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The Leading Dominants of the Development of Retail Trade (Commerce) in Russia

Nowadays they continue the integration processes of Russian economics into Global Worldwide Economy being characterized by some significant tendencies (biases). Experts point the world commerce liberalization as a main bias that specified mostly all of states regardless of (irrespective of) their level of progress of national economics and their integration level into Global Worldwide Economy. The successive (consecutive) abridgement of both tariff and nontariff barriers is leading to volume growth of trade commerce, marking the trending of peaceful settlement liberalization in the way of national economy openness.

Traditional trades while entering WTO will make a serious impact onto Russian state of the market (market conditions, condition of the market, state of market, state-of-market). The WTO employment pattern to provide the Most Favored Nation Treatment shall have assisted Russia to get smoothly integrated into Global Worldwide Economy, having created outbids for total national economy progress and particularly for retail commerce.

Retail trade liberalization provides the forthcoming (emergence) of plenty of overseas gamblers involving Russian companies into global competitive activity while rising national competition. Most favored nation treatment Russian companies are doing well in traditionally competitively apt branches such as oil and gas industry, metallurgical, mineral resource industry and telecommunication(s). But for (in) the past few years Russian and foreign investors have paid their attention to dynamically progressing retail trade sector, that is the attractive one for substantial quotas of vested interests (placement of funds, capital

investments) and global overseas gamblers. Otherwise, global players' competitive strengthening the retail market in Russia gets national companies to enforce their development.

The RF Ministry of Economic development and Trade (Commerce) reported that for a period of 8 months of 2007 the reached level of commodity circulation (turnover) was at rate of 14,7%, whilst the capital investments dimensions – nearly 40% in due to the total investment costs in Russian economy. PricewaterhouseCoopers evaluate the annual progress for that branch per a few years for about 20-25% instead of 3% in Europe. That confirms the tremendous potential ability of Russian retail market that with the lapse of time will come down as it based on the progress experience of western countries ail markets [7].

Only over a few years Russian retail market has built the pattern of retail trade compared with western ones crossing quickly from a set of small separate sales outlets to multi unitized super- and hypermarkets, where practically all essential patterns and worldwide retail trade gamblers are displayed: cash-and-carry, boutiques, commercial and discount salons, trade centres, etc. Additionally, consumers' preferences change considerably in due to the progress communicative interactions between salespersons and customers over the Internet, a steady rising convenience and attractiveness of eTrading; Russian customers' general literacy totally influences the local pattern of demand, approaching it to international tendencies (trends). But the price formation doesn't correlate with both consumer suitability and garment quality itself. Consumer market movement is progressing upon different factors, such as follows: acceleration in the life rates, demand differentiation in due to growing population incomings, aspiration for comfort, quality service and product warranty. In a period of 2000 to 2006 average annual wage increase (pay rise) has made up 14, 9%, while change in amount consumed has risen up to 8, 3% annually. [3]

It's clear that the main directions of competitive activity are more directed towards privileges in creating and sole proprietorship of innovation retail trade than towards share of the market holding. That's why the preference is given to the patterns which have conclusive advantages for solving such daily customers problems as what to cook for dinner, how to minimize purchasing lead time, quality standard and ecological compatibility of suggested range of goods etc. Customer-centered orientation in conjunction with the unique offer for prospective consumer becomes an integrated success criterion of sales outlet.

In Russian experts' opinion consolidation is among the central progress trends of retail trade branch. Nowadays, first-rate Russian retail chains hold relatively small share of the market and their consolidation process is on the initial formation stage only. Upon RBC analysis "Convenience Food and Tying Products Retailing in Russia" the retail trade consolidation level in Russia in 2006 was still very low. Large companies had only 6% of the total market turnover. This compares to 60-80% 'senior players' share of the market in the European countries and 15-35 % in the countries - new members of ES. [6] At the same time the low actual level of consolidation is forming broad preconditions and opens up new vistas in the development of formal trade in Russia.

According to the analytical results there are more than 100 distribution networks in Russia but only 4 of them had \$1 billion turnover in 2006 - they are X5 retail Group ("Pyaterochka" and "Perekrestok"), "Magnit", "Lenta" and "Diksi". This compares to \$376,4 billion and \$122,2 billion annual turnover of the biggest world retailers such as Wal-Mart and Carrefour pro tanto. And the world market turnover of the retail trade is approaching \$6 trillion. [5]

Having carried out statistical data analysis which were widely debated in the public prints it should be noted that a cumulative share of the biggest Russian retailers will grow 40-50% annually, exceeding the accretion rate of the retail provisions

trade turnover. Russian distribution networks Aldorado, Euroset, M-Video, Mir and Technosila remain the key players on the consumer electronics market in spite of the attempt of German company Media Market which entered the Russian Market at the end of 2006 to “burst” it with dumping prices. At least down to the being time the state of the market remain stable and the sale return from 1 square meter of the selling space a year is \$6150 for Media Market and \$7500 for “Technosila”, \$10600 for “M.Video”, \$19000 for “Eldorado”. [4]

In accordance with DISCOVERY RESEARCH GROUP published data, Russian retail trade market is in the top set of ten biggest World Markets and in the top set of five biggest European markets. As per the level of investment appeal it held the second position among the developing countries in 2005 just after India (it was on the first place in 2004). [6]

The present study gives us an ability to state that Russia is in good shape for further development of national retail trade branch, for creation its flexible structure, that is due to the successful example of foreign markets development and their fixed regulations. Paying attention to national spirit of the country and taking into account world progress trends of retail trade branch (the variety of the choice and a customer cancellation of standard approach to choice of goods are the most principal ones) makes it possible to state that within at least the next several years the reformations in this branch will become visible.

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