine	3847	4658	8678
United States	6742	8957	6970
Bulgaria	4788	11104	5825
Hungary	5284	11110	5782
Russia	2556	4449	4610
Belgium	0	5756	4048
Other	62652	75713	36955
World	266963	418811	277620

Source: United Nations Statistics Division

4.1 Market Demographics

Latvia has a population of 2,300,000 (January 2001). Riga, the capital city, has the largest population, with 764,328 inhabitants. Next is Daugavpilis, where 114,829 reside, then Liepaja with 89,439, etc.

Population Growth Rate: -081% (2001 est.)

Age structure:

0-14 years 16.55% (Male 201,746; Female 193,036)
 15-64 years 68.15% (Male 776,509; Female 848,980)
 65 years and over 15.3% (Male 118,110; Female 246,922)

Life Expectancy: 68.7 years

Ethnic Composition:

56.5% Latvian
 30.4% Russian
 4.3% Byelorussian
 2.8% Ukraine
 2.6% Polish
 3.4% Ethnic Minorities

Religious Groups: Lutheran, Roman Catholic, Russian Orthodox

Literary Rate: Male 100%; 99% Female (1989 est.)

Languages: Latvian or Lettish (official), Lithuanian,
Russian, other.

4.2 SWOT Analysis

In the following four sections are issues relevant to successfully exporting Armenian food and beverage products to Latvia.

4.2.1 Strengths

HIGH AWARENESS OF ARMENIAN FOOD & BEVERAGE PRODUCTS

Latvians are well aware of and already enjoy Armenia foods. Riga is a city filled with ethnic restaurants, ranging from Arabian and Caribbean to Irish and Japanese. Dining out at Armenian restaurants is popular, seen as exotic, and owners spare no expense with creative interior designs, lightening, and background music. On most menus *hashlama*, *shashliks*, *kufta bozbash*, *sudzhuk*, and *harcho* can be found—all typical Armenian dishes. Many restaurants serve Georgian wines to accompany these favorites, since Armenian wine isn't always available. This poses an opportunity for Armenian winemakers. Armenian cognac is already ubiquitous in the market.

UNIQUE ARMENIAN GRAPES

Armenia is one of the most ancient grape growing and processing countries in the world. According to archeological discoveries, Armenia's winemaking tradition is at least 3000 years old. Industrial wine production in Armenia started in the 1870's. Then, as now, wine was made from the black Areni grape cultivated predominately in the Vayots Dzor region. The Areni grape produces a slightly spiced, fruity, fresh red dry wine, a new taste for many Latvians who already drink red varietals, and a familiar one to local Armenians. Over the last few years, USDA-MAP has worked to increase the quality of Armenian wines, starting in the vineyards, and has focused on the Areni grape, making it even better. In 2001, MAP supported the establishment of three grape nurseries just for this unique grape variety, to assure there is a steady supply of high quality Areni wine. The distinctive taste of the Areni grape is a marketing strength for Armenian winemakers.

EXISTING DISTRIBUTION OF ARMENIAN PRODUCTS

For several months Armenian wines have been imported into Latvia via:

Grigor Keshishya, Director
Areni LLC
Ropazuiela 60a

Riga, Latvia
Tel: 955.0808

Areni is an importing and distribution company solely dedicated to Armenian products. This was established in 1999 and presently imports Armenian wines and Dilijan mineral water, covering Riga and the city's outskirts. These products, and other non-Armenian products, are delivered in Mr. Keshishya's purple van with a picture of Mt. Ararat and "Armenian Wines" printed on the exterior to his retail store, Dzerieni Partika. Mr. Keshishya imports Areni, Ginetas, and Getnatun wines. He has enjoyed early success with each, and is eager to expand.

4.2.2 Weaknesses

INTERNATIONAL BANKING STANDARDS

Prior to 1988, all Latvian banking institutions were under the supervision of the USSR State Bank. After independence, the situation changed rapidly and the Bank of Latvia was founded. Two crises hit the industry, one in 1995 and another in 1999, connected with the Russian financial crisis. The banking industry is still recovering: although most Latvian banks now comply with major European banking regulations, the restructuring process is expected to continue over the next few years. Most banks issue and process international banking instruments.

In Armenia, however, the Hong Kong Shanghai Banking Corporation (HSBC) is the only Western bank offering international banking services: it can offer a wide range of services, including letters of credit, as can the Armenian Import Export Bank (Armimpexbank), one of the largest Armenian banks headquartered in Yerevan, but none of the USDA MAP clients hold accounts whereby they can open letters of credit. This perpetuates the use of cash for all transactions and increases the risk for both the buyer and seller.

4.2.3 Opportunities

BENEFICIAL GEOGRAPHY & TRANSPORTATION NETWORKS

Latvia is uniquely situated on the shore of the Baltic sea and in the center of the Baltic countries. For centuries Latvia has been at the crossroads of international commerce. Today, the country boasts of being at the heart of one of Europe's fastest growing regions: the new Northern European Region. Free trade treaties within both the EU and CIS make Latvia an ideal place to access millions of customers.

Latvia's geographic location is supported by an excellent transportation infrastructure:

Ocean

There are 10 ports in Latvia. The three main ports are Ventspils, Riga, and Liepaja. Each is capable of handling a wide variety of cargo. Ninety percent of transit cargo to/from the CIS goes through these ports.

The ice-free port of Ventspils is the leading export port on the Baltic Sea. The transit cargo turnover was 35 million tons in 2002, ranking it the 15th largest in Europe. Eight terminals, stevedore companies, as well as 14 shipping agencies operate from Ventspils.

The port of Riga is located along a 15-kilometer stretch of the Daugava River. It is capable of handling 20 tons of cargo annually---via container and breakbulk: metals, timber, charcoal, oil products, and food. There is no time limit for storage of goods at this port.

Liepaja is located on the eastern part of the Baltic Sea and is the third largest port of Latvia. It offers diversified port services, local warehousing, and strong road and railway connections.

Rail

Cargo to/from the ports of Latvia is mainly transported by rail. Due to the same gauge—1520mm, Latvian Railways serve as a convenient connection between the ports of Ventspils, Riga, and Liepaja, and cargo distribution centers in Russia and other countries of the CIS. With 2413 km of track and a dense rail network, Latvia is one of the leading rail centers in Europe. The Latvian Railway Company (LDZ) boasts over 400 refrigerator wagons to carry quick-spoiling food products.

Road

Latvia also has a well-developed road network, connecting with other countries, ensuring cargo carriage by road in any direction. There are 58,000 km of roads in Latvia, and financing for road maintenance increases every year, resulting in consistently improving roads.

POSITION OF LATVIA IN THE BALTICS

As mentioned, Latvia is strategically located at the crossroads of various transport routes. With its well-established sea, rail, and road system it easily connects with its surrounding neighbors. It is on good terms with other nations bordering the Baltic Sea and cooperates closely with Lithuania and Estonia. Often, getting a foothold in Latvia means access to all Baltic markets. Latvian businessmen and traders have strong ties in these markets and offer the opportunity of not just marketing Armenian food and beverage products in Latvia, but exploiting its connections and reaching other international consumers.

LATVIA'S FOREIGN TRADE POLICY

Since 1991, Latvia has been fully committed to a liberal multilateral trade policy. As a trading nation for generations, Latvia's strategic hub status, providing a gateway to Russia and other CIS countries, creates a significant trade flow. Latvia's foreign trade policy has been oriented to CIS countries; hence, Latvia has extended Most-Favored-Nation (MFN) status to Armenia.

On February 1999, Latvia officially became a member of the WTO. This allowed Latvia to adjust its MFN status to all 134-member states, and 36 states in the process of accession. Had Armenia not had MFN status before, it would be granted it in December 2002 when the WTO will be presented with Armenia's accession package. A preferred trade status allows Armenia to enjoy a special customs tariff rate on all shipments. As much as 80% of Latvian imports occurs with countries which Latvia has extended free trade agreements.

Note: the standard VAT rate of 18% still applies, as well as excise tax on Armenian wines.

GROWTH IN THE HRI SECTOR

Latvian hotel, restaurant and institutional (HRI) food sales, including the sale of alcohol, has increased 60% the last five years. In 2000, this totaled \$176 million, of which 25% was for imported goods. Restaurant sales have surged 75% within the same period. In 2000, there were 1.9 million visitors to Latvia and the tourist boom continues to expand. Ethnic restaurants enjoy a brisk business, frequented by younger customers with disposable lats and experimental tastes, along side the visiting tourist who's eating out every night. In Riga alone, notwithstanding a local Armenian population of only 3000, there are upwards of 20 Armenian restaurants. Arani importers are supplying wine to many of these restaurants, but there are more, and still other Armenian food products that can be used in restaurant kitchens and bars. A few of the most popular Armenian restaurants are:

Aragats, Miera iela 15, Tel: 737.34.45
Arba, 33/35 Gertrudes iela, Tel: 736.61.44
Armenija, Merkela iela 9, Tel: 722.45.14
Dzuljeta, Lacplesa iela 78, Tel: 770.55.60
Erevana, Valdemara iela 57/59, Tel: 733.16.77
Green Garden, 19 Liepajas iela, Tel: 957.39.53
Kert, Hospitalu iela 21, Tel: 736.22.30
Zangezurs, Rupniecibas iela 5, Tel: 732.60.46

4.2.4 Threats

REGULATIONS & PRODUCT LABELING

As a member of the European Union (EU), Latvia must adhere to the large number of rules pertaining to food, and this affects Armenian food and beverage products exported to the Baltic. A new EU regulation (Commission Regulation 753/2002) on wine labeling will go into force on 1 January 2003, which addresses certain bottle shapes. New rules will require compulsory labeling of the following allergens in food and alcoholic drinks: milk and dairy products including lactose, and sulphite concentrations of at least 10mg/kg. Only certain types of wood will be allowed for the production of smoke flavorings—affecting certain Armenian cheeses. Imported food products are tested and must be approved by the Conformity Assessment Center. Labeling in the Latvian language must include product name, the name of the manufacturer, the origin, a listing of ingredients, additives, net quantity, name and contact information of the importer. The expiration date is required. To the extent Armenian products cannot comply with these regulations they will not be allowed into the Latvian market until they do.

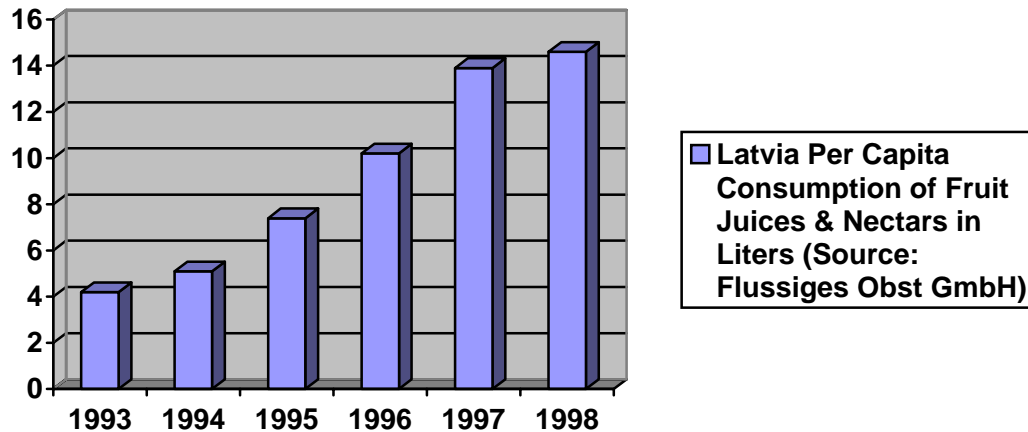
ESTABLISHED COMPETITION

Consumers in Latvia are quite familiar with grocery products from Scandinavia and Germany, which are imported in large quantities. Many Russian products also find their way to store shelves. Over the past 5-6 years, these countries have gained significant market share and hence have a strong market presence. Some of the reasons for their success include geographical proximity, historical ties, high quality products, and logistical advantages. With strong marketing and financial support from their governments, the Europeans offer very competitive pricing. There are already numerous suppliers of wine, juices, teas, and other products Armenia produces. For Armenian suppliers to capture a portion of the \$622 million retail food turnover, they will need to apply aggressive and continual marketing efforts. A more detailed discussion of competition and related issues can be found in the next section.

4.3 Competition

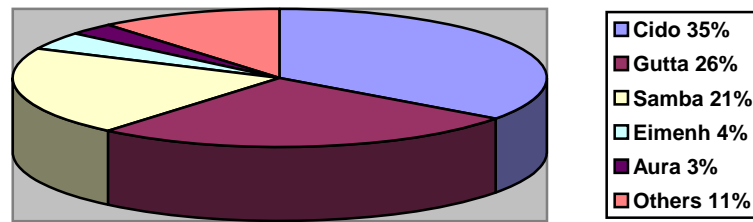
Juices:

Juice consumption in Latvia continues to rise.



Source: *Flussiges Obst GmbH*

The natural fruit juice and nectar market in Latvia is presently comprised of two strong industry leaders, The Cido Food Group, and Gutta.



Source: <http://www.missingmiddle.com/pdf/paper5.pdf>

The Cido Food Group was established in 1994 after the privatization of the Milgravis factory in Riga. The company specializes in the product and marketing of soft drinks, including mineral water, fruit juices, and lemonades. (Cido has an exclusive license for the production and marketing of RC Cola in the Baltics.) “Cido” brand juices occupy 50% of the juice market in Latvia. About 25% of their production is exported to Lithuania, Estonia, Russia, Belarus, Ukraine, and Kazakhstan.

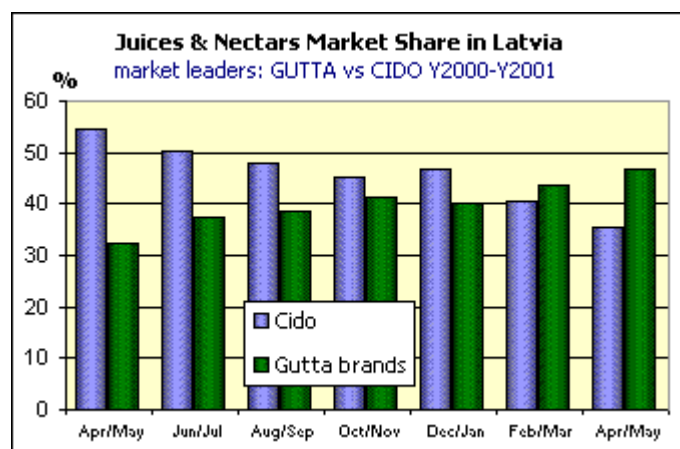
Cido produces nine different types of natural juices: orange; apple; pineapple; multifruit; tomato; red grape; pink grapefruit; vegetable and peach juice. Concentrates are made from fruit and berry juices. They process nine types of nectar: pineapple/grapefruit; orange/lemon; blackcurrant; apple/strawberry; cranberry/cherry; peach/mango/grapefruit; blackcurrant/red currant; quince/ashberry; and apple/cherry/blackcurrant nectar. Cido’s

nectars contain 45% fruit and berry juice concentrate or up to 50% juice. Their nectars are made of the same natural concentrates as the juices. All are packaged in Tetra Pak containers with plastic pour spouts.

They cost, on average, \$0.84/liter. (See Appendix II: Natural Fruit Juice Retail Price Matrix.) Cido juices and nectars are strong competition for new market-entry Armenia juices/nectars, like Noyan Juices; yet, Noyan product samples received positive responses from Riga Food 2002 attendants, so there is a market--perhaps especially with flavors absence in the market like Sea buckthorn and Rose Hip. Alternatively, Cido might be interested in purchasing from Armenia fruit concentrates to produce under their own label. This should be explored and they can be contacted at:

Cido Food Group (CIDO Partikas Grupa)
 Ostas str. 4
 LV-1034 Riga, Latvia
 Tel: 371.7.023.401; Fax: 371.7.023.459

Additional competition in the natural juice market comes from Gutta. This company was established in 1994 through the reorganization of another local company that operated a small juice production facility near Riga. Now it is the second leading producer of nectars, carbonated soft drinks, and natural mineral water in the Baltic countries. Gutta's Ramava plant is one of the most modern production facilities in Central and Eastern Europe and is fully equipped with Tetra Pak machinery (as is Noyan Juices). For juice and nectar production, there are two TBA 8 juice packaging machines installed with a capacity of 6000 1L packs/per hour, and a full set of Tetra Level juice processing equipment. This plant employs 135 employees and is ISO 9001 certified. During a recent twelve-month period between April 2000 and April 2001, Gutta gradually increased their market share over their main rival, Cido, before both dropped back to slightly smaller numbers.



Source: http://www.gutta.lv/english/factsheet_frameset.htm

Gutta's products include orange; orange-apricot; grapefruit; pineapple; white grape; apple; mango-lemon-pineapple; and tomato juice. They also make multivitamin; mango-lemon-pineapple; mango-lemon; lemon; peach; cherry; strawberry; red grape; grapefruit-pineapple; blackcurrant; vegetable; and plum nectar. In 2001, Gutta introduced a fruit drink line which includes: cranberry; cranberry-blackcurrant; cranberry-raspberry; red orange; mandarin, pink grapefruit; pomegranate; pomegranate-grape; and pomegranate-cherry flavors.

Gutta may be contacted at:

Gutta
240, Maskavas street,
Riga, LV 1063, Latvia
Phone: 371.7.033.122
Fax: 371.7.620.945
General Email: gutta.@gutta.lv
Contact: Sandra Krisberga, Export Trade & Marketing Manager
Direct Line: 3741.7.033.115
Direct Email: Sandra@gutta.lv

4.4 Product Offering

The products chosen to exhibit at the Riga Food 2002 trade show included Armenian wines, natural fruit juices, beef jerky, and goat cheese. Grigor Keshishyan of Areni LLC is already importing wines. At previous trade shows, juice products and cheese have complimented MAP-sponsored wines, so they were included also. Since herbal teas have been well received in other CIS markets, these too were added, along with a newly developed beef jerky.

Wine

The wines presented came from three wineries, one from Vayots Dzor marz, one from Ararat marz, and one from Tavush marz.

Ginetas LLC began winemaking in 1996, under the direction of Vardan Khalatyan, employed at the Getap wine factory for many years. Today Ginetas produces dry red and semi-sweet wines. Last year, in 2001, Ginetas purchased 95 tons of grapes from 62 farmers in 8 villages. The winery itself employs 20 people. Their wine is bottled in 0.75 liter glass bottles, of Italian and Bulgarian origin, labeled and packed in cardboard boxes and some of it is exported to other CIS countries. In 2000, 2700 bottles were exported to Moscow, and in 2001, 7500 bottles were exported to Moscow, along with 3000 bottles to Latvia. Ginetas LLC supplied Areni, a dry red; Ganzak, also a dry red; and Areni Arpi, a semi-sweet red.

Vedi Alco Co. Ltd. is a leader in alcoholic beverage production in Armenia. This company produces wines, champagnes, and a variety of vodkas: they produce 17

different types of red, white, and rose wine, which is dry, semi-dry, and sweet. Their vodkas range from pure vodka to fruit vodkas, including apricot, grape, and mulberry. They have exported their products to CIS countries, Poland, France, Japan, and the United States.

Vedi Alco has received little marketing assistance compared to other MAP wine clients, since they chose to rent their own booth space in Hall 2. Still, the Marketing Team served and promoted their products in its booth. MAP also assisted in shipping their wine to Riga: this consisted of an Aged Areni 1990 and 1993 vintage, Areni 2000 and Getap 2000, both dry reds, Muskat—a fortified semi-sweet wine, Khoran—a fortified sweet wine, and Eghegis 2000, a dry rose wine.

Ijevan Winery OJSC was established in 1976 and currently supplies Vedi Alco bulk wine as well as bottles its own product. Wine output has increased from this facility every year under the direction of Avetis Galstyan: in 1994, 41,300 bottles of wine was produced, in 2000 some 88,519 bottles, and in 2001 the number of bottles rose to 240,000. By the close of 2002, Ijevan expects to produce 500,000 bottles. They purchase grapes from 192 farmers in 9 villages in Tavush, 5 villages in Ararat, and 3 villages in Armavir marzes, paying cash. Presently, Ijevan wine is exported to Russia and the U.S. The wine promoted at Riga Food 2002 was Ijevan's dry white table wine in a 0.75 glass bottle.

All these wines were well received. Long lines formed during tasting sessions over all three days of the exhibition: visitors asked where they could purchase this wine, and several wanted to buy wine direct from the booth.

Juice

Euroterm CJSC founded *The Noyan Juice Factory* late in 1999. The company specializes in producing natural juices and nectars, and operates several Tetrapak production lines, utilizing the latest in filling technology. The Noyan factory is the only one like it in the region that can package 6000 liters of juice per hour. Tetrapak, from Sweden, assists the company with marketing, promotion, and logistics, and Noyan successfully exports 50% of their production, predominately to Russia. One hundred farmers from five marzes supply them with the majority of product coming from Ararat and Armavir: this includes apricot, peach, plums, rosehip, sea buckthorn, pomegranate, apple, and tomato. Noyan also produces concentrate and puree, which they're willing to sell to other juice manufacturers. In 2001, the Noyan Juice factory produced 2,200 tons of juice and 420 tons of concentrate/puree.

The flavors offered at Riga Food 2002 were apple; peach; tomato; apricot, sea buckthorn; and rose hip. Like the wines, these juices were well received. Of special interest were flavors new to the Baltic market---sea buckthorn and rose hip, but drinkers commented on how full-flavored the apple, peach, and apricot tasted, not from concentrate or a fruit drink, but 100% natural. Many returned for more samples.

Cheese

Golden Goat LLC was established in 2000. With Khachik Martirosyan as the Director, Golden Goat originally purchased 4.5 tons of milk and produced 700 kg. of “Yeghegnadzor” brand name “buried cheese” in clay pots. One year later they tripled their staff, purchased 18 tons of goats’ milk from 44 members of the Golden Goat Cooperative and 6 farmers from Goghtanik village: they produced 3 tons of cheese.

Goat cheese production is seasonal, starting in May and ending in October. Buried cheese is packaged in 300 gr. and 750 gr. clay pots and is covered in wax. Golden Goat’s “Alpine” feta-in-oil cheese, first given a trial production last year, is packed in 45 gr. twist-off glass jars, and their feta-in-brine is packed in 200 gr., 400 gr., and 3 kg. plastic containers--- for bulk sales or over the counter in smaller in-store cut sizes. Goat cheese, like the beef jerky, was available in large enough quantity for a full public tasting, and samples were left behind for Areni LLC to share with existing wine customers. Note, there is already a strong demand for goat cheese, with several suppliers--from Latvia, Lithuania, and Germany—commanding dairy case shelf space in Riga grocery stores.

Herbal Teas

HAM LLC was established in 1996 by Armen Mehrabyan. Originally working in the spice market, this Lori marz company changed directions in 1998 to exclusively concentrate on herbal teas and by the following year had its first order for tea in the States. The year after that (2000), the company was awarded the Grand Prix prize at the International World Blend Master Tasting. Over the last five years, HAM LLC has established contacts in America, the EU, and Japan. USDA MAP has assisted Armen Mahrabyan with numerous grants, a loan, and marketing/technical assistance. This enterprise contracts with almost 460 farmers in two main regions—Lori and the Ararat Valley, and last year (2001) produced 4 tons of product. Approximately 18% of sales are derived from domestic Armenian consumption, with the balance from the U.S., Germany, France, and Slovenia--all via cash or wire transfer transactions. HAM LLC, while most noted for its Linden or Mint tea, offers 12 herbal blend varieties that comprise the balance.

With the positive reception of these herbal teas at the Glendale “Make in Armenia 2001” trade show, Mr. Mehrabyan asked MAP to assist him enter new markets: hence, samples of HAM LLC were taken to Riga Food 2002. Ancient Berry, Armenian Blend, Orient Blend, Apricot Fruit, and Sanahin teas were all displayed. Unfortunately, these teas were not of interest to show attendants: it was suggested this was due to the fact Latvia is predominately a coffee drinking country. Retail store research proved otherwise, with numerous shelves of tea offered---from different countries and in variety of flavors.

Meat

Atenk LLC, managed by Aramays Bilyan, began in 1993 with three different meat products. Today *Atenk* produces 38 different cooked sausages, smoked sausages, and smoked and cooked meats. Eight of these are only made by *Atenk* in Armenia. They can process 8 tons per day and they use Russian and German equipment. Their “Basturme,” “Sughuk,” “Erebuni,” and “Salami” are most popular with domestic Armenian customers. Fifty-five percent of their sales come from local supermarkets and 25% from local shops in Yerevan.

At the outset of Riga Food 2002, MAP was in its third phase of successfully collaborating with ACIDI/VOCA and VISTAA--our development partners--on producing a western-style beef jerky. After the initial pilot phase of the project, domestic sales increased from \$200/month to the current level of \$2000/month. This product is predominately distributed to Yerevan supermarkets, restaurants, pubs, and outdoor cafes. While quickly becoming popular in Yerevan, beef jerky was taken to Latvia to determine market interest. With insufficient quantity for a full tasting at Riga Food 2002, the beef jerky was just displayed, and later distributed to *Areni LLC* to give to store managers for tasting.

5.0 Marketing Strategy

Armenian producers and Armenian food and beverage importers must be willing to enter the Latvian market with the goal of creating and keeping customers. They must build a reputation for being a premiere provider of products, regardless of commodity. And that means products produced in Armenia need to be of consistent high quality. MAP clients have the advantage of having Armenian cognac highly recognized and respected in the market. They need to build on this reputation of quality and promote Armenian wines, juices, *etc.* Armenian producers must also be cognizant of how competitive local products are: these goods are well established, and even foreign foods from Russia and Eastern Europe don't have the transportation costs Armenia will incur to ship to Latvia.

5.1 Marketing Objectives

- ❑ Promote Armenian products in the Latvian market;
- ❑ Strive to be a market leader in products from the Caucasus;
- ❑ Grow sales and revenue through creative marketing strategies that attract, educate, and maintain customers.

5.2 Target Markets

According to World Health Organization data, Latvians are the heaviest drinkers in Europe, consuming the equivalent of 22 liters of alcohol annually; and drinking habits are changing: research shows Latvians are drinking less vodka and more beer and wine. Latvia itself is only known for its champagne, which is inexpensive and widely available, so wine consumers are accustomed to purchasing imports.

Armenian wine and juice products are best distributed through three channels—local importers, beverage producers, and local distributors. They, in turn, can target the end user—a middle-class consumer purchasing wine for dinner, a family event, or a special occasion, or juice for breakfast, and perhaps as an alternative to a soft drink.

Cheese is a staple in the Latvian diet. No Latvian meal is complete without whole-grain or rye sourdough bread and cheese. At Riga’s Central Market, a sprawling open market divided into five enormous food hangers, one is entirely devoted to dairy products, predominated by cheese. During the pagan holiday of “Jani Day,” celebrating the summer solstice (23-24 June), it is traditional to sing old folk songs, drink beer, and eat large amounts of cheese. Goat cheese could well find a strong market here.

Cured or dried meats do not have a history in Latvia. Introducing them to the market will take creativity, skill, and patience. Two obvious places to begin are at bars and pubs, where beef jerky can substitute or accompany nuts, or as snack food displayed at grocery store checkout counters.

5.2.1 Product Marketing

Product differentiation includes all the strategic decisions that seek to distinguish a product from competing products, to enhance its value and the revenue it generates. The goal is to make Armenian food and beverages a “product” in the mind of the consumer and not just a “commodity”.

To distinguish Armenian wines from competitors will involve a number of factors—brand name; price bracket; value for cost; promotional activities; winery awards, *etc.* One way to distinguish Noyan juices is through product style and packaging: the new Noyan Tetra Brik 1-liter container is a silver-colored, rounded edged package: this drew notice from Riga Food 2002 attendants, and they commented it was original and different from other brands they buy. Unique packaging also showed off Golden Goat goat cheese in clay pots: this had never been seen in the market before. As for HAM herbal teas and Atenk beef jerky, launching them will bring entirely new tastes to the Latvian market.

The wines, juices, goat cheese, and teas will need to be competitively priced. Listed at the end of this report is Appendix I: Wine Retail Price Matrix; Appendix II: Natural Fruit Juice Retail Price Matrix; Appendix III: Goat Cheese Retail Price Matrix; and Appendix IV: Tea Retail Price Matrix. Four grocery stores were included in these price surveys, all middle-high range markets—the most likely to carry Armenian products—Nelda grocery store, Remi Hypermarket, Sky Supermarket, and City Market.

The Nelda grocery store chain, established in 1997, has grown rapidly and now includes 17 grocery stores. There are 24 Remi supermarkets in Latvia: this chain forecasts 30% of the market by 2004 with a total of 60 stores: one hypermarket is already open and three more Maxi Rimi stores are scheduled in Riga. Sky Supermarkets were opened as a franchise with the German firm Schleswig-Holstein: they have two supermarkets in Riga

with plans for five more over the next 3 years: fifty-percent of their products are imported from Germany and the Netherlands. Finnish investors operate City Market and there are two outlets in Riga: they pride themselves on offering customers a wide assortment of competitively priced products.

Our survey focused on red wine over white, as this is preferred in the market, and there were many imports from Europe, South America, Australia, and the States in this category. The average prices for red wine in the following markets are:

Nelda Grocery Store:	\$5.67/bottle
Remi Hypermarket:	\$5.38/bottle
Sky Market:	\$6.90/bottle
City Market:	\$6.33/bottle

The average prices for natural fruit juices in the following markets are:

Nelda Grocery Store:	\$1.10/liter
Remi Hypermarket:	\$0.97/liter
Sky Market:	\$0.89/liter
City Market:	\$0.79/liter

The average prices for goat cheese in the following markets are:

Nelda Grocery Store:	\$2.94/340 gr.
Remi Hypermarket:	\$2.30/300 gr.
Sky Market:	\$2.01/375 gr.
City Market:	\$2.48/265 gr.

The average prices for tea in the following markets are:

Nelda Grocery Store:	\$1.37/100 gr.
Remi Hypermarket:	\$1.19/100 gr.
Sky Market:	\$1.08/100 gr.
City Market:	\$1.29/100 gr.

While not comprehensive, this quick survey is an indication at what pricing level Armenian wines, juices, cheeses, and teas need to be competitive in the Latvian market.

5.2.2 Promotion

Trade Publications/Magazine Advertising

Many publications in the West offer a 15% advertising agency discount: if this is the case in Latvia, should a group of MAP clients act as their own agency, they might qualify. Multiple ad placements are also eligible for discounts, and buying remnant space--often unclaimed and discounted 30-80%--can yield lower costs.

Trade publications and food magazines that should be targeted are:

Russian Food & Drink Market Magazine

P.O. Box 98

St. Petersburg, Russia, 193167

Tel/Fax: 007.812.380.1206; 380.1207; 380.1208

Contact: Anna Shanaeva, Senior Manager of Advertising Department

Email: rfmarket@sp.ru

Website: www.foodmarket.spb.ru

Russian Food & Drink Market Magazine is a slick industry publication circulated in more than 30 cities in Russia and the CIS. 45,000 copies are distributed with each issue, published 9 times a year. It is circulated at more than 50 exhibitions annually. This targets food producing enterprises, wholesalers, international traders and im/exporters, and logistic companies. A front-page cover costs \$5000, but smaller ads are available:

1/12 page ad (69x69mm)	\$320.00
1/6 page ad (69x141mm)	\$630.00
¼ Page ad (210x93mm)	\$1250.00
½ page ad (210x141mm)	\$1600.00
¾ page ad (141x284mm)	\$2100.00

Another useful publication is:

Empire of Drinks

107/73, Varvasheni Street

Minsk, 220002, Belarus

Tel: 375.017.245.813; 245.2361

Contact: Oleg N. Zaitsev, Editor

Cell: 375.0296.52.60.01

Email: imperiya@tut.by

Empire of Drinks is printed once every two months and is circulated in Russia, Belarus, Ukraine, and the Baltic States. It is distributed free of charge to a wide range of industry contacts—predominately wine producers, wholesalers, and importers. The magazine has color front and back covers and black & white pages: it not only targets the alcohol sector, but covers non-alcoholic (juices and waters) beverages as well. Each issue publishes market research, consumption statistics, and special features on companies and individuals. Paid advertisement interviews are available (1 page B&W article costs approx \$370.00), and while there is no Classified Section, advertising throughout the magazine would be appropriate for a potential distributor or importer.

Trade Shows

The International Exhibition Company B1 was founded in 1994 and successfully organizes high-level international and regional exhibitions. They are a leader in the exhibition business in Latvia, and this year (2002) will feature 28 different industry-specific exhibitions that will draw over 400,000 visitors.

The schedule of exhibitions and fairs in 2002 cover a range of industries. Partnering with over 80 institutions, associations, and enterprises, in 2002 BT1 will host: The 9th International Travel Trade Fair; The 5th International Baltic Book Fair; The 6th International Boat Show; the 7th International Furniture Exhibition; and the International Trade Fair and Conference For Transport, Communications and Logistics. They can be contacted at:

International Exhibition Company BT1
3-338 Smeria Street
Riga LV 1006 Latvia
Tel: 371.752.9918/754.2628
Fax: 371.755.0493
Contact: Rolands Nezborts, Project Manager
Email: info@bt1.lv, rigafood@bt1.lv
<http://www.bt1.lv>

All trade exhibitions are held in Riga's International Exhibition Centre at 8 Kipsalas Street. These exhibitions are an excellent way to make connections, gather market information, and promote products. Riga Food 2002 was no exception.

RIGA FOOD 2002

This trade fair was the focal point of the trip to Latvia and provided an excellent opportunity to meet importers; local producers interested in expanding their existing product line with Armenian products; processors looking to purchase bulk commodities for private labeling; survey competition from other CIS and European countries, as well as evaluate Areni LLC's Grigor Keshishya, the Armenian wine importer, regarding his effectiveness in promoting MAP-sponsored products in a trade show environment.

The complete title of RIGA FOOD 2002 was "The 7th International Trade Fair For Food, Beverages, Food Processing Industries, Technologies, Packaging, Public Catering, Shop Equipment and Services". The Ministry of Agriculture, Latvian Food Centre, Latvian Chamber of Commerce, Latvian Federation of Food Enterprises, and Latvian Traders' Association were sponsors. The exhibition halls opened 10:00 am-6:00 pm daily, and exhibitors presented beverages (including alcohol); seafood; grain mill and confectionery products; frozen and preserved foods; meat and dairy products; processed fruit and vegetable goods; and food additives. There was also refrigeration and packaging

equipment, measuring and weighing devices, and commercial catering machinery displayed.

MAP rented a 16-sm “peninsular” shell with openings onto 3 aisles in Hall One, complete with closet, conference table and chairs, and display cases and serving counters on both sides. Registration fees were paid six weeks in advance.

The right display cabinet displayed Armenian fruit juices from Noyan Juices: apple; peach; tomato; apricot; sea buckhorn; and rose hip. The left display cabinet displayed Armenian wines: Ijevan White Dry Table Wine (the only white varietal offered); Ginetas Areni dry red, Ganzak dry red, and Arpi, a semi-sweet red. Also, the USDA promoted Vedi Alco wines—Areni (various years, from 1990 to 2000), Getap, Muskat, and Khoran—all dry reds, and Eghegis, a dry rose wine.

Three women hired by the USDA-MAP Marketing Team assisted in presenting and serving products. They were recruited from:

BSMS—Baltic Sales Marketing Service
Smerja 3-265, Riga, LV 1006, Latvia
Tel/Fax: 371.751.6986
Contact: Jelena Kaminska, Project Manager
Mobile: 371.926.5757
Email: jelena@bsms.lv

Newspapers and Periodicals

There are two national daily newspapers (*Diena* and *Neakkariga Rita Avize*) covering current news and general interest stories in Latvia. Two business newspapers are devoted to economic issues (*Dienas Bizness* and *Bizness & Baltija*). A number of daily regional papers cover special interests—*e.g.* sports or television. The newspaper *SM Reklama* focuses only on advertising. Advertisements in any of these would reach a wide audience.

Diena, Mukasalas 41, Tel: 706.3150
Neatkariga Rita Avize, Balasta dambis 3, Tel: 706.2295
Dienas Bizness, Tel: 706.2622

Radio and Television

Latvia has five large radio stations: mostly, they supply news and cover cultural events and music. They offer good advertising opportunities for Riga and beyond. The most popular commercial channels are Easy FM on 106.2 FM, Radio SWH at 105.2 FM and Super FM on 104.3 FM.

Three main TV channels are Latvia-wide. Cable TV is concentrated in Riga. They can be contacted at:

Baltcom, Kurzemes prosp. 3, Tel: 706.0070
Latvian Independent TV (LNT), Elijas 17, Tel: 721.1636
LTV 1 & 2 (State TV), Zakusalas krastmala 3, Tel: 720.0314
TV 3, Mukasalas 72b, Tel: 762.9366
TV 5, Elijas 17, Tel: 750.3924

Internet

Internet access in Latvia is growing. There are 42 Internet service providers (ISPs) that service 234,000 Internet users (2000). Email is becoming an increasingly popular means of communication among businesses and individuals.

Randburg is an international, multi-lingual, and business database used for international marketing. This company started in 1996 with founders who had backgrounds in international book publishing, international marketing, and Internet and computer technology. Marketing products through Randburg's Internet sites is similar to advertising in an international newspaper, magazine, or TV station, but less expensive and absent advertising: Randburg establishes web sites for one year, pending text, graphics, and translation approval. They particularly appeal to commercial contacts, so their visitor traffic consists of people genuinely looking for products or services. Key words are registered in over 300 places on the Internet, and Randburg clients number more than 1000. Records indicate over 7,000 people a day visit the randburg.com site and read approximately 35,000 company pages or announcements. Advertising in this manner would give considerable exposure to Armenian food and beverage suppliers and their Baltic representatives who distribute their products.

Randburg's Latvia representative is:

Mr. Agris Spungis
Norge Datossistemas
Brivibas str. 91
LV-1001 Riga, Latvia
Tel: 371.945.6265
Fax: 371.731.3726
Email: latvia@randburg.com

5.2.3 Channels of Distribution

The right partner(s) must to be chosen for the successful sale of Armenian products in Latvia. All will need to be well established, reliable, solidly financed, and experienced in the food and beverage field. They can be food brokers, importers, local producers themselves, or distributors. All must have current import licenses and knowledge of customs clearance and tariffs.

MAP clients have a number of choices to consider when selecting distribution channels. Given the small size of the Latvian market, Multiple National Product-Exclusive Distributors should be examined: this is where a distributor gets a national exclusive, but only in a certain range of products—those that play to his particular strength, or a National Distributor with Regional Sub-Distributors, with a national distributor overseeing all importations, national marketing and promotion, sales and support, and he in turn relies on various sub-distributors for regional access, specialty access, retail sales, *etc.*

It is not recommended a Sole National Exclusive Distributor handle all Armenian products in Latvia, nor a Multiple National Distributor network be established, since the country isn't large enough.

For sending product samples or documents to Latvia, two helpful contacts to have are the following:

DHL

DHL Worldwide Express is a global market leader in the international air express industry. Established in 1996, it has a network that links over 120,000 destinations to more than 220 countries, employing 71,000 worldwide. Their information technology enables them to quickly and efficiently ship/track documents and packages 24/7. Their Riga office operates 10:00 am-6:00 pm Monday-Friday at:

DHL Riga
Brivibas Street 55
Riga LV-1010, Latvia
Tel: 371.701.3292
Fax: 371.701.3297

United Parcel Service

The United Parcel Service is the world's largest package distribution company, transporting over 3.5 billion parcels and documents annually. Established in Europe in 1976, headquartered in Brussels, they service 49 countries and territories in Europe with more than 25,000 employees. Their Latvia office is open Mon-Fri 9:00 am-8:00 pm; Saturday 10:00 am-1:00 pm., and is located in the capital:

UPS Latvia
K. Ulmana gatve 2,
LV-1004 Riga, Latvia
Tel: 371.780.5650
Fax: 371.780.548
Email: LV.CUSTOMERSERVICE@europe.ups.com

5.3 Marketing Research

Historically, market intelligence from CIS countries has been limited: it is difficult to procure and often inaccurate or incomplete when existing. Most of the market research available for Latvia (*e.g.* tracking, analysis, and measurement) is unreliable, sometimes contradictory, or out of date: in many cases, the most current market research dates back to 1995.

For current information in Latvia, several companies offer a variety of market research services:

IGK-BALT

Vilandes 13-9,
Riga LC-1010, Latvia
Tel: 371.73.23.460; 73.23.450
Fax: 371.78.20.380

IGK Intercredit Business Information Holding GmbH was founded in 1993 to develop an efficient business information and debt collection structure in the CIS and Baltic states. The IGK Group consists of a network of daughter companies, franchise offices and partner connections in all regions of the ex-USSR from Brest to Vladivostok, and from Murmansk to Ashgabad. IGK has offices in Moscow, St. Petersburg, Kiev, Vilnius, and Riga.

IGK-BALT provides three main services:

Market Analysis: IGK-BALT can survey sector and economic groups. Through this service they provide import statistics for specific commodities, as well as the names and address of freight-forwarders or food and beverage brokers presently importing.

Credit Reports: IGK-BALT can gather information on potential Latvian buyers of Armenian food products, assess an enterprises' creditworthiness and gather data on import/export activities; main suppliers and customers; operating results; bank references; *etc.*

Debt Collection: IGK-BALT can intervene between a buyer and seller to recover a creditor's funds. They can also provide an analysis of a debtor's solvency, negotiate with a debtor, and advise on legal proceedings as necessary.

Deloitte & Touche Latvia
Biskapa gate 2
LV 1050 Riga, Latvia
Tel: 371.781.4160
Fax: 371.722.3007
Email: Latvia@deloittece.com
Contact: Mr. Igro Rodin, Country Managing Partner

Direct email: irodin@deloittece.com

Deloitte Touche Tohmatsu, a leading global professional accounting and consulting firm, established an office in Latvia in 1995. Their staff of sixty people covers a range of management consulting and financial advisory services. They speak Latvian, Russian, and English.

KPMG Latvia
Kr. Valdemara str. 33-4
LV-1010 Riga, Latvia
Tel/Fax: 371.7.333.023; 332.968; 332.319; 332.306

Another “Big Six” international accounting and consulting firm, KPMG, operates in Latvia. KPMG opened a Riga office in 1995 and provides a full range of auditing and business advisory services: auditing and accounting consultancy; due diligence; and feasibility and market study entry reports. KPMG employs a professional staff of 20 auditors and 5 tax consultants.

6.0 Controls

All marketing efforts should be reviewed on a quarterly basis. Since initially marketing will be a joint effort between the USDA Marketing Team and Areni LLC, or another importing/distributing partner, both organizations need be involved in the process to increase market understanding and effectiveness.

7.0 Contingency Planning

Latvia is a new market for MAP clients. If they consistently produce a quality product, are flexible regarding shipment volumes, times, and pricing to match or undercut existing competition, Armenian food products will sell in this market. Should the best marketing efforts still not yield positive results, other CIS markets will be considered.

8.0 Recommendations

A. Follow-up with Riga Food 2002 Booth Visitors

A number of companies that visited the MAP-sponsored Armenian Food Products booth wished to procure additional information. This list includes wholesalers and grocery store managers looking for new products; agro-processors interested in raw material inputs or supplementing their product line with a finished product; distributors with preexisting channel networks; *et. al.* Each, in turn, needs to be contacted by Areni LLC, or our respective client.

Fruit & Vegetable Processing

Accuratus
Zarasu g. 5
Vilnius
Tel/Fax: 8-5 215-3032
Contact: Andrius Jurgulis, Director
Email: accuratus@takas.lt

This company operates in the wholesale market and is interested in juices and mineral waters.

TPK Partners
Almog Str. 13/5
Nazareth Lilit, Israel, 17202
Tel: 972.6.646.9778, 972.6.601.4870
Fax: 972.6.601.1055
Contact: Mr. Oleg Korobkov, Manager
Mobile: 972.50.495.791
Email: tpk_isr@yahoo.com

This company is interested in importing Meghri Cannery's canned fruits and vegetables in the Middle East.

CIDO Food Group
4 Ostas Street
LV-1034, Riga, Latvia
Tel: 371.702.3435, 702.3405
Fax: 371.702.3459, 783.0487
Contact: Dr. Vladimir Kuvarin, Director of Export Dept.
Mobile: 371.9116168
Email: export@cido.lv

CIDO is competition to Noyan Juices as previously discussed in this report; however, they are interested in talking with Noyan about their production technology and perhaps a collaborative arrangement can be made to supplement their own natural fruit juice line with specialty juices (*i.e.* rose hip, sea buckthorn, *etc.*) particular to Armenia.

S & L Tade
33255 9th Ave. South
Federal Way, Washington, 98003, USA
Tel: 253.874.9534
Fax: 253.874.9521
Contact: Dmitri Igans
Email: lattrade@worldnet.att.net

This trading company, located in Washington State, is interested in carrying Noyan Juices in the Pacific Northwest market.

SIA "Spilva"
Zvaigznu 1, Babite, Babites pagasts,
Rigas raj. Latvia, LV-2101
Tel: 371.706.3000
Fax: 371.706.3005
Email: info@spilva.lv
Website: www.spilva.lv
Contact: Ojars Skadins, Export Manager
Direct Email: ojars@spilva.lv

Spilva Ltd. was founded in 1992 as a fruit and vegetable processing enterprise on the site of the Bulduri Agricultural School. Spilva is producing tomato sauces, ketchups, mayonnaises and dressings, mustard and horseradish, pickled cucumbers and vegetable salads, jams, fruit syrups, and other items. They are interested in importing tomato paste in bulk. MAP client Artashat Cannery should follow up this lead with a price quote for bulk tomato paste in 228-kg aseptic bags in drums.

Baka Pro
Skibe 15
Berze, LV-3701, Latvia
Tel: 371.704.0571; 927.4001; 923.4114
Fax: 371.704.0572
Email: mail@bakapro.com
URL: www.bakapro.com

Baka Pro is a fish processing enterprise which produces up to one million units of canned fish a month from their 21,000 SF warehouse. They distribute their canned Baltic Sprats, Sardines, Fish Balls, Mackerel, and Herring products in the Baltics and export to Russia, Kazakhstan, Uzbekistan, Israel, the Czech Republic, Poland, the U.S., and Canada. In Baltic Sprat production, they use tomato sauce, and were interested, as was Spilva Ltd., in purchasing Armenian tomato paste in bulk. Baka Pro, too, needs to be linked with Artashat Cannery to obtain a price quote for 228-kg aseptic bags in drums.

Akmedita
Technikos Str. 7
LT-3031 Kaunas, Lithuania
Tel/Fax: 370.37456574
Contact: Miksimas Vidrinskas, Manager
Mobile: 370.685.77855
Email: kela@takas.lt

This joint stock company is interested in Noyan juices and Meghri Cannery jams and murabas.

SIA Deneks (Import/Export)
Darzeni-Augli
Tel: 9.718.956
Fax: 7.473002
Contact: Andrejs Orlovs, Director

Mr. Orlovs is the Director of an import-export firm interested in the distribution of Noyan fruit juices and dried fruit from MAP client Cheer, CJSC.

SIA Veriens
Uzvaras 12
Jelgava, LV-3001, Latvia
Tel/Fax: 30.20368
Contact: Sergejs Zakrevskis, President
Mobile: 9.209.426
Email: sia.veriens@mail.lv

Mr. Zakrevskis is a food wholesaler in Latvia selling imported mineral water and he is interested in Noyan juices to expand his activities.

Wine

SIA "Vacijas-Baltijas Tirdzniecibas Nams"
Matisa iela 92
Riga LV-1009, Latvia
Tel: 371.7.297.740
Fax: 371.7.297.749
Contact: Liamonis Ceplis
Mobile: 6.406317
Email: dbn@transdata.lv
URL: www.samson.de

This company is interested in importing Armenian wines in Latvia. There is some confusion, however, as to their connection with Samson AG, whose logo is listed on Mr. Ceplis' business card. Perhaps they are local representatives. (Samson Ag, located in Frankfurt, Germany, is headquarters for an international group of companies--they are represented in more than 40 countries by 32 independent subsidiaries and 79 engineering and sales offices-- which distributes control valves for process engineering and building automation and self-operating regulators.)

Grocery Stores & Distributors

SIA "Skai Baltija" (a.k.a. Sky grocery store)

K. Ulmana gatve 122
Riga, LV 1029 Latvia
Tel: 7 805514
Fax: 7 805502
Contact: Kristine Muzica

There are two SKY supermarkets operating in Riga via a franchise agreement with Schleswig-Holstein, a German company. SKY is expanding and anticipates opening an additional five outlets by 2005. They predominately target high income buyers, and offer a wide selection of goods. Approximately 50% of the products they carry are supplied directly from Germany or the Netherlands. They are interested in distributing Noyan Juices.

Noi & Ko Ltd.
16-3 D. Brantkaina Str.
Riga LV 1082, Latvia
Tel/Fax: 371.759.8797
Contact: Spartak Yesajan, President
Mobile: 371.988.2419

Mr. Yesajan is a Latvian importer interested in the range of Armenian food and beverage products displayed at the MAP trade show booth.

B. Areni LLC, Importer/Distributor

MAP should continue to support Grigor Keshishyan of Areni LLC and his business partner Zorayr Aleksanyan. Mr. Keshishyan is dedicated and hard working. He has already successfully imported Armenian alcoholic beverages (wine and vodka) into Latvia and can increase his sales orders through Mr. Aleksanyans' convenience store and via grocery store connections: he is currently working with some of the largest—Remi, Mego, Nelda, *et. al.*, as well as numerous restaurants. Mr. Keshishyan has also made arrangements for Nelda grocery store newspapers to carry full color advertisements on their back cover for Armenian wines every week for three months.

C. Hotel restaurants

Since independence, Latvia has seen a huge expansion of hotel accommodations, and for good reason: there were 1.9 million visitors to the country in 2000. Hotels are available in every possible price range. On the high end of the spectrum, superior hotels are fashionable and elegant with modern facilities. They also come with upmarket restaurants that should be targeted to carry Armenian food products on their international menus. Here is a list of the main ones in which food and beverage managers should be contacted:

Grand Palace Hotel, 12 Pils iela, Tel: 704.4000
Maritim Park Hotel, 1 Slokas iela, Tel: 706.9000 (Bellevue Restaurant)

Reval Hotel Latvija, 55 Elizabetes iela, Tel: 777.2222 (Esplanade Restaurant)
Vecriga Hotel, 12/14 Gleznotaju, Tel: 721.6524
Hotel Felicia, 32b Stirnu iela, Tel: 759.9942
Hotel de Rome, 28 Kalku iela, Tel: 708.7600

D. Restaurant/Bar Sales

There are opportunities to expand food and beverage sales in Latvian restaurants and bars. Given the large number of Armenian restaurants in Latvia, any number might be interested in maintaining stock of Armenian products. (USDA MAP should work with Areni LLC to assure this sector is well covered and supplied.)

Wine bars are also springing up. Armenian wines served in restaurants should also be available---by the bottle or glass---in wine bars. The most preferred ones are:

Vina Seta, Kalku 2, Tel: 721.3267
Fausts Wine Bar, Kungu 1
Idalgo, Teatra 12, Tel: 722.2566
Bar Michel, Laipu 3/5

With the growing trend away from vodka consumption to wine drinking, Latvia's numerous jazz and music clubs, and nightclubs should be approached as well. Juices should be promoted for mixed drinks. Some of the more popular establishments are:

Bites bluzs klubs, Dzirnavu 34a, Tel: 733.31.25
Kalku varti, Kalku 11a, Tel: 722.45.76
Voodoo, Elizabetes 55 (Reval Hotel Latvija), Tel: 777.23.55
Nautilus, Kungu 8, Tel: 781.44.77

E. Video Chronika

Viesturs Alksnitis is the Director of Video Chronika, an independent filmmaking company that produces and broadcasts stories on Riga's public television station LTV2. Mr. Alksnitis visited the USDA-MAP sponsored Armenian Food Products booth at the Riga Food 2002 trade show, was intrigued by our clients' offerings, and shot exhibition footage and interviewed Marketing Team member Gagik Sardaryan: this was broadcast 16 September 2002. Mr. Alksnitis expressed an interest in visiting Armenia and shooting much more footage, which could be made into a series of "shorts" for Latvian television. These would promote Armenia as an ancient country with an old culture, and strong food and wine traditions. USDA MAP should invite Mr. Alksnitis to Yerevan to tour the project, meet our clients, and help defray his travel expenses. He can be contacted at:

Video Chronika (Riga Kinostudija)
Smerla iela No. 3
Riga, Latvia
Tel: 922.6450; 942.0910

F. Cultural Events Sponsorship & Tastings

The Great Guild Concert Hall is one of the oldest and most interesting buildings in Riga. It was built in 1858, but incorporates the Muenster Hall, built in 1330, and is the oldest section of a public building in the Baltic States. It is home to the Latvian National Symphony Orchestra, which performs a vigorous concert schedule, domestically and abroad.

During an evening when Armenian composers are featured (e.g. Soghomon Soghomonian-a.k.a. Komitas (1869-1935); Aram Khachaturian (1903-1987); Arno Babadjanian (1921-1983), *et. al.*, by the National Symphony, or during a visiting tour of the Armenian Philharmonic Orchestra, a sponsorship of Armenian food and beverage products should be arranged. Armenian wine, juices, mineral water, and cheeses can all be served---complimentary or be for sale. Flyers can be distributed listing grocery stores that carry these products, and discount coupons circulated to cover future purchases.

There are also a number of music competitions held during the year, as well as festivals where this same promotional strategy can be employed: the annual International Chamber Choir Festival “RIGA DIMD” takes place the first part of each summer and the Sacred Music Festival at the end.

Contact information:

The Latvian National Symphony Orchestra
6 Amatu iela, Latvia, Riga
Tel: 722.9537
Contact: Ilona Brege, General Manager
Email: ilabre@inso.lv

G. E-advertising

Nowhere is the digital divide closing faster than in Latvia. About 20% of Internet users use dial-up access, while 80% have access to permanent connections. Over the last two years there has been a transition from quantity to quality as several high-quality Internet portals in Latvia and Russian languages have opened. Internet use is available in homes, public libraries, secondary schools, and universities. It is also becoming a staple in business, as all the governments of the Baltic States, recognizing the importance of the digital economy, have adopted national strategies for digital economic development in the form of “e-Latvia,” “ e-Estonia,” and “e-Lithuania”. On 28 September 2001, Riga was the venue for the “2001 Baltic Sea Region E-Business Forum: Digital Economy Development in Transition Economies,” highlighting the importance Latvia puts on e-commerce.

Randburg, the business database used for international marketing discussed in Section 5.2.2 Promotion, should be contacted and their yearly rates reviewed. Given the

commercial traffic these web sites generate, they could prove a valuable advertising tool to endorse Armenian foods not just to Latvian consumers, but the Baltics as a whole and web visitors worldwide.

H. Limited Edition Ceramic Gift Bottles

Latvijas Keramika A Ltd. is the largest ceramic manufacturing factory in the Baltic States. They were established in 1963 and have a factory in Jelgava, Latvia and are headquartered in Riga. The MAP Marketing Team met them at Riga Food 2002.

This company produces unique ceramic bottles that can potentially be used for bottling Armenian wines. At present, MAP-sponsored wineries import 750 ml. glass bottles from Drugba Ltd in Bulgaria or Saint-Gaben in Italy. Latvijas Keramika offers 19 different lead-free colored glazes, all of which are microwave and dishwasher friendly, and they export ceramic cafes and bottles to Scandinavia, Italy, Russia, and Ukraine. Armenian winemakers can use them in limited number as unique gift or presentation wine bottles, or as collectible bottles. This company needs to be contacted for a price quote for a limited edition quantity:

Latvijas Keramika A Ltd.
67 Rigas Street
Jelgava, LV-3004, Latvia
Tel: 371.302.2868
Contact: Aivars Janovskis, President
Email: keramilka@lk.apollo.lv

I. The American Chamber of Commerce

The American Chamber of Commerce in Latvia is the oldest Western Chamber in the Baltics and the second AmCham established in the former Soviet Union. It advertises itself at “the largest and most influential Western business group in Latvia,” and vigorously promotes free and fair-trade practices. The Chamber has 120 members representing \$475 million in investment who have created over 4100 local jobs. During the next trade mission to Latvia, an appointment should be made to meet with members of their Board of Directors. Through a PowerPoint presentation on the Marketing Assistance Project, the USDA’s role in assisting Armenian agroprocessors can be explained, and their counsel and support sought. To set up an appointment, contact:

American Chamber of Commerce in Latvia
Torna iela 4, Iia-301
Riga, LV-1050, Latvia
Tel: 371.721.2204
Contact: Krista A. Taurins, Executive Director
Email: amcham@mailbox.riga.lv

J. The Latvian Development Agency

The Latvian Development Agency (LAA) was established in 1993 as a non-profit state joint stock company by the Latvian government to attract foreign direct investment in the country. They maintain market intelligence and information on doing business in Latvia (www.lda.gov.lv, www.balticmarket.org), can identify Latvian importing companies and advise on import procedures, and can advise on EU regulations (standardization, legislation, and existing programs). The Latvian Development Agency should be contacted to inquire how they might assist in best marketing Armenian products regionally. They can be reached at:

Latvian Development Agency
2 Perses iela
Riga LV 1442, Latvia
Tel: 371.703.9400
Email: invest@lda.gov.lv

K. Freight-forwarding Services

Economical freight rates, cargo tracking, timely shipping (11 days), correct export documentation, and smooth customs clearance are all required with each shipment of Armenian products to Latvia. Given its prime geographic location and experience with high-volume cargo shipments through its ports, Latvia has numerous skilled freight-forwarding companies. The below list should be contacted and their services and prices compared. As shipments increase to Latvia, rates should drop and our clients' products be more competitive.

Hanza Maritime Agency
Eksporta str. 10
LV-1045 Riga, Latvia
Tel: 371.7.320.216

Sun Gate
25 Bruninieku Str.
Lv-1001 Riga, Latvia
Tel: 371.7.727.2744
Contact: Julia Shmatova, Marketing Dept.
Email: sungate@sungate.lv
URL: www.sungate.lv
Latshipagent
Pulkv Brieza str. 4
LV-1010 Riga, Latvia
Tel: 371.783.0021

Lat Fast Logistics Ltd.
7 Gertrudes Str.

Riba LV-1010, Latvia
Tel: 371.750.6539

L. Participation in Riga Food 2003

Given the success of attending Riga Food 2002, next year's exhibition should also be included in our marketing efforts in the Baltics. Riga Food 2003 will be held again at the International Exhibition Centre, 8 Kipsalas Street, Riga, and LV-1048, Latvia. It will run September 10-13 2003. The organizers can be contacted at:

International Exhibition Company BT1
Smerja iela 3-338
Riga LV-1006, Latvia
Tel: 371.752.9919
Fax: 371.754.0319
Email: rigafood@bt1.lv
<http://www.bt1.lv/rigafood>
Contact: Rolands Nezborts, Project Manager, Mobile: 371.912.7662

Arrangements to ship food and beverage products for presentation and trade show tastings can be made through:

DFDS Transport Latvia SIA
Katlakalna iela 1
Riga LV-1073, Latvia
Tel: 371.7.100.701
Fax: 371.7.100.700
Email: riga@dfdstransport.com
<http://www.dfdstransport.com>

Appendix I: Wine Retail Price Matrix

Nelda Grocery Store

Wine: \$1.67-\$12.18, Average: \$5.67				
Winery	Country	Type	Size	Price
Santa Lucia	Argentina	Dry Red	750 ml.	Ls2.66/\$4.50
Alta Vista	Argentina	Dry Red	750 ml.	Ls3.99/\$6.75
Conde de Aconcagua	Chile	Dry Red	750 ml.	Ls4.99/\$8.45
Carmen	Chile	Dry Red	750 ml.	Ls4.28/\$7.25
Rene Barbier	Spain	Dry Red	750 ml.	Ls2.98/\$5.05
Vina Marcos	Spain	Dry Red	750 ml.	Ls2.53/\$4.28
Chateau Ventenac	France	Dry Red	750 ml.	Ls3.02/\$5.11
Etalon	France	Dry Red	750 ml.	Ls4.71/\$7.98
Tamanda	Georgia	Dry Red	750 ml.	Ls7.19/\$12.18
Kindzmarauli	Georgia	Dry Red	750 ml.	Ls0.99/\$1.67
Milas Vins	Moldova	Dry Red	750 ml.	Ls1.23/\$2.08
Isabella	Moldova	Dry Red	750 ml.	Ls1.66/\$2.81

Remi Hypermarket

***NOTE: Gallo/California selling for Ls9.69/\$14.04; Wente/California selling for Ls12.79/\$18.53

***Armenian Ganzak selling for: Ls3.19/\$4.64

Vernashen Ls3.59/\$5.20

Wine: \$2.88-\$10.27, Average: \$5.38				
Winery	Country	Type	Size	Price
Talisman	Georgia	Dry Red	750 ml.	Ls4.69/\$6.65
Talisman	Georgia	Dry Red	750 ml.	Ls2.70/\$3.91
35 South	Chile	Dry Red	750 ml.	Ls3.59/\$5.20
Carmen	Chile	Dry Red	750 ml.	Ls4.79/\$6.94
San Paolo	Argentina	Dry Red	750 ml.	Ls2.11/\$3.05
Trivento	Argentina	Dry Red	750 ml.	Ls3.49/\$5.05
Rosu de Purcari	Moldova	Dry Red	750 ml.	Ls1.99/\$2.88
Massandra	Moldova	Dry Red	750 ml.	Ls3.39/\$4.91
Ganda	Spain	Dry Red	750 ml.	Ls3.99/\$5.78
Palacio de Monsalud	Spain	Dry Red	750 ml.	Ls4.99/\$7.23

Canaletto	Italy	Dry Red	750 ml.	Ls3.19/\$4.62
San Giovese di Puglia	Italy	Dry Red	750 ml.	Ls2.99/\$4.33
Chateau Passama	France	Dry Red	750 ml.	Ls3.19/\$4.62
Chateau Belfort	France	Dry Red	750 ml.	Ls7.09/\$10.27

Sky Market

Wine: \$4.33-\$10.13, Average: \$6.90				
Winery	Country	Type	Size	Price
Talisman	Georgian	Dry Red	750 ml.	Ls4.59/\$6.52
Pirosmani	Georgia	Dry Red	750 ml.	Ls4.95/\$7.17
El Emperador	Chile	Dry Red	750 ml.	Ls3.25/\$4.71
Terra Andina	Chile	Dry Red	750 ml.	Ls6.99/\$10.13
Bergerac	France	Dry Red	750 ml.	Ls3.95/\$5.72
Chateau des Crozes	France	Dry Red	750 ml.	Ls2.99/\$4.33
Chateau Latour Laguens	France	Dry Red	750 ml.	Ls6.19/\$8.97
Siefried	New Zealand	Dry Red	750 ml.	Ls6.55/\$9.49
Black Opal	Australia	Dry Red	750 ml.	Ls5.89/\$8.53
Torres	Spain	Dry Red	750 ml.	Ls3.69/\$5.34
Don Fernando	Spain	Dry Red	750 ml.	Ls3.49/\$5.05

City Market

Wine: \$3.60-\$11.55, Average: \$6.33				
Winery	Country	Type	Size	Price
Torres	Spain	Dry Red	750 ml.	Ls2.49/\$3.60
Berbarana	Spain	Dry Red	750 ml.	Ls2.80/\$4.05
Gandia	Spain	Dry Red	750 ml.	Ls3.79/\$5.49
Chateau Belfort	France	Dry Red	750 ml.	Ls6.95/\$10.07
St. Emilion	France	Dry Red	750 ml.	Ls7.97/\$11.55
San Gioveso	Italy	Dry Red	750 ml.	Ls2.98/\$4.31
Canaletto	Italy	Dry Red	750 ml.	Ls3.54/\$5.13

Fleur du Cap	South Africa	Dry Red	750 ml.	Ls4.89/\$7.08
Long Mountain	South Africa	Dry Red	750 ml.	Ls4.29/\$6.21
Malbec	Argentina	Dry Red	750 ml.	Ls2.69/\$3.89
35 South	Australia	Dry Red	750 ml.	Ls3.43/\$4.97
Siefried	New Zealand	Dry Red	750 ml.	Ls7.49/\$10.85
Talisman	Georgia	Dry Red	750 ml.	Ls4.69/\$6.79
Old Tblisi	Georgia	Dry Red	750 ml.	Ls3.25/\$4.71

Appendix II: Natural Fruit Juice Retail Price Matrix

Nelda Grocery Store

Juices: \$0.77-\$1.42, Average: \$1.10				
Producer	Country	Type	Size	Price
Cido	Latvia	Apricot/Orange	1 liter	Ls0.46/\$0.77
Cido	Latvia	Cherry/Cranberry	1 liter	Ls0.49/\$0.83
Cido	Latvia	Peach	1 liter	Ls0.65/\$1.10
Cido	Latvia	Tomato	1 liter	Ls0.65/\$1.10
Cido	Latvia	Multifruit	1 liter	Ls0.47/\$0.79
Amigo	Latvia	Apple	1 liter	Ls0.66/\$1.11
J7	Russia	Apple	1 liter	Ls0.84/\$1.42
J7	Russia	Apricot	1 liter	Ls0.84/\$1.42
J7	Russia	Tomato	1 liter	Ls0.84/\$1.42

Remi Hypermarket

Juices: \$0.69-\$1.14, Average: \$0.97				
Producer	Country	Type	Size	Price
Cido	Latvia	Peach	1 liter	Ls0.69/\$1.00
Cido	Latvia	Grapefruit	1 liter	Ls0.69/\$1.00
Cido	Latvia	Apple/Strawberry	1 liter	Ls0.49/\$0.70
Cido	Latvia	Apple	1 liter	Ls0.48/\$0.69
J7	Russia	Peach	1 liter	Ls0.79/\$1.14
J7	Russia	Tomato	1 liter	Ls0.49/\$1.14
J7	Russia	Grape	1 liter	Ls0.79/\$1.14

Sky Market

Juices: \$0.65-\$1.28, Average: \$0.89				
Producer	Country	Type	Size	Price
J7	Russia	Tomato	1 liter	Ls0.89/\$1.28
J7	Russia	Apple	1 liter	Ls0.75/\$1.08
Cido	Latvia	Apricot/Orange	1 liter	Ls0.46/\$0.66
Cido	Latvia	Peach	1 liter	Ls0.65/\$0.94
Gutta	Latvia	Apricot Orange	1 liter	Ls0.49/\$0.71
Gutta	Latvia	Peach	1 liter	Ls0.64/\$0.92
Elmenhorster	Germany	Apple	1 liter	Ls0.64/\$0.92
Elmenhorster	Germany	Multifruit	1 liter	Ls0.45/\$0.65

City Market

Juices: \$0.59-\$1.04, Average: \$0.79				
Producer	Country	Type	Size	Price
Gutta	Latvia	Tomato	1 liter	Ls0.41/\$0.59
Gutta	Latvia	Multifruit	1 liter	Ls0.49/\$0.71
Gutta	Latvia	Apple	1 liter	Ls0.42/\$0.60
Cido	Latvia	Multifruit	1 liter	Ls0.49/\$0.71
Cido	Latvia	Apple/Strawberry	1 liter	Ls0.46/\$0.66
Sandora	Ukraine	Plum	1 liter	Ls0.72/\$1.04
Sandora	Ukraine	Apple	1 liter	Ls0.72/\$1.04
Dr. Siemar	Germany	Tomato	1 liter	Ls071/\$1.02

Appendix III: Goat Cheese Retail Price Matrix

Nelda Grocery Store

Cheeses: \$1.96-\$3.93, Average: \$2.94				
Producer	Country	Type	Size	Price
Hofmeister	Germany	Feta In Oil	375 gr.	Ls2.32/\$3.93
Panevizo Pienas	Lithuania	Feta Cheese	340 gr.	Ls1.16/\$1.96

Remi Hypermarket

Cheeses: \$1.44-\$2.26, Average: \$2.30				
Producer	Country	Type	Size	Price
Hofmeister	Germany	Feta In Oil	375 grs.	Ls2.26/\$3.27
Weichkase	Germany	Feta	500 grs.	Ls1.00/\$1.44
Gatavots	Latvia	Feta in Oil	240 grs.	Ls1.15/\$1.66
Labria	Lavia	Feta In Oil	250 grs.	Ls1.96/\$2.84

Sky Market

Cheeses: \$1.72-\$2.31, Average: \$2.01				
Producer	Country	Type	Size	Price
Ruder's	Germany	Feta In Oil	375 grs.	Ls1.60/\$2.31
Kzasster's	Latvia	Feta In Oil	375 grs.	Ls1.19/\$1.72

City Market

Cheeses: \$1.47-\$4.27, Average: \$2.48				
Producer	Country	Type	Size	Price
Hofmeister	Germany	Feta In Oil	375 grs.	Ls2.95/\$4.22
Hellas	Germany	Feta In Oil	200 grs.	Ls1.71/\$2.47
Fruchgold	Germany	Feta In Oil	250 grs.	Ls1.02/\$1.47
Gatavots	Latvia	Feta In Oil	240 grs.	Ls1.18/\$1.71

Appendix IV: Tea Retail Price Matrix

Nelda Grocery Store

Teas: \$0.77-\$2.54, Average: \$1.37				
Producer	Country	Type	Size	Price
Ahmad	England	Earl Gray	100 grams	Ls1.50/\$2.54
Ahmad	England	Jasmine	100 grams	Ls0.85/\$1.44
Impra	Sri Lanka	Orange Pekoe	100 grams	Ls0.34/\$0.57
Impra	Sri Lanka	Jasmine	100 grams	Ls0.46/\$0.77
Pickwick	Holland	Chamomile	100 grams	Ls0.86/\$1.45
Pickwick	Holland	Rosehip w/Hibiscus	100 grams	Ls0.86/\$1.45

Remi Hypermarket

Teas: \$0.94-\$1.62, Average: \$1.19				
Producer	Country	Type	Size	Price
Pickwick	Holland	Green Tea	100 grams	Ls0.85/\$1.23
Pickwick	Holland	Lemon	100 grams	Ls0.84/\$1.21
Ahmad	England	Royal Blend	100 grams	Ls0.81/\$1.17
Twinings	England	Irish Breakfast	100 grams	Ls1.12/\$1.62
Lipton	USA	Black	100 grams	Ls0.87/\$1.26
Dilmah	Sri Lanka	Lemon	100 grams	Ls0.65/\$0.94
Dilmah	Sri Lanka	Earl Gray	100 grams	Ls0.65/\$0.94

Sky Market

Teas: \$0.71-\$1.37, Average: \$1.08				
Producer	Country	Type	Size	Price
Pickwick	Holland	Rose Hip	100 grams	Ls0.94/\$1.36
Pickwick	Holland	Peach	100 grams	Ls0.74/\$1.07
Capt. Black	Ceylon	Black	100 grams	Ls0.49/\$0.71
Dilmah	Sri Lanka	Rose Hip	100 grams	Ls1.29/\$1.86
Teehaus	Germany	Strawberry	100 grams	Ls0.95/\$1.37
Ahmad	England	Earl Gray	100 grams	Ls0.87/\$1.13

City Market

Teas: \$0.50-\$2.17, Average: \$1.29				
Producer	Country	Type	Size	Price
Capt. Black	Ceylon	Black	100 grams	Ls1.50/\$2.17
Impra	Ceylon	Black	100 grams	Ls0.35/\$0.50
Lipton	USA	Black	100 grams	Ls1.20/\$1.73
Ahmad	UK	Ceylon Tea	100 grams	Ls0.73/\$1.05
Pickwick	Holland	Lemon	100 grams	Ls0.80/\$1.15
Pickwick	Holland	Honey	100 grams	Ls0.80/\$1.15

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