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2. KEYWORDS

Russia, Trade Council Russia, retail, consumer goods, fashion, design, jewellery

3. ABSTRACT

CIS region offers a wide range of opportunities for Danish companies. In 2015 Trade Council focuses its attention primarily on Russia and Kazakhstan.

4. OPPORTUNITIES IN RUSSIA

Consumer Goods

Russia's retail sector has over the last years been expanding due to the rising interest in foreign brands, population growth (especially in urban areas and big cities), aspirational purchasing, easier access to credit and the development of a modern retail infrastructure. Increasing amounts of foreign direct investment have allowed retailers to make significant expansions. Today the Russian market is facing troubled times with the fall of the rouble and a limitation of the spending power of the middle class. However this also spells a move by the consumers from luxury brands to more affordable luxury, a strong point for Danish design well known for its quality and design.

Fashion

Russians are all about fashion and fashion brands, and the market is growing steadily. With nearly all the major players in the fashion industry present on the Russian market, the Russian retail sector is the fastest growing and dynamic sector in the Russian economy.

Women's clothing and kid's fashion are the two major markets in Russia. Kids are the princes and princesses of the family and they are dressed accordingly. This trend has been widespread in Denmark and the result is many smaller brands and collections. The Russian retail sector is aware of that and is hunting for suitable brands for its market.

Danish fashion companies exploring the Russian market should be aware that it is a professional and highly competitive market. Products should be of high quality and collections should be unique, preferably with a wide size range. Promotion is a required investment; promotion materials need to be of a very high quality and deliveries must be punctual.

Jewellery

Russians traditionally love jewellery, especially gold, the symbol of wealth and prosperity. The Russian jewellery market is one of the most rapidly developing markets in the world. In recent years, it has grown between 20 to 30 percent.

Jewellery falls under the growing market for luxury goods in Russia. Euromonitor forecasts a 4.6% growth in volume terms and 6.7% growth in value terms for the period 2012-2017. The dynamic development of the Russian market has made it attractive for foreign companies.

The consumer group within this sector is large and can be pared into two groups. The first group is characterised by buying mostly mass-produced goods. These consumers with medium income and traditional preferences usually trust Russian-manufactured jewellery.

The other group of consumers that is interesting for the Danish companies comprises people whose incomes are large enough to appreciate not only the metal the jewellery is made of, but also its brand, design and exclusiveness. This group usually prefers foreign-made jewellery. This shows why brand reputation and craftsmanship are crucial. The best-selling jewellery types are rings, neckwear and earrings.



Danish design

The Russian market is ready to get acquainted with affordable luxury design and other top Danish design brands. The market for luxury goods with an explicit focus on design and quality is a rising market in Russia. Especially the market for design accessories is very lucrative. The Russian market requires an open and innovative approach to the preference of the Russian consumer which typically differs significantly from Scandinavian preferences.

Retail opportunities

Walking the streets of one of Russia's larger cities makes it obvious how Russians make an effort of showing off their different luxury goods. It is a competitive market with opportunities for new brands and retailers.

Russian purchases via the internet were in 2014 made by 18-20 million people according to estimates and the number of internet shoppers will increase rapidly every year. One of the key features of further internet retailing development in Russia will be social. The retailers will in their turn embrace more retail formats, from convenience stores to mobile application orders via smartphone and tablets.

5. OPPORTUNITIES IN KAZAKHSTAN

Kazakhstan being the 9th biggest country in the world and the 2nd largest CIS member offers a wide range of opportunities for Danish companies. Kazakhstan remains a politically and economically stable country with a sustainably growing GDP rate (US\$ 217 billion – 2014). The country is entering a development boom phase which is a weighty reason for Danish companies to focus on this market. Kazakh mentality is alike Russian one and in this respect market features in creative industries sector look similar to the Russian ones that were described previously.

6. WHAT CAN TRADE COUNCIL DO FOR YOU?

Trade Council Russia may assist you by finding reliable Russian business partners, locating other potential partners, searching for enterprises which meet specific requirements and select the most compatible. Trade Council Russia provides all necessary contacts; organize meetings and negotiations with representatives of Russian companies. We may provide updated and useful market information, which will help gaining a competitive edge on your target markets. Furthermore, Trade Council Russia may carry out market investigations based on specific requirements.

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The Trade Council is a part of the Ministry of Foreign Affairs and is the official export and investment promotion agency of Denmark. The Trade Council benefits from around ninety Danish Embassies, Consulates General and Trade Commissions abroad. The Trade Council advises and assists Danish companies in their export activities and internationalisation process according to the vision: Creating Value All the Way. The work in the Trade Council follows specific procedures and quality guidelines. In this way our customers are secured the best possible quality under the varying working and market conditions at any given point of time.

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