



East-West
Digital News



Russian e-commerce: Key facts & figures

Moscow, November 1, 2012



2012
CEE-SEC(R)



Europe's largest Internet market





Europe's largest Internet market

- **More than 60 million users in Russia***
(+ 20 million Russian speaking users outside Russia)
- Just half of the population connected: Still huge potential ahead
- Further growth fuelled essentially by the regions
(penetration rate as low as 30% in certain areas)

* Unique users monthly as of Spring 2012



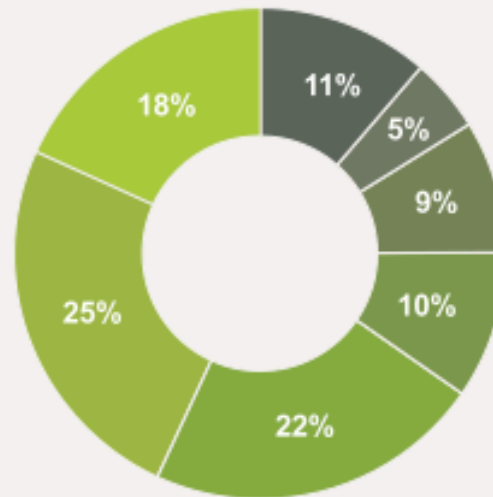
Internet users in Russia: Distribution by regions



Total: 57.8 million users 18+ as of Winter 2011-2012 – Source: FOM.



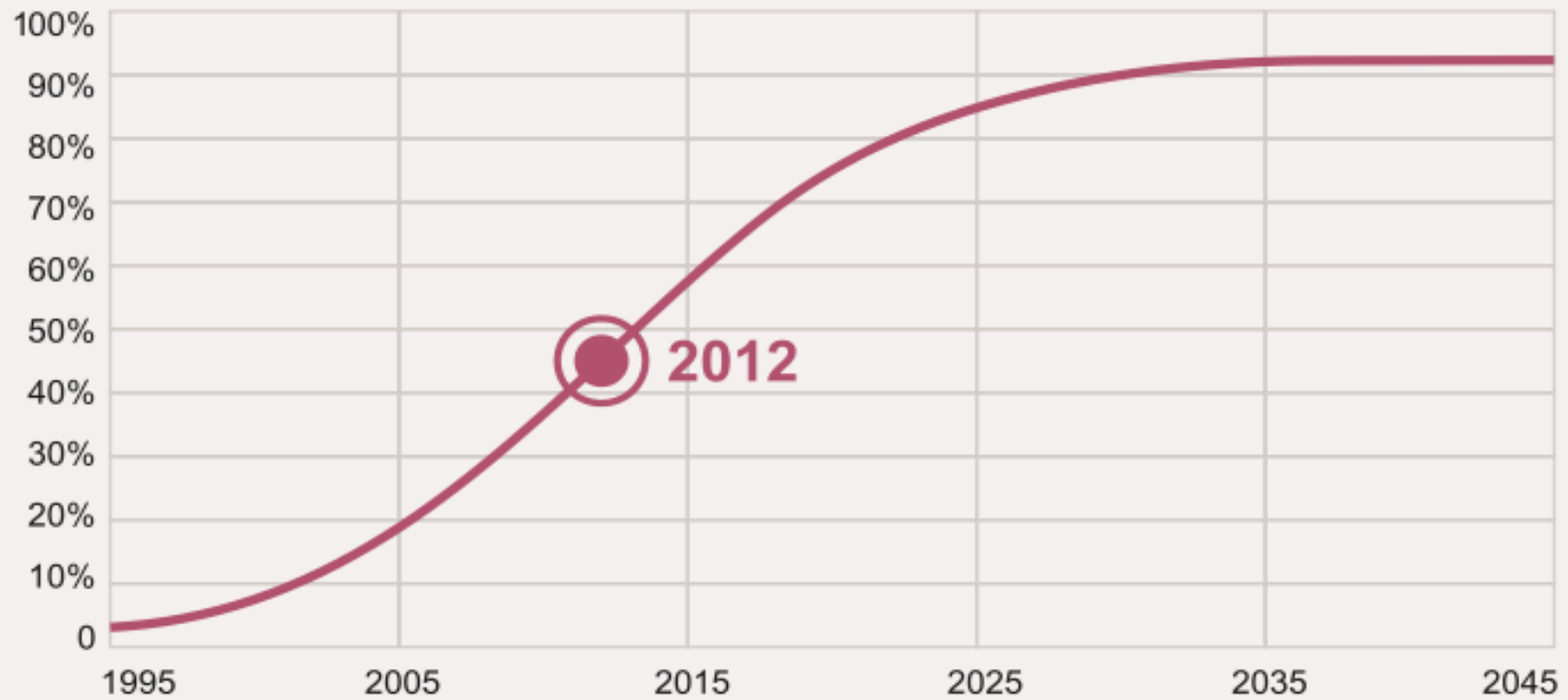
Internet users in Russia: Distribution by city types



Source: FOM, Autumn 2011



Internet penetration trend in Russia, (1995-2045)



Source: A. Davydov, Sociology Institute of the Russian Academy of Sciences



Russia's e-commerce market





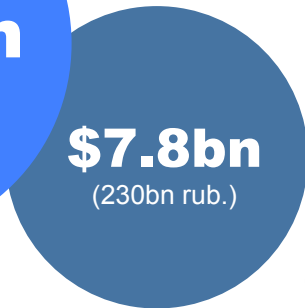
Key figures 2011

18 million Russians
shopped online
in a 6-month period,
or **14%** of the population 18+
(or **7 million** monthly)

Total market size:



of which

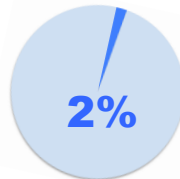


was spent on **physical goods...**



89 million orders of physical goods were made during the year (or 245,000 per day)

Online retail accounted for less than



of the total Russian retail market...

...while **cross-border sales** reached at least **\$2bn**

...but grew by at least



in one year

of which



(or 125,000 per day)

came from the regions

SOURCES:





Key trends 2012

1

The market is growing by at least 25% each year; some major online retailers are even seeing their sales double or triple.

2

The regions still lag behind the capitals, but pioneering retailers now generate more than half of their sales from the regions

3

Major offline retailers are now coming to e-commerce while online-offline concepts multiply.

4

Investment activity is growing fast, but exits are still exceptions and are likely to remain so at least in the short term.

5

Logistics and delivery are still bottlenecks for e-commerce in the regions; major retailers overcome this by building their own capacities.

6

Cash-on-delivery is the rule for physical goods and will remain so for a long time, but merchants find ways to cope with the related issues.

7

The lack of qualified HR appears to be one of the most painful issues, hampering the entire Internet industry.

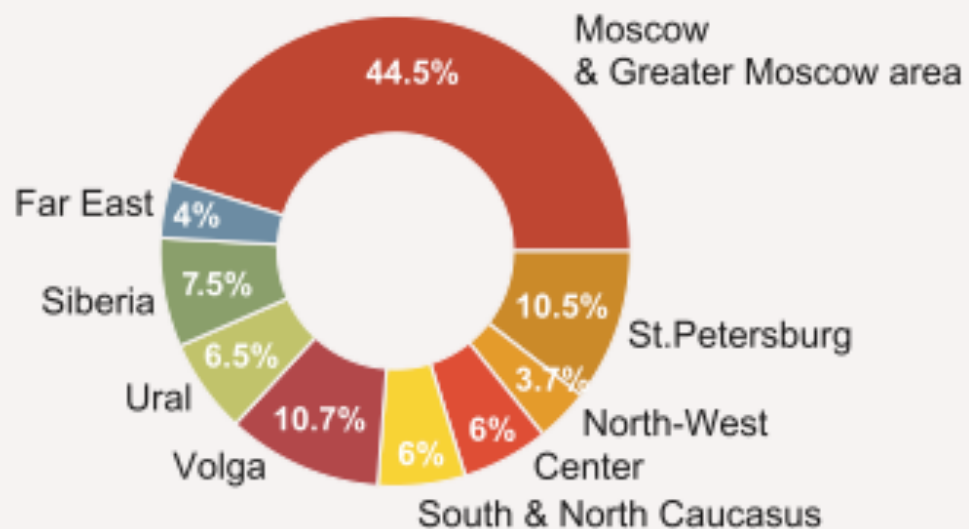
8

Cross-border sales have grown considerably over the last few years, but foreign e-merchants still have to pull down two major walls: customs clearance and delivery across Russia.



E-commerce split and market size in macro-regions

(Moscow, St. Petersburg, regions, 2011)



Source: Data Insight



The first online steps by Russia's offline retailers

Chain	Online sales channel
Auchan (third largest food retailer in Russia)	First initiatives in 2010-2012 with limited assortment
Azbuka Vkusa (food retailer)	Online sales presented as a delivery service
Benetton	Online sales launched in early 2012 (TheStore.ru)
Detsky Mir (leading retailer for children's goods)	E-commerce activities resumed in 2011 after two-year interregnum
Ikea	No online sales in Russia
Leroy-Merlin	No online sales in Russia
Magnit (second largest food retailer in Russia)	No online sales
Metro (B2B and B2C positioning, fourth largest food retailer in Russia)	E-commerce activities to start in late 2012
X5 Retail Group (largest food retailer in Russia)	E5.ru: An online catalog, launched in early 2012, offers a comprehensive assortment with pickup points in existing offline stores.
Yves Rocher	Strong online sales (started in 2006)
Zara	No online sales



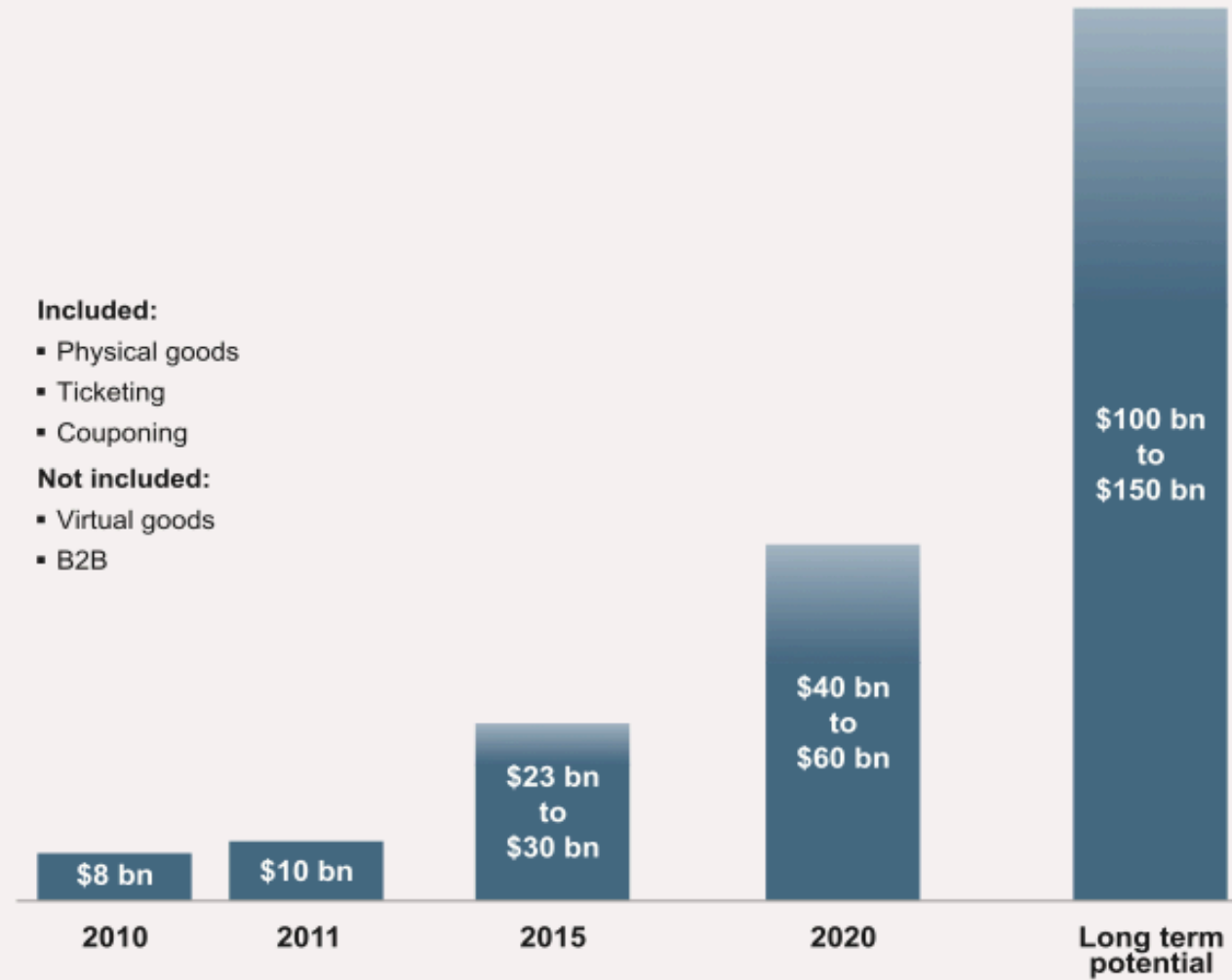
Russian online retail market forecast (2010-2020)

Included:

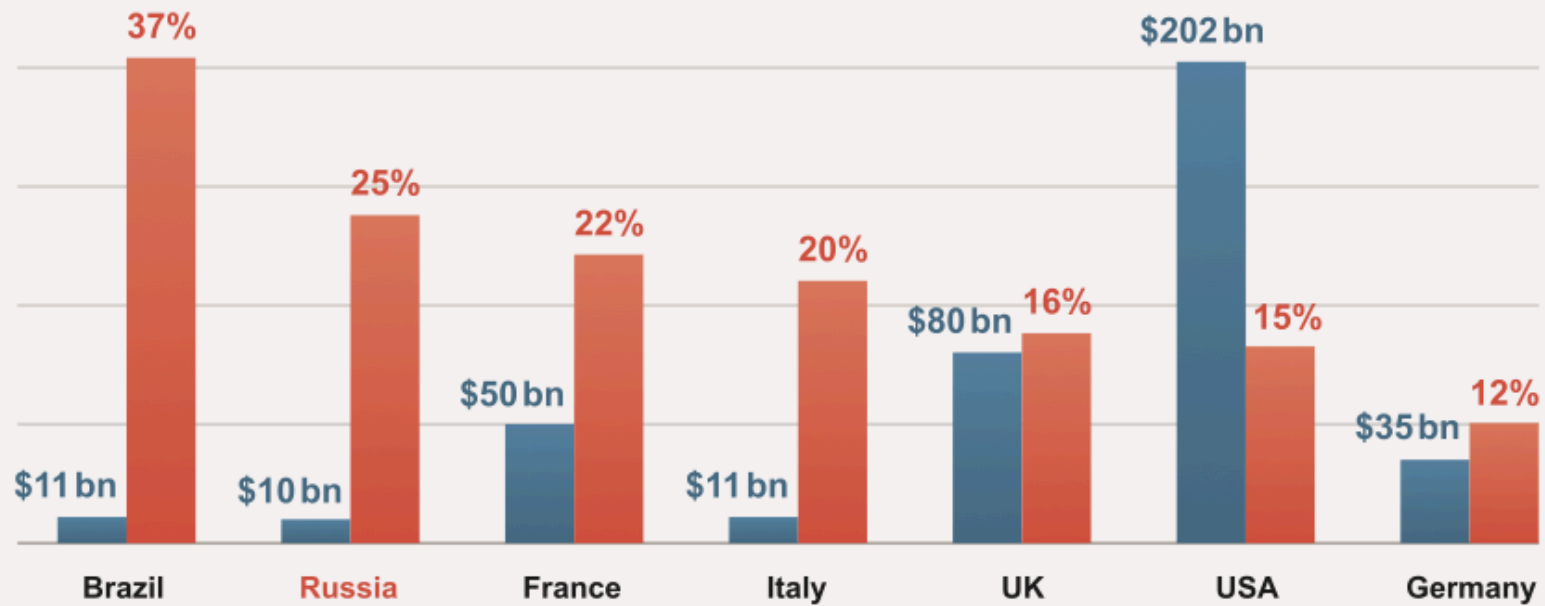
- Physical goods
- Ticketing
- Couponing

Not included:

- Virtual goods
- B2B



Market size and growth rates 2011*: International comparisons



*Growth rates 2011 / 2010 – Sources: Data Insight (Russia), Forrester (Brazil, USA), Netcomm (Italy), CRR (market size UK), IMRG (growth rate UK), Handelsverband Deutschland (market size Germany), GGK (growth rate Germany)



About EWDN's study on Russian e-commerce





Study contents

"E-Commerce in Russia" has instantly become the international reference in research in this industry.

The study (316 pages, 10 chapters) includes:

- **Comprehensive and precise market data** with mid and long term trend analysis
- Deep analysis and insights on the **regional e-commerce scene**
- Full coverage of **operational aspects**, from marketing to payment, fulfillment, HR and legal aspects, based on interviews with 80 industry players and experts
- An exclusive ranking of the **top 40 Russian e-commerce properties**
- An analysis of **investment related issues** with a complete review of publicly disclosed deals over the last 2 years

East-West Digital News

E-Commerce in Russia

What brands, entrepreneurs and investors need to know to succeed in one of the world's hottest markets

VERSION 1 – JULY 2012
FULL VERSION

PUBLISHED IN PARTNERSHIP WITH

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Study contents

- 10 chapters
- 316 pages
- 98 illustrations
- 80 interviews
- Version 1 issued in July 2012

1. Figures and trends: Yesterday, today and tomorrow

- 1.1. Europe's largest Internet market
- 1.2. The Russian e-commerce market

2. Demand side: Shoppers

- 2.1. How many are they?
- 2.2. Who are they?
- 2.3. What do they buy?
- 2.4. Why do they buy – or not – online?
- 2.5. How do they shop online?

3. Supply side: Merchants

- 3.1. The Russian e-commerce scene: An overview; including an exclusive ranking of 40 top Russian e-commerce sites
- 3.2. Case studies and interviews: eBay, KupiVip.ru, the Otto Group, Ozon.ru, Sapato.ru, Shoesofprey.ru, Svyaznoy.ru, Travelmenu.ru, Utinet.ru, Vseinstrumenti.ru, the daily deal site market
- 3.3. Investing in Russian e-commerce; including a review of investment deals 2010-2012

4. Logistics

- 4.1. Imports
- 4.2. Warehousing and fulfillment
- 4.3. Delivery
- 4.4. Merchandise returns
- 4.5. Call centers

5. Payments

- 5.1. A specific situation
- 5.2. A wide range of payment methods: Cash; Electronic payments; Payment aggregators

6. Marketing and sales channels

- 6.1. Russian specifics
- 6.2. Main instruments: SEO; SEM and contextual advertising; Display advertising; Advertising networks and affiliation networks; Marketplaces; Discounts and flash sales; Social commerce; Viral marketing; Auction sites; Email marketing; Loyalty programs; Mobile commerce; Offline marketing

7. Legal aspects

- 7.1. Main requirements for distance selling
- 7.2. Personal data: Collection, storage and usage
- 7.3. Legal aspects of online marketing activities
- 7.4. Possible risks connected with e-commerce in Russia

8. HR, the most painful issue?

- 8.1. Few skilled people, high salaries
- 8.2. Recruitment alternatives
- 8.3. Employee motivation and loyalty

9. E-commerce in the Samara region – A monograph

- 9.1. Online shoppers: Who are they?
- 9.2. What do they buy?
- 9.3. Regional online retailers compared to nationwide sites
- 9.4. How e-commerce is changing consumption patterns in the region

10. From cross-border sales to market entry

- 10.1. Market figures and trends
- 10.2. Issues and solutions
- 10.3. From cross-border sales to market entry



Participating experts

The study is published by **East-West Digital News** in partnership with **Data Insight** and Moscow's **Higher School of Economics**.

Also participating are experts from leading Russian and international consultancies, universities, media and specialized providers



The E-commerce Program of the University of Telecommunications and Informatics of the Volga Region (Samara)





Participating companies

ONLINE RETAILERS





Participating companies

SERVICE COMPANIES



INVESTMENT FUNDS



Thank you for your attention!

Please contact us at editor@ewdn.com

