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Introduction

The Federative Presidential Republic Russia consists of 89 constituents, with a population of nearly 15 million people. Russia is the third largest oil producing country of the world and it is also the second biggest oil exporter. Russia is the leading natural gas producer of the world and holds the world largest natural gas reserves. Russia is among the world leading countries with largest recoverable coal reserves and it is also the fourth largest power producer in the world. These attributes attracts the other investors from the countries to have business co-operation with this rapidly growing country.

Russia possesses a great potential in consumer marketing. The performance of Russian economy has been very significant since late 90s. On the basis of constant economic development and reforms, the international credit rating agency “ Standard and Poor’s” upgraded the rank of Russia among the fastest growing economies of the worlds and the United States also asserted that Russia has achieved the status of “ market economy” in the year 2002

The capital of Russia, Moscow is considered as the center for business activities in Russia. In order to encourage and promote the development of private sector, the Russian government has taken steps to reduce the bureaucratic influence on commercial activities. Being a member of WTO, Russia has entered in the global economy and it is also encouraging the foreign investors to start business in the country. The process of doing business in Russia involves various perspectives and consecrations.

The investor has to be aware about the Business Regulations and Legislation and along with that the investor must have an in-depth look at the issues of

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Customs, Energy, Investment, Labor issue, Property right, Real state and Tax structure of the country. (Amcham Russia). There are many sectors of Russian economy where there is great room for marketing of foreign products and services.

An important sector is “ Consumer-Ready Products” which includes processed vegetables, dairy products, vegetable oils, confectionery, red meats and beverages, chocolates, cheese, alcohol, frozen fish, nuts etc . Our discussion will focus on the prospects of marketing consumer ready products in Russia but before that it is very essential to have a look at Russian market scenario

Marketing Scenario in Russia

The marketing scenario of Russia is very diverse in nature. The country consists of people who all are not just Russian but that are Slavic, Turkic, Finno-Ugric etc. So these people have different traditions, social values, life style, norms, occupations, and buying habits so it is very difficult to formulate a single marketing policy for the whole Russia.

Russia is a whole world in itself where different people of different cultures are living together so the product or service that have a great demand by consumers in Moscow may fails to get attention of people in St. Petersburg. This factor make the Russia very difficult market from the point of marketing and eperts all over the world agree upon the point that marketing in Russia is not an easy job either it would be done by the Russian companies or foreign companies. This situation demands for top class, experienced and highly skilled marketing people.

There is also lack of well defined and ready made distribution channels in Russia so the countries operating here focus on the local distribution alternatives for their products and their product do not enter Russia through proper and sophisticated marketing and advertising projects. Despite all these facts the commercial activities of united stated has increased much after the demise of Soviet Union. The growing economy of Russia is attracting companies and investors from all over the world and especially America has accelerated its business operations in the Russia.

In 1994 few dozen companies become a part of American Chamber of Commerce in Russia (AmCham) but now this figure is 600 which show that the business collaboration of both the countries is going very well. Now the AmCham has its branch in Moscow as well as in St. Petersburg and have good numbers of members and many committees are also working under this head. This association has greatly contributed towards the improvement of Russia's commercial climate and also keeps the US companies well informed about the growing opportunities in the Russian market.

Aspects for Exporting and Marketing " Consumer Ready Products" in Russia

In Russia there is great demand for the consumer ready products. There are more than 150 million consumers for these products in Russia and the domestic production of the country is not sufficient to meet this demand. That's why the foreign countries including America and other European countries are exporting consumer ready products in Russia for many years and they are getting good business here. In the year 1996, the share of US exporters in Russian consumer-ready products market was around 12%.

Many European countries are also exporting considerable amount of consumer ready products in Russia. While marketing consumer ready products in Russia, there are several aspects to focus upon.

Areas of Opportunity

First of all the exporters have to focus their marketing strategies in the areas where there is great opportunity for the marketing of consumer ready products. They have to sort out that in which city there are more demands for these products. Due to the fact that people living in big cities of Russia are getting high pays as compared with the people of small towns and rural areas, the demand for consumer ready products is high in cities like Moscow and St. Petersburg.

However the markets of Yekaterinburg and Vladivostok also have marketing scope for consumer ready products up to some extent. In the central and southern regions of Russia there is lesser demand for these products as compared with big cities. Some European companies are capturing reasonable market share in this region also as compared with the American exporters who have very small business share and they are also trying to expand their business here.

Trade Restrictions and other Perspectives

After sorting out the suitable area, the exporters have to gather information about the trade restrictions in Russia. Fortunately for exporting goods in Russia, one don't have to follow very complex process. There are few restrictions in the trade policy for the exporters. The exporters of consumer

ready products are required to get two certificates in order to start their business.

The first one is “ Gosstandart certificate” that verifies that the product is meets all the standards which are compulsory for exporting goods in Russia. the second certificate is “ Gosanepidnazour certificate” which is also called the certificate of hygiene. This certificate verifies that the product meet all the hygiene standards and can be exported in the country. The acquiring of these certificates is often very expensive. Along with these two, the exporters of meat and meat products are also required to get the “ Veterinary certificates”.

A law was implemented in Russia on May 1, 1997, regarding the labeling of products. According to the law the exporters are required to label their products in Russian language and the labels must contain the information about the name and type of product, country of origin, producing company (can be in English), weight or volume, ingredients, nutritional value, conditions of storage (where necessary), expiration date, instructions for use, recommendations for use and conditions for use. (Source – FAS Online)

The American exporters generally use the stick-on labels which are designed to cover just part of the English-language label, so that the identity of the product can be attain as American product.

In the year 1996, there was a ban on the export of certain products of animal origin. an official notice was issues about the banned products which provide the list of all banned products. There are several countries whose meat products were banned and it was also declared that the frozen meat of

Pork should be processed further. “ There were several US products which were banned by this notice. These products include ground beef, ground pork, mechanically processed meat, ground meat in blocks for hamburgers, uncooked partially-processed meats such as raw ground beef formed into patties and table eggs”. (FAS Online)

The tariff on the consumer ready products is also an important aspect for the exporters. In May 1995 the tariff for these products was revised in order to satisfy the domestic Russian producers. The tariff ranges from 0-35% and this percentage is high for the alcohol and tobacco products. “ There is no tariff on nuts, coffee, certain infant preparations and many nursery products however the tariff for fresh/frozen poultry is 25-35 percent depending on market prices” (Reid, n. d.)

For the consumer ready products of America the tariff ranges from 10-20 percent. VAT – Value added tax is also applicable on several food products including fresh and processed “ fruits, smoked sausages, canned ham, bacon, certain other processed beef and pork products and some processed fish products.”. (Reid, n. d.)

The Competitors in the Consumer Ready Products Market

While exporting consumer ready products in Russia, it is very essential to have a look on the competitors. In the Russian markets, currently there are three competitors; United States, Europe and the Russian Domestic producers. “ In 1995 U. S. exports of fresh and frozen chicken jumped more than 60 percent, to about \$600 million. Exports to Russia in 1996 were over \$1 billion. U. S. product accounted for 37 percent of all poultry sold in Russia,

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or 75 percent of total poultry imports. The remaining 25 percent of imports are primarily from France, Germany and the Netherlands". (Reid, n. d.)

European exporters often succeed to get high market share in the export of consumer ready products in Russia as compared with America because the commercial interest rate are high for American products whereas the European exporters have comparatively good working relationships with the Russian importers and they also grant them extended credits. There is also an increase in the deliveries of European products in Russia on consignments. In the major cities of Russia, several European supermarket chains are operating who use to sale variety of products in their grocery stores.

There are very few food processing plants in Russia who are maintaining the hygiene and quality standards. There is also very low foreign investment in food processing plants and there are very few Russian-owned food processors that are operating profitable and expanding their business. The increase in tariff rates for imported products was a step taken by the government in favor of the local producers.

Marketing Strategies For Consumer Ready Products

There are many options for the exporters who want to market the consumer ready products in Russia. The exporters have to keep in mind that the purchasing practice of Russian wholesalers and retailers is quite different from that of American or European wholesalers and retailers.

The consumer behavior of Russians is also different in a way that they generally go for buying small quantity of products that's why the wholesalers and retailers also want to export small quantity of products. Keeping in view this behavior, the foreign exporters have to design their strategies and they should give the Russian importers the option of importing containers of mix products.

There is large number of Jewish people living in Russia so the exporters have to keep in mind their preferences. According to the official figures there are one million Jewish living in Russia and in the capital city Moscow there are officially 200, 000 Jews (Russian Data) Many Jewish people use to follow the Jewish dietary laws very strictly so there s great opportunity for marketing the kosher products. These products include cheeses, “ delicatessen meats, chocolates and other candies, cakes, crackers, biscuits, cookies, dry soup-in-a-cup mix and wines”. The growth of Kosher Niche Market in Russia would be an excellent marketing strategy for the exporters of consumer ready products. (Reid, n. d.)

The marketing strategies of foreign investors have to be focused on the point that there are usually very small retail outlets in Russia. The big markets for consumer ready products are the Grocery stores and kiosks that use to support the cash-and-carry system.

In most of the cash-and-carry warehouses, there is no cold storage facility so the exporters should emphasis upon the dry goods, because the consumers prefer to buy fresh food products from open-air markets. The development of wholesale markets in big cities of Russia is also a good sigh for the exporters

of consumer ready products. These markets have an established network of warehouses however still the exporters have to work out for developing a wholesale networks for their products, only then they can successfully market their products in Russia.

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