

**The Taste of Pace:
Situating Fast Food restaurants in Russia's agrifood system**

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**Paper prepared for presentation at the 102th EAAE Seminar
'SUPERLARGE FARMING COMPANIES:
EMERGENCE AND POSSIBLE IMPACTS,' Moscow, Russia
May 18, 2007**

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Of the many forces behind the transformation of Russia's agri-food system, fast food restaurants are certainly not the most significant. In a context where the organization of both agricultural production and food consumption continues to be transformed, the vast literature documenting, analyzing, and guiding this process gives scant attention to the rise of foreign and domestic fast food restaurant chains. This is not surprising given that the effects of foreign investments in the agricultural sector generally draw less attention than endogenous political, social, economic, and natural factors. One explanation is that foreign investment tends to concentrate in particular regions or food industries (processing in particular), or that Russia's protectionist trade policies effectively limit market integration (Wegren 2005). Nonetheless, the rapid expansion of the fast food industry, and its heavy reliance on domestically sourced inputs, creates significant demand for certain crops, processed goods, and ingredients. Fast food also requires a particular set of business practices to ensure timely delivery of standardized products that meet corporate requirements for quality and consistency. Thus, the fast food industry offers an opportunity to witness the interaction between foreign companies and domestic actors along the supply chain, from farm to table and back.

Prior even to the introduction of a market economy, the paragon of American capitalism itself managed to break into the Soviet Union: McDonald's. Since its opening in 1990, the location on Pushkin square has been the busiest of their more than 32,000 outlets across the globe. From the start, McDonald's presence extended far beyond its restaurant doors. In 1989, McDonald's Canada opened the McComplex processing facility in Solntsevo, a suburb of Moscow. Here, state-of-the-art processing lines produced most of the component parts—buns, cheese, burger patties, and more—for not only Russia's over 150 McDonald's restaurants, but also those in 17 other countries to the west. As they pronounce publicly on their corporate webpage, 75% of the inputs used at this facility come from independent suppliers in Russia and the Commonwealth of Independent States (CIS). In recent years, however, many production lines have given way to storage space, as a growing share of production occurs at factories of carefully selected supply partners, most of which are foreign owned, albeit located in Russia.

Despite their dominant position, it would be a mistake to talk only of McDonald's in telling the story of fast food in Russia. Over the past 17 years numerous other American owned (e.g., Sbarro, Subway, KFC through their purchase of the Rostik's brand) and home-grown Russian fast food chains (e.g., Kroshka Kartoshka, Teremok, and Moo-Moo) have established themselves in Moscow and St. Petersburg, and are actively expanding into Russia's regional population centers. Since 2000, this sector has exploded, growing by 20-30% each year. To meet the mounting demand, fast food companies must find suppliers capable of sufficient volume, and equally as important, consistent quality. However, the existing structure of agriculture coupled with the current state of contract enforcement, makes it difficult to find strategic partners and discourages investment in exclusive arrangements. Nonetheless, as scales of operation increase, so do the incentives for identifying and cultivating suppliers that are willing and able to meet the specific standards demanded by the fast food business model.

By tracing the sourcing practices of these different companies, my research will identify not only the movement of goods from field to processor to restaurant, but also trace the transfer of practices, standards, and technology. When McDonald's entered Russia they, anticipating rapid and significant growth, moved quickly to identify and develop local suppliers. The results of this can be seen in the scale of iceberg lettuce production, and more recently, in the adoption of HACCP by a growing number of meat and poultry processing facilities. Given the existing research on McDonald's, it is reasonable to expect that here, as elsewhere, their sourcing practices are likely to promote agricultural enterprise consolidation and the adoption of large-scale, industrialized production practices¹. As Yum!International, the parent company of KFC, pursues their expansion plan with Rostik's, they must restructure their poultry supply chain to meet their needs. This requires reorganizing the raw material supply base and upgrading processing facilities. By contrast, despite the sizeable demand for potatoes, fast food companies in Russia continue to eschew domestic suppliers in favor of imported products. Only when

¹ Eric Schlosser's (2001) *Fast Food Nation* may be the most well known, but see also Joe L. Kincheloe (2002), John F. Love (1995), or George Ritzer's work on McDonaldization comprising numerous articles and has prompted a range of studies of the McDonaldization of various industries and institutions in addition to studies of fast food. His characterization of McDonaldization draws heavily on Weber, and his theory of rationalization, while also identifying features of Fordism at work. See, for example, Ritzer (2004,2006).

(if?) potatoes are grown at a sufficiently large scale and with consistent results are they likely to make their way to fast food restaurants.

Based primarily on interviews with representatives from fast food companies and their suppliers, I analyze this variation along supply chains to shed light on those factors that facilitate or constrain the influence of these companies on the agricultural sector. Thus, even as I attempt to outline the impacts of this industry on emerging trends in Russia's agricultural sector, I aim to draw attention to the ways in which the current structure of agricultural production and regulation shapes the strategies of fast food companies. This paper represents a work in progress, as the field work for this study is ongoing.

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