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Hotel Restaurant and Institutional Food Service Romania

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Approved By:

Russ Nicely, Agricultural Attaché

Prepared By:

Ioana Stoenescu, Marketing Specialist

Report Highlights:

This report contains information about Romania's Hospitality, Restaurant and Institutional food service industry. Romania's food sector will be a regional leader over the next five years, driven by an improving labor market, real wage growth and low levels of inflation. The report includes information about market entry strategy, opportunities and key distribution channels for U.S. food and beverage products offered for food service.

General Information:

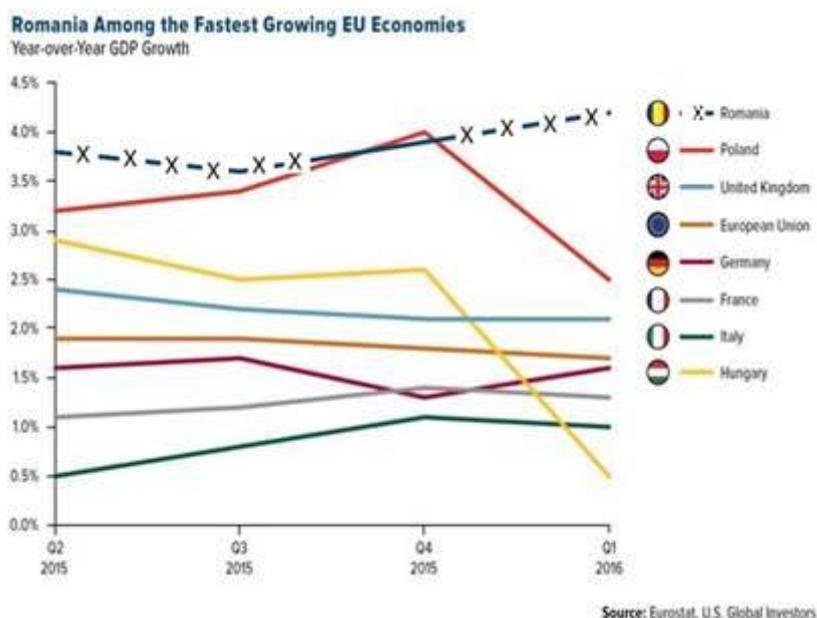
I. MARKET SUMMARY

Romania has been a member of the EU since 2007 and a member of NATO since 2004. Within the 28 EU countries, Romania has the seventh largest population, with 19.5 million inhabitants.

Romania is presently a market with outstanding potential, a strategic location, and an increasingly solid business climate. Although there is the need for an exporter to evaluate the market in order to assess the business opportunities, exporting to Romania is steadily becoming less challenging than in previous years in terms of the predictability of the business environment.

Economic growth in Romania is among the highest in the EU and is forecast to remain strong in 2017. The current macroeconomic outlook is stable. Real GDP growth rate was 3.8 percent in 2015, one of the highest in the EU 28, and is expected to maintain its positive trend. According to European Commission forecasts, GDP is estimated to reach 4.2 percent in 2016 and 3.7 percent in 2017 for Romania.

Chart 1 - EU Economies evolution Q2/2015-Q1/2016



The reduction in value added tax (VAT) from 24 percent to 9 percent for food products as of June 1, 2015, and to 20 percent for all products as of January 1, 2016, encouraged private consumption growth, which proved to be the main driver of the economy last year. Domestic demand is set to remain the driver of growth for 2017. The unemployment rate has been stable, under 7 percent in 2015, and is expected to slightly decrease for 2016. However, economic growth combined with the more flexible labor legislation should increase hiring. Romania may still experience shortages in skilled-labor, as workers remain attracted by higher paid employment abroad.

Total agricultural imports in Romania reached U.S. \$6.7 billion in 2015 (see Table 1), and the U.S.

had a 1.39 percent share of Romania's total agricultural imports in 2015.

Table 1 – Total Agricultural trade - Romania (2009-2015)

U.S. \$ billion	2009	2010	2011	2012	2013	2014	2015
Agricultural Imports	5.32	5.20	6.19	6.16	6.57	6.79	6.71
Agricultural Exports	3.13	4.12	5.59	5.19	7.04	7.37	6.57
Agricultural Trade Surplus/Deficit	(2.19)	(1.08)	(0.60)	(0.97)	0.47	0.58	(0.14)

Source: Global Trade Atlas

The major food product import categories are meats, grains, protein meals, dairy, edible fruits, and sugar. Exports consist of grains, seeds, live animals and fats. The major share of exports consists of bulk commodities, while imports are comprised of further processed products.

Following the steady growth of 8.9 percent recorded in 2015, retail sales jumped in the first half of 2016, increasing by 16.8 percent. Retail sales are expected to maintain their record growing trend for the rest of 2016 as well, driven by wage increases and strong consumer confidence.

Tourism industry

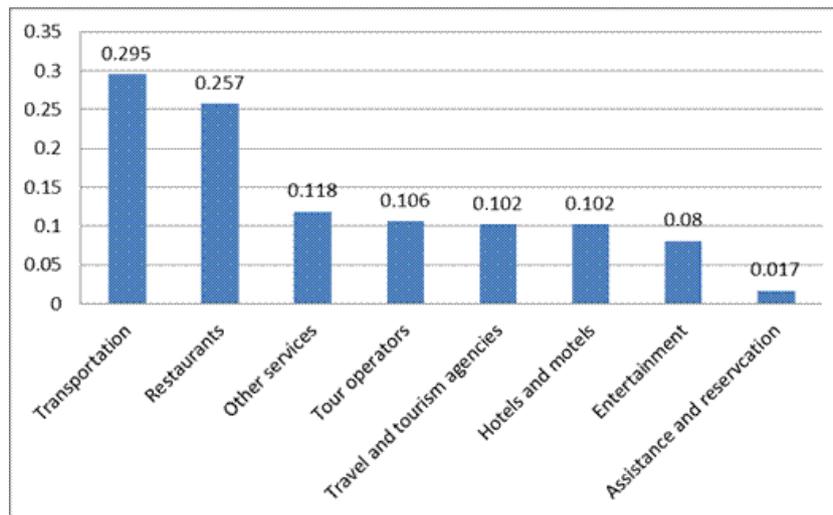
The remarkable tourism potential of Romania has two main components. The natural component is represented by spectacular landscapes, varied configuration of the relief, favorable climatic conditions and many natural therapeutic spas. The historical component is characterized by traces of succeeding civilizations that had lived on Romanian territory since ancient times, monuments and religious art objects, museums, ethnographical and folklore elements.

All the above mentioned constitute very attractive elements of Romanian tourism, presenting a wide variety of tourism experiences: stays (seaside, mountain, spa), hunting and sport fishing, cultural tourism, business (conventions, meetings) tourism. Due to its geographical position, Romania enjoys three major natural elements defining its landscape: the Carpathian mountains, the Danube river, and the Black Sea.

According to GTK East Consulting, the biggest tourism turnovers in 2015 were in the transportation sector, restaurants, and mobile foods sector (see Chart 2). The lowest turnover is in the tourism assistance and reservation sector, part of tourist agency activities. This industry could easily reach U.S. \$2.3-3.6 billion, if the infrastructure and services can be developed further.

As modern retail systems grow, exports of U.S. processed and high value foods to Romania are anticipated to continue expanding. This growth will be fuelled by rising purchasing power, consumer lending accessibility, and rising disposable income. According to Euromonitor, increased consumption as a result of the VAT reduction to 9 percent for food products and non-alcoholic drinks has been confirmed by official statistics data. Measured against the same period in 2014, the retail sales of grocery products (food, but also including drinks and tobacco) recorded a growth in value of 9 percent in January-May 2015. Starting June 2015 the impact of the new tax rate was a continuous monthly double-digit increase, with values of 22 to 28 percent higher when compared to the same month in the previous year.

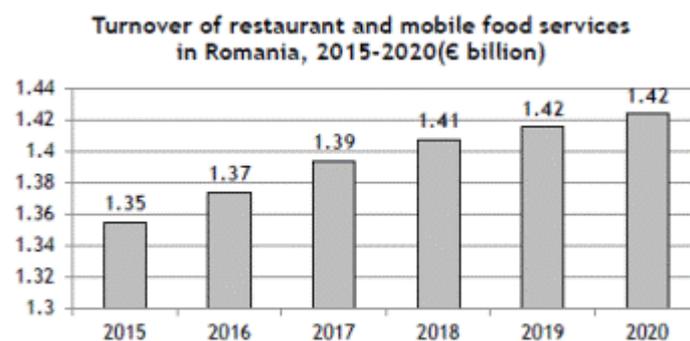
Chart 2 – Turnover of tourism sector in Romania, 2015



Source: GTK East Consulting report 2015

Romania's food sector will be a regional leader over the next five years, driven by the improving labor market, real wage growth and low levels of inflation. BMI Research foresees a positive outlook for Romania's food and drink sector over this period, on the back of strong private consumption growth. The same study estimates a compound annual growth rate (CAGR) of 5.6 percent over the 2014 -2019 period. According to GTK East Consulting, the turnover in the restaurants/food service sector is estimated continue its upward trend and to reach U.S. \$1.51 billion in 2020.

Chart 3 – Turnover of restaurants and mobile food services in Romania (2015-2020)



Source: GTK East Consulting report 2015

Table 2. Advantages and Challenges facing U.S. Products in Romania

Advantages	Challenges
The growing HRI sector is looking to diversify the range of food products	There are very high entry-costs to supermarkets for new product lines as well as additional marketing costs (advertising, discounts)
The retail expansion will allow more Romanians to access modern retail	EU accession imposed new barriers to entry for U.S. products, especially in

	poultry and red meat products
Increasingly wealthy and sophisticated consumers desire an expanded product range	The relatively low purchasing consumer power, only a small segment of population affording buying novelty or very-good quality products
U.S. suppliers are able to provide reliably large amount of product and consistent quality to restaurants	Long distance between United States and Romania makes U.S. products more expensive than from the neighboring countries due to freight costs
High quality of U.S. products is well known to consumers	Consumer price sensitivity influences the food service sector
Good expectations in retail sector, infrastructure development and tourism	Consumer preference for fresh products is increasing
Revenue increase and VAT reductions that translates in more money for Romanian consumers will generate further growth	Importers' inability in contracting large food volumes with U.S. exporters
Romanian consumers spend a significant share of their income (more than 40 percent) for purchasing food products, which is three times higher than the EU average	Disposable income makes some of the good-quality U.S. foods unaffordable
Local consumers' attraction to American culture is translated also to foods. Awareness of U.S. brands is expanding as more consumers travel abroad thus are more receptive when placed on local shelves	Considerable marketing costs for increasing consumers' awareness

Source: FAS

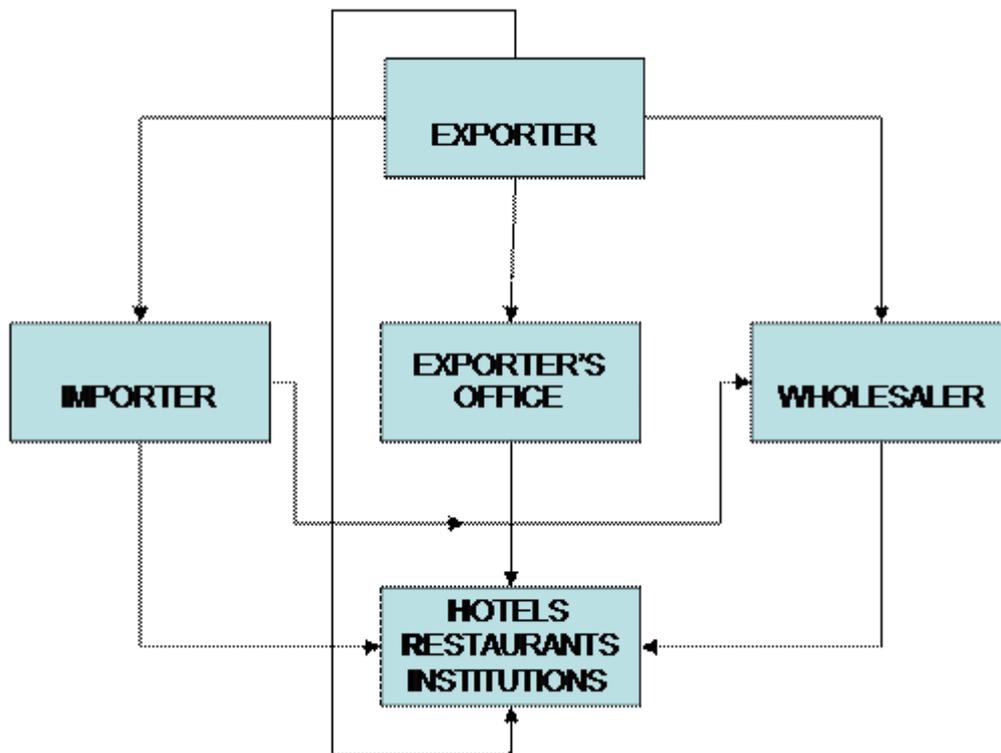
II. ROAD MAP FOR MARKET ENTRY

1. Entry strategy

Restaurants source their food and beverages products from local suppliers, they do not import directly. The entry strategy varies according with the category of products and the facilities necessary to have in order to operate.

Given the fact that most restaurants buy food from wholesalers, one option for entering the market would be to work with importers or distributors, which are direct suppliers for these wholesalers. The wholesalers import directly only a few categories of products. Some of the importers and distributors deliver directly the goods to restaurants.

Another type of strategy would be that the U.S. exporter would find a local exclusive representative importer/distributor, since they would be more familiar with existing legislation, trading practices and buyers. U.S. exporters are recommended to ask for references on the importers prior to any agreement with them.



2. Market structure

Romania's food sector will be a regional leader over the next five years, driven by an improving labor market, real wage growth and low levels of inflation. BMI Research foresees a positive outlook for Romania's food and drink sector over this period, on the back of strong private consumption growth. The same study estimates a compound annual growth rate (CAGR) of 5.6 percent for the 2014 -2019 period.

According to Euromonitor, business (conventions, meetings) tourism continued to account for more than half of inbound tourism arrivals in Romania during 2015. Bucharest and other large Romanian cities with intense economic activity form the core of dining out through full-service restaurants. Smaller cities and rural areas of Romania where rural tourism is more popular remained behind in terms of menu sophistication. In these locations restaurants offer mainly traditional Romanian cuisine. Additional factors are the high percentage of the rural population with lower disposable incomes and external migration, which will continue to have a negative impact on demand, and will affect growth rates in these areas.

A. Sub-sector profiles

Hotels and resorts

The variety of landscape, especially the mountains and the Black Sea, the great number of historical monuments, the large number of health resorts, and opportunities for practicing winter and summer sports have triggered the tourism sector's development.

The Romanian tourism industry is presently in a recovery period, with more than 3000 companies working in this sector, 1000 of them developing very fast. Tourism's share of GDP is 0.9 percent,

which compared with other countries is low, the average being around 2-4 percent. The biggest share of tourism is attributed to transportation and restaurants and mobile food services, accounting for 27 percent and 24 percent respectively.

On average, only 1.4 percent of total household income is used on Hotel and Restaurants services. Total consumer expenditure on hotels and catering was U.S. \$ 7.9 million in 2015, out of which U.S. \$ 4.7 million for catering and U.S. \$ 3.2 million for accommodation. Catering accounts for more than 60 percent of consumer expenditure in hotels. The total consumer expenditure per capita for hotels and catering increased in 2015 with 9 percent while the expenditure for catering per capita increased in 2015 with 10 percent.

During 2010-2015 the number of tourists in Romania increased. In 2015 there were 9,930,496 registered tourists, representing 17.2 percent growth as compared to 2014's numbers.

Table 3 – Number of tourists in Romania (2010-2015)

Year / Number of tourists	2010	2011	2012	2013	2014	2015
	6,072,757	7,031,606	7,686,489	7,943,153	8,465,909	9,930,496

Source: National Institute of Statistics in Romania

According to Euromonitor International, in 2014 Romania had 24,331 consumer foodservice establishments and the total value of transactions was U.S. \$ 4.9 million. The total number of transactions was 691 million, an increase with 3.1 percent compared to 2009.

Table 4 - Hospitality industry structure – dated June 2016

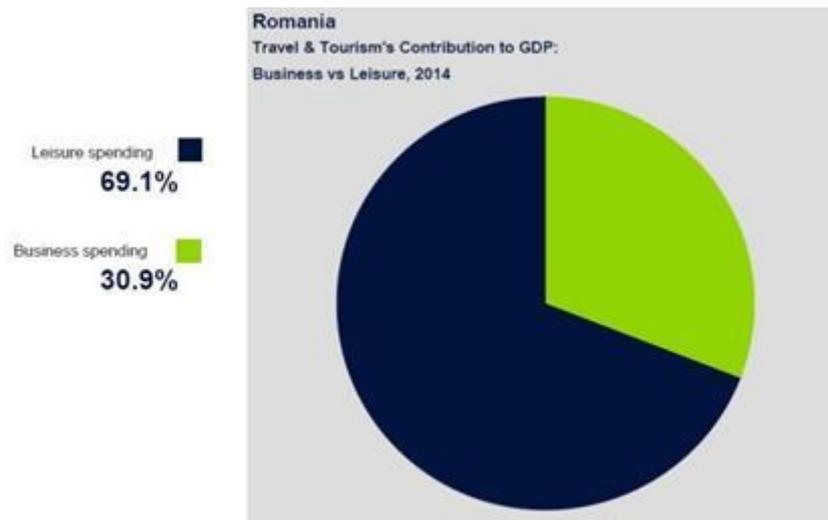
Type of establishment		Therapeutic Spa Centers	Seaside Resorts	Mountains Resorts	Danube Delta region	Bucharest and other big cities	Small cities
TOTAL	5387	437	259	1429	28	1337	1897
Hotels	1363	115	171	183	13	634	247
Hostels	202	7	11	24	-	102	58
Motels	194	13	1	18	-	27	135
Countryside pensions	3	-	-	-	-	2	1
Touristic villas	386	55	50	151	5	73	52
Touristic cabana	143	4	-	88	1	8	42
Touristic pensions	1236	141	4	296	1	455	339
Agro-touristic pensions	1435	27	1	606	5	19	777
Camping	32	4	7	7	-	2	12
Touristic Stops (small camping)	24	4	1	8	1	-	10
Holiday Villages	6	-	-	3	-	-	3

Bungalows	136	20	12	8	-	1	95
Student Camps	49	5	-	13	-	13	18
Touristic small houses	177	42	1	23	2	1	108
On-Boat accommodation	1	-	-	1	-	-	-

Source: *insse.ro*

International tourist arrivals are forecast to total 12,008,000 by 2026, generating expenditure of U.S. \$2.87 billion, an increase of 3.4 percent yearly. According to the World Travel and Tourism Council, leisure travel spending generated 69.1 percent of direct Travel & Tourism GDP in 2014, compared with 30.9 percent for business travel spending. Given the efforts of the Romanian Government in promoting the main tourist attractions, it is expected that the upward trend will continue. The leisure business has grown the most, mainly due to the increased number of flights into and from Bucharest International Airport and to more Danube cruises. Business travel spending is expected to grow by 8.1 percent yearly to reach U.S. \$3.2 billion in 2025. Additionally, leisure travel spending is expected to grow by 1.6 percent annually reaching U.S. \$3.91 billion in 2025.

Chart 5 - Leisure spending vs Business spending

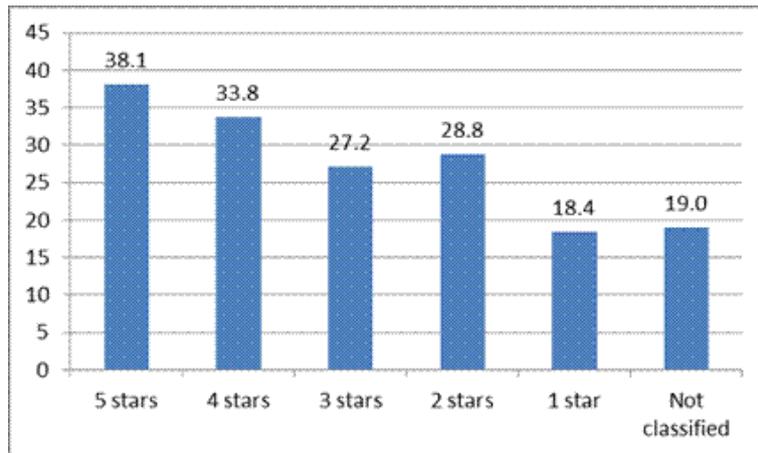


Source: *World Travel and Tourism Council;*

According to Colliers International, many of the hotel chains present in Romania started to differentiate from others by upgrading to higher standards. Park Inn, Sheraton and Best Western upgraded a total of 580 rooms in three affiliated older hotels. The same report estimates that the Bucharest hotel market includes a total of 147 hotels with more than 12,400 rooms, out of which the premium segment (four and five stars) accounts for almost half with 6,000 rooms.

Data provided by the National Statistics Institute indicate that the most popular lodging type selected by tourists visiting Romania were hotels; 4-5 star hotels were chosen more than 70 percent of the time. Pensions (1-2 stars) were used primarily by domestic tourists.

Chart 6 – Net use indices of tourists’ accommodation capacity in use (percentage) – 2015



Source: *insse.ro*

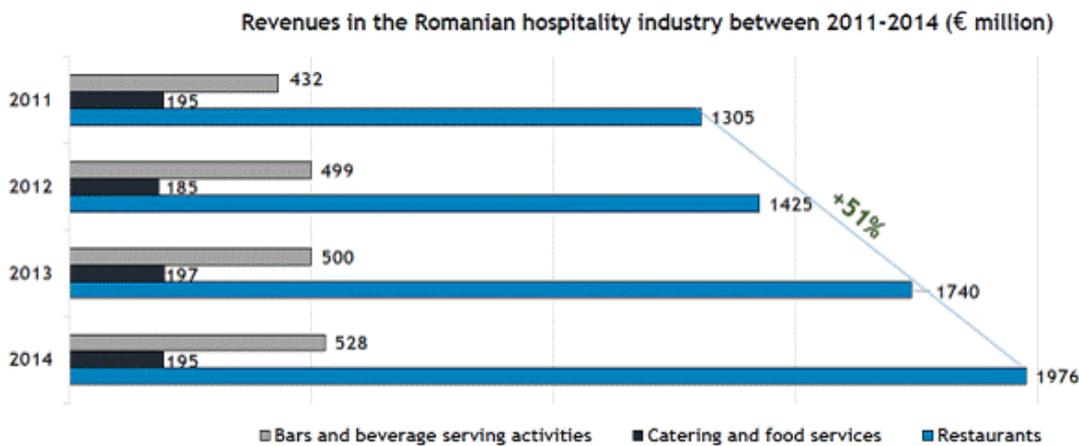
Full-Service Restaurants

Economic growth is expected to maintain its upward trend, on the basis of a continued increase in disposable income and the confidence of consumers in the economy and the future. These effects are mainly visible in Bucharest and other large cities of Romania, but also in other tourist areas which accounted for the highest proportion of spending on full-service restaurants. The full-service restaurants located in these areas are dominated by the culture of dining out as part of daily business activity during the working days and the need for entertainment during the weekend, particularly among groups of friends and family.

Dining out at restaurants is still preferred by most Romanians to celebrate special occasions. A discrepancy is visible between Bucharest and the largest cities on one side and the rest of the country on the other side. In Bucharest and the largest cities, dining out is a regular part of Romanian social life, especially during lunch breaks and on the weekends. This practice is not common in the rural areas, where people are still used to dine at home. These discrepancies in consumer foodservice habits between the most important cities and the rest of the country are expected to continue to exist.

The full service restaurant industry in Romanian continues to be dominated by restaurants offering economic menus (value-for-money). This category enjoys high popularity among Romanians. Economical restaurants are small independent outlets, usually operated by businesses that are generally unable to afford investing in upscale service, superior atmosphere and fine cuisine. Restaurant revenue exceeded the other sectors within the hospitality industry every year and gradually increased by 51 percent over 2011-2014 period.

Chart 7 – Revenues in the Romanian hospitality industry (2011-2014)



Source: GTK study; insse.ro

The Euromonitor study estimates that independent full service restaurants dominated the market in 2015 with 95 percent of value sales and 99 percent of outlets, which suggests a high level of fragmentation in the category. Due to the high levels of fragmentation in this category, competition among full service restaurants remains high and all available strategies are utilized by players, whether they are independently operated or as part of a franchise.

The full service restaurant category is expected to record an increase of 3 percent in value for 2016 compared with the previous year and 1 percent increase in terms of number of outlets. Large restaurants with many seating places located in leisure sites in order to attract families and large groups with average and below-average incomes is becoming a trend in the category. The most popular outlets in the category are traditional Romanian meals and pizza, while foreign cuisine attract more upscale business. Traditional casual dining brands such as Pizza Hut, Ruby Tuesday and Hard Rock Café, generally target consumers in search of a pleasant atmosphere and more sophisticated menus.

Table 5 –Brand Shares in Franchised Restaurants: % Foodservice Value 2012-15

% value	Global Brand Owner	2012	2013	2014	2015
Pizza Hut	Yum! Brands Inc	48.6	42.7	41.3	40.4
Trattoria Il Calcio	Restaurante Trattoria IL Calcio SRL	-	11.5	10.6	10.2
City Grill	Trotter Prim SRL	10.2	9.3	9.4	9.5
La Mama	Trotter Restaurant SRL	9.3	8.6	8.6	8.7
Taverna Sarbului	Taverna Sarbului SRL	10.1	8.7	8.5	8.7
La Placinte	Andy's Pizza SRL	-	0.4	3.2	5.2
Hard Rock Café	Hard Rock Café International Inc	6.3	5.3	5.2	5
Pizzeria Bella Italia	Bella Italia Logistics SRL	3.3	3.6	3.4	2.9

Pizza Dominium	Dominium SA	3.1	2.5	2.5	2.6
Benihana	Benihana Inc	3.2	2.7	2.5	2.3
Ruby Tuesday	Ruby Tuesday Inc	3.3	2.5	2.4	2.3
Sushi Ko	Sushi Ko Sarl	2.5	2.2	2.4	2.2
Pizza Dominium	Pizza Dominium Sp zoo	-	-	-	-
Total	Total	100	100	100	100

Source: Euromonitor International

Quick Service restaurants

The quick service sub-sector is prospering at a significant rate due to the fact that a growing number of people intend to minimize the amount of time they spend preparing and eating meals. Quick service outlets, unknown until 1990, became a fact of life for Romanians during the last couple of years. Most of them serve a variety of sandwiches, pizza, French fries, hamburgers, hot-dogs and a large variety of salads. The international quick service franchises like McDonalds, Pizza Hut, KFC and many others are present in Romania. The younger generation and middle-income families are the most common visitors of the food outlets.

According to Euromonitor, the total quick service segment increased in current value by 3 percent in 2015 reaching U.S. \$0.47 billion, while the number of outlets increased by 2 percent to 1,803. Quick service is set to increase in value at 4 percent annually, rising to U.S. \$0.57 billion in 2020.

The independent (non-franchise) quick service subset was the most dynamic category in 2015, recording a 36 percent increase in value compared with the previous year. The main source fueling this excellent growth was the strong penetration and increased popularity of Salad Box, a chain offering natural and healthy products. Spartan brand, offering Greek cuisine, also witnessed strong growth in 2015 after expanding the number of outlets with five new units reaching a total of 16.

The quick service industry continues to be dominated by independent players, accounting for 64 percent of outlets in the category, while franchise players dominated in terms of value sales and transactions volume with 69 percent share and 65 percent shares respectively. Among the leading chain categories, international brands maintained the highest shares, although domestic chains were present with four companies in the top 10 positions.

Over the last two years, there has been a noticeable change in their menu offerings. Some outlets started serving food at new times of the day, although the core business of all players in the category is regular menus available throughout the day. A similar tendency is observed for the international players such as McDonald's and KFC, which are offering breakfast menus at affordable prices, especially following the expansion of drive-through outlets, which are very popular among people buying breakfast on route to work.

According to Euromonitor, McDonald's remained the undisputed leader in quick service in 2015 with a 31 percent transactions volume share and a 29 percent value share placing it far ahead of its direct competitors. McDonald's has 67 outlets in operation across Romania, including in Bucharest and 20 other towns and cities. This meant McDonald's had the third largest outlet network in fast food in 2015 with a 4 percent share. Salad Box was the most dynamic quick service brand in Romania in 2015, recording an increase of 63 percent in value sales. Emma Salad SRL-D, the company behind the Salad Box brand, continues to benefit from strong growth due to the novelty of the Salad Box concept, which focuses on fresh vegetable and fruit salads and the perception of its products as being natural and healthy. Despite the strong fragmentation in quick service in Romania

in terms of the number of outlets in the category, quick service continues to be dominated by the recognized international brands, such as McDonald's, KFC and Subway. These three brands accounted together for 49 percent of value sales in quick service during 2015. The remaining 51 percent is divided between various international and domestic brands.

Table 6 - Brand Shares in Francize Quick Service: % Foodservice Value 2012-2015

% value	Global Brand Owner	2012	2013	2014	2015
McDonald's	McDonald's Corp	47.7	45.6	45.2	42.6
KFC	Yum! Brands Inc	21.8	23.1	24.4	24.9
Salad Box	Emma Salad SRL-D	-	1.4	2.8	4.2
Subway	Doctor's Associates Inc	2.4	3	3.4	3.8
Tip Top	Tip Top Food Industry SRL	4.6	2.9	2.9	3.3
OMV Viva	OMV Tankstellen AG	5.1	4.8	3.7	3.2
Chopstix	MLS Invest Trading SRL	2.3	2.7	2.6	2.9
Paul	Holder, Groupe	2.2	2.5	2.4	2.5
Springtime	Spring Prod Com SRL	3.7	3.8	3	2.3
Hei	KMG International N.V.	-	-	1.9	1.8
Spartan	Strong MND Corp SRL	-	-	1.3	1.6
Nordsee	Nordsee GmbH	1.8	1.7	1.4	1.3
Mesopotamia	Set-Corp SRL	-	-	-	1
Dristor Kebab	Dristor Kebab SRL	1.1	1.4	1	0.9
Shanghai Fast Food	Ganbei SRL	0.5	0.5	0.5	0.6
Fresh Energy	Lukoil OAO	0.3	0.4	0.5	0.5
Snack Attack	Samson Investitii SRL	-	0.3	0.3	0.4
Ikea Bistro	Inter Ikea Systems BV	0.4	0.4	0.4	0.4
Quasi Pronti	Quasi Pronti	0.4	0.4	0.4	0.4
Gazprom	Gazprom Neft OAO	-	0.2	0.2	0.2
Brioche Doree	Le Duff, Groupe	0.1	0.1	0.2	0.2
Häagen-Dazs	General Mills Inc	0.2	0.3	0.2	0.2
Cafe Nar	SOCAR Co	-	0.2	0.1	0.2
French Bakery	French Bakery SRL	0.2	0.2	0.2	0.2
BackWerk	BackWerk Service GmbH	0.3	0.2	0.2	0.1
Cinnabon	Focus Brands Inc	0.3	0.2	0.2	0.1
Gregory's	Gregory's Microgevmata SA	0.2	0.1	0.1	0.1
Fresh Corner	MOL Group	-	-	-	0.1
Aladin Foods	Aladin Foods OOD	-	-	-	0.1
AFC Express	Asia Food Co Group	0.3	0.2	0.1	0.1
Ciao Agip	ENI SpA	0.4	0.4	0.3	-
Michelangelo	Parados Srl	0.1	0.1	0.1	-
Hei	Romp petrol Holding SA	2.5	2.3	-	-
Broaster Chicken	Broaster Co, LLC, The	0.6	0.5	-	-
Daylight Donuts	Daylight Donut Flour Co	0.2	0.2	-	-
Total	Total	100	100	100	100

Source: Euromonitor International

Cafés and Bars

The cafés and bar category is directly impacted by the status of the Romanian economy and disposable incomes, both showing positive growth in the past two years. During 2015 this positive evolution was conveyed by the growth of consumption. Although there were high numbers of outlets in the category opening and the closing down, the annual balance shows steady growth in the number of outlets in this category. The areas attracting new openings were in large cities, mainly in tourist areas with high pedestrian foot traffic.

For 2015 Euromonitor estimated a 2 percent increase in value for the cafés and bars category reaching U.S. \$1.27 billion, and a similar percentage growth for the transactions volume reaching U.S. \$34.83 million.

Within this category, bars and pubs have the largest share and continue its growth, recording a 3 percent increase in value in 2015. While independent bars are considerably more dynamic, the franchise ones remain more static. Romanian consumers perceive bars as traditional places for consuming drinks and coffee, while pubs represent a fashionable concept. Pubs prevail in tourist areas and the downtowns of large cities. In the country side, bars and pubs are focused entirely on drink consumption, rarely accompanied by snacks, while in the big cities they also serve basic, unsophisticated cuisine.

During the last few years, a noticeable expansion of specialist coffee shops was seen. The leader in the cafés and bars category is Amrest Coffee. The company recorded the fastest growth in 2015, evolution attributed also to the acquisition of Starbucks outlet network. The cafés and bars category is expected to maintain its positive growth over the next period fuelled by the growth in disposable incomes. According to Euromonitor data, cafés and bars category is expected to increase in value at an average of 2 percent per year, reaching U.S. \$1.39 billion in 2020. The main threat to sales in cafés and bars was the complete ban on smoking in enclosed public places which entered in force on March 15, 2016. Business owners estimated a significant decrease in their customer counts and consecutively sales after this implementation. However this proved not to be accurate. The National Fiscal Authority released public comparison data for the 2015-2016 (before and after the legislation entered into force) showing an increase of 5.1 percent in sales registered by restaurants and bars.

Tea shops remain limited to only downtown areas of the large cities. The perception of tea as a healthy beverage contributed to this segment's increased popularity. These outlets offer a wide variety of teas, in addition to coffee and other hot drinks.

Table 7 - Brand Shares in Franchise Cafés and Bars: % Foodservice Value 2012-2015

% value	Global Brand Owner	2012	2013	2014	2015
Starbucks	Starbucks Corp	29.4	32.3	33.4	39.0
McCafé	McDonald's Corp	10.9	15.0	17.1	16.1
Bet Cafe Arena	Bet Cafe Arena SRL	15.3	14.8	15.1	14.2
Gloria Jean's Coffees	Retai Food Group Ltd	-	-	7.6	5.9
Zvon Cafe	Zvon Caffè SRL	6.5	5.9	5.5	4.6
Tempo Cafe	Spring Prod Com SRL	8.0	7.0	5.7	3.9
Bourbon Cocktails & Coffee	Bourbon SRL	4.6	3.5	3.1	2.7
Café Nescafé	Nestlé SA	2.3	2.3	2.1	2.0
City Cafe	Trotter Prim SRL	2.6	2.2	2.1	2.0
Coffee Republic	Coffee Republic Trading Ltd	1.4	2.2	2.2	2.0
5 to go	Old Nick Bar Caffè SRL	-	-	-	1.9
Cafepedia	Trotter Restaurant SRL	1.8	1.8	1.7	1.5

Segafredo	Massimo Zanetti Beverage Group SpA	1.9	1.8	1.7	1.5
Lavazza Café	Lavazza SpA, Luigi	-	-	-	1.1
Coffeeright	Gregory's Microgevmata SA	1.9	1.1	0.8	0.6
Tchibo	Tchibo GmbH	-	0.2	0.7	0.6
Cafe Jacobs	Mondelez International Inc	-	1.6	1.2	0.6
Gloria Jean's Coffees	Jireh International Pty Ltd	10.1	8.5	-	-
Cafe Jacobs	Kraft Foods Inc	2.4	-	-	-
Turabo Cafe	Turabo Grup SRL	0.8	-	-	-
Coffee Republic	Coffee Republic Plc	-	-	-	-
Cup & Cino Coffee House	CUP&CINO Kaffeesystem-Vertrieb GmbH & Co KG	-	-	-	-
Testa Rossa Caffè	Handelshaus Wedl	-	-	-	-
Cremcaffè	Julius Meinl AG	-	-	-	-
Vienna Café	OMV Tankstellen AG	-	-	-	-
Café Pascucci	Pascucci Torrefazione SpA	-	-	-	-
Costa Coffee	Whitbread Plc	-	-	-	-
Total	Total	100.0	100.0	100.0	100.0

Source: Euromonitor International

Home Delivery and Take Away

The economic growth visible in Romania, more specifically in Bucharest and other large cities, supported positive growth in home delivery and take away food in 2015. The strong economic growth influenced consumers' lifestyles, resulting in busier routines, with many working longer hours, leaving them less time for cooking or dining out. This had a positive impact on sales of the home delivery and take away sub-sector in 2015. Euromonitor estimates a delivery and take away market value of about U.S. \$39.53 million in 2015, with a total number of 143 outlets.

Pizza represents the main choice for home delivery and take away in Romania in 2015. This category accounts for 83 percent of value sales and targets consumers of all age groups and income segments. The pizza delivery and take away category reached U.S. \$32.71 million sales in 2015. The leader position is taken by Jerry's Pizza SRL with 22 percent market share in 2015, followed by Domino's Pizza and Pizza Hut.

The remaining market is shared among Chinese, Middle East and European food delivery, which maintain loyal consumer bases among more educated and wealthier people.

Table 8- Brand Shares in Home Delivery and Take away: % Foodservice Value 2012-2015

% value	Global Brand Owner	2012	2013	2014	2015
Jerry's Pizza	Jerry's Pizza SRL	33.6	32.2	34.4	35.4
Pizza Hut Express	Yum! Brands Inc	26.5	31.5	33.0	30.4
Trenta Pizza	Infop Perfectionare si Dezvoltare SRL	21.1	19.4	18.6	18.3
Domino's Pizza	Domino's Pizza Inc	12.0	11.0	8.3	10.2
Wu Xing	Quick Best Food SRL	6.9	5.9	5.7	5.6
Wu Xing	CSC Exim' 92 SRL	-	-	-	-
Total	Total	100.0	100.0	100.0	100.0

Source: Euromonitor International

III. COMPETITION

The United States is among the top 15 agricultural trading partners of Romania. U.S. exports flow either directly to Romania, mainly bulk and intermediate goods, or through the main trade gates in the EU, such as the Netherlands, Italy, Germany and the United Kingdom. In 2015 U.S. agri-food direct exports reached U.S. \$93 million, a 55 percent increase over last year. Regarding indirect exports, based on the trade data provided by Romanian Statistical Office (Intra-Stat data), goods worth an additional U.S. \$46 million were transshipped through these points of entry in 2015. Therefore in total, U.S. agri-food exports to Romania increased by 45 percent from U.S. \$96 million to U.S. \$139 million in 2015.

Main U.S. commodities exported to Romania include: planting seeds, food preparations, beverages, fruits and nuts, and seafood. While the bulk and intermediate categories fluctuate from year to year, subject to competition from South America for protein meals, consumer oriented products have been more stable. In 2015 Romania imported U.S. \$13 million in consumer oriented foods from the United States. Within the category of consumer oriented products, tree nuts, dried fruits, seafood, beef, and sauces & condiments are foreseen to have very positive prospects, while within the category of intermediate products planting seeds, soybeans and animal genetics demonstrate growth potential.

Below you will find a table with the major categories of food products and beverages offered by the food service sector in Romania.

Table 9 – Competition

Product Category/ Total Import Value 2015 (U.S. \$ 000)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of local suppliers
Pork meat 0203 Import 2015: U.S. \$333,019	Germany (30%) Hungary (18%) Spain (17%) Netherlands (12%)	Ability to meet EU requirements; Good quality meat; Consistent supply; Proximity;	Insufficient domestic supply; High production prices
Poultry meat 0207 Import 2015: U.S. \$162,375	Hungary (31%) Poland (20%) Germany (12%) Netherlands (11%)	Ability to meet EU requirements; Very competitive prices; Short distance for EU member states;	Ability to supply the market with fresh poultry meat; Branded products; High prices for domestic production;
Beef (chilled and frozen) 0202 Import 2015:	Germany (60%) Italy (14%) Poland (12%)	Ability to meet EU requirements; Good quality meat; Few sources in the	Very few specialized beef farms; Reduced and seasonal supply (during

U.S. \$58,449	Hungary (5%)	region;	fall);
Frozen fish and seafood 03- all Import 2015: U.S. \$168,088	Netherlands (15%) Sweden (10%) Spain (10%) Italy (9%)	Competitive prices; Short distance for EU member states;	Species in demand are not domestically produced; Domestic species are mainly seasonally available;
Meat products 1602 Import 2015: U.S. \$53,106	Hungary (30%) Poland (23%) Germany (17%) Czech Rep. (9%)	Proximity; Consistent supply; Ability to meet EU requirements;	Well-establish meat-processing industry able to supply a large variety of products; Highly protected market;
Nuts, peanuts, almonds, pistachio 0802 Import 2015: U.S. \$37,661	Ukraine (22%) Hungary (13%) Italy (11%) United States (8%)	Proximity; Low prices; Favorable currency value; Very good quality products;	Products not available on the local market
Processed fish 1604 Import 2015: U.S. \$53,817	Poland (22%) Germany (21%) Thailand (12%) Italy (11%)	Preferential duties; Good quality products for reasonable prices;	Underdeveloped fish-processing units; Low production;
Pet food 2309 Import 2015: U.S. \$199,616	Hungary (46%) Germany (9%) Poland (8%) Italy (5%)	Preferential tariffs for certain types of pet food; Well-known brands; Proximity; Low prices;	Emerging stage for domestic processing units; Prohibition of bone meal usage in commercial animal feeding;
Frozen vegetables 0710 Import 2015: U.S. \$38,960	Belgium (23%) Hungary (15%) Poland (14%) Italy (10%)	Good quality products at good prices; Attractive packages;	Low domestic supply; Absence of competitive processing units;
Fruits and vegetables juices 2009	Netherlands (18%) Germany (16%)	Preferential tariffs for certain types of juices; Very good quality	Good local fruits production; Low-value investment in processing-industry;

A. Products present in the market which have good sales potential

The snack industry and retail sector have been able to generate import demand for most edible fruits and nuts in 2015.

- United States is the leading supplier for almonds with a share of 26 percent of total imports;
- Shelled pistachios imports increased by 257 percent in total over 2015 compared with previous year;
- U.S. Walnuts exports however declined slightly in 2015 (3 percent drop), mainly driven by the entire category's decline;
- Other products, like dried plums and pecans from United States, are not imported directly to the Romanian market, but through other European countries;
- Tree nuts and almonds are definitely a good opportunity for U.S. exporters especially for the sub-sector Pubs and Bars.

Processed food and seafood has a long tradition of consumption in Romania.

- Processed meat is a basic food product which is becoming increasingly mature and price sensitive. This is by far the largest area and practically dictates the performance of processed meat and seafood as a whole. Volume sales increased in 2015 due to the reduction of VAT from 24 percent to 9 percent in June, with the reduction of average unit prices making the area more attractive to mass consumers;
- Restaurants source ocean fish & seafood solely from imports. The main fish & seafood suppliers are the Netherlands, Norway, Italy, Spain, and the United States.

After a year of decline, distilled spirits imports grew in 2015 by 25 percent, indicating a recovery in consumer demand.

- We estimate the distilled spirits will slightly grow in 2016. The United States continues to be a significant whiskey supplier on the Romanian market, being the leading provider of Bourbon whiskey.

B. Products not present in significant quantities but which have good sales potential

The sauces, dressing and condiments category grew with 1 percent in value sales, up to U.S. \$ 157 million in 2015.

- Lifestyle plays an important role in its growth. Less time for cooking, the launch of new varieties for the established mustard, ketchup and condiments, and expansion of foreign cuisine restaurants helped to change home consumption habits, with consumers adopting different sauces specific to a certain cuisine or meal. Wet/cooking sauces are under the exclusive domination of international companies. Higher-income consumers are one of the main targets;
- American and gorgonzola cooking sauces were the key types, accounting for a 23 percent share and 22 percent share respectively. They were followed by herb (15 percent), sweet & sour (13 percent) and spicy (13 percent).

C. Products not present because they face significant barriers

Bread and bakery products are one of the main food product used in consumption by Romanians.

- In 2014, the annual average bread consumption was 110 kg per capita, well above the European average which is 80 kg per capita. In 2014 from the total expenditures for food and beverages, the share of expenditures for bread and bakery products was 13.5 percent;
- Cereals and products from cereals account for 40 percent from the total number of calories. One of the main trends that is more and more visible in this industry is the growth of frozen

bakery market;

- The consumption of frozen bakery products is increasing due to a better awareness of nutritional facts among people and because of busy work schedules;

As a result of joining the EU in 2007, only pork, beef and poultry meat originating from EU approved establishments are allowed for import into Romania, with very limited exceptions. This diminished and ultimately eliminated an important market for U.S. products, estimated at about U.S. \$60 million.

V. POST CONTACT AND FURTHER INFORMATION

If you have any questions regarding this report or need assistance exporting to Romania, please contact us at:

Foreign Agricultural Service

American Embassy

4-6 Dr. Liviu Librescu Blvd., District 1, Bucharest-015118, Romania

Tel. (+40) 21 200-3356; (+40) 21 200-3374

E-mail: AgBucharest@fas.usda.gov

Web-page: <https://ro.usembassy.gov/embassy/bucharest/sections-offices/foreign-agricultural-service/>

End of the report.