



E-commerce in Russia

Photo by rupixen.com

E-commerce B2C (business to consumer) in Russia by the numbers

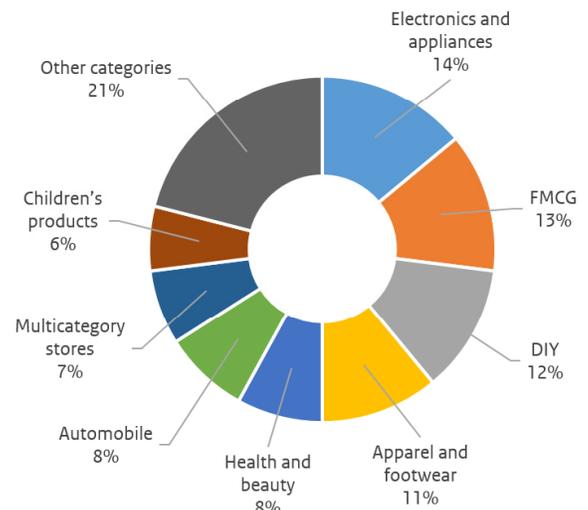
The Russian e-commerce market was ranked 9th (by turnover) in the world in 2019, with a total value of USD 30,6 billion. It is also one of the fastest growing, adding 21% in 2019. The share of e-commerce represents 1,3% of Russian GDP. To compare: in 2019, the turnover of e-commerce in China and the US was respectively USD 738 billion and USD 542 billion. Russia's internet penetration index is rather high, at 81%. Still, the average value of online purchases per person per year is relatively low: USD 170 per capita, versus USD 530 in China and USD 1.655 in the US.

The Russian e-commerce sector is constantly growing. According to a prognosis of Data Insight agency, e-commerce in Russia will grow about 16% per year in the period 2020-2023. In 2019, e-commerce was characterised on the one hand by a decline of the average purchase value with 14% to RUR 3.800, but on the other hand by a growth of 41% in the number of orders to 425 million orders. The average purchase value declined for the past three years in a row. as a consequence of lower purchasing power of Russians as well as the reduction or elimination of requirements for a minimum value of an order.

41% of all the purchase orders are made in the Central part of Russia (Moscow and neighbouring regions), 15% in Volga Federal District (Nizhniy Novgorod, Kazan, Samara etc.) and

14% in North-Western Federal District (St. Petersburg, Kaliningrad, Murmansk etc.). The major e-commerce companies Wildberries, Citilink and Ozon are generating 45% of daily e-commerce orders. 94% of e-commerce players in Russia use statistics and analytics instruments (based on Yandex and Google platforms). Most of the players believe that they should use more artificial intelligence in the future – for marketing, category management, price formation and logistics.

Russian e-commerce sector in 2019



Core players B2C

ELECTRONICS & APPLIANCES	<ul style="list-style-type: none"> • Citilink • MVideo
FMCG	<ul style="list-style-type: none"> • Utkonos • Perekrestok
DIY	<ul style="list-style-type: none"> • Vseinstrumenti • Hoff • Leroy Merlin
APPAREL & FOOTWEAR	<ul style="list-style-type: none"> • Wildberries • Lamoda • TSUM
HEALTH & BEAUTY	<ul style="list-style-type: none"> • Apteka.ru • Rive Gauche
AUTOMOBILE	<ul style="list-style-type: none"> • Exist • Autodoc
MULTICATEGORY STORES	<ul style="list-style-type: none"> • Ozon
CHILDREN'S PRODUCTS	<ul style="list-style-type: none"> • Detskiy Mir • MyToys
SPORT	<ul style="list-style-type: none"> • Sportmaster • Decathlon
MARKETPLACES	<ul style="list-style-type: none"> • Beru • Goods.ru

Developments in B2C e-commerce in 2020

COVID-19 together with the fall of oil prices seriously influenced the Russian economy and incomes of companies and individuals. A regime of self-isolation in Russia has led to considerable acceleration of e-commerce. One of the biggest online traders in Russia – Ozon – is expecting growth of 300% in May 2020 versus May 2019. Online grocery sellers like Utkonos and Perekrestok are booming and experience a lack of storage capacities. According to the Association of European Businesses (AEB), the lack of storage capacities in Russia will increase in the coming 5 years due to larger demand from retail and B2C e-commerce and may amount to 15 million square meters (equal to the current total storage capacities in Moscow and Moscow region).

Imported B2C e-commerce goods

Sales via foreign e-commerce platforms are rather high in sales Russia and Eastern Europe and amount to 48% of total (to compare: the figures are 32% in Western Europe, 19% in North America and 31% in Asia). Popular foreign platforms are Aliexpress (Alibaba), Amazon, Ebay, iHerb etc. Russian authorities have consequently restricted the amount of money that Russians can spend in these shops without paying customs duty: since January 1, 2020 a Russian citizen may receive goods by post from a foreign shop without paying customs duty as long as the purchase is not more than EUR 200 and does not exceed 31 kg. A customs fee will apply for more expensive or heavy goods, consisting of 15% of the costs exceeding EUR 200 + EUR 2 per extra kg + RUR 500. There is no restriction on the number of orders that Russians can place.

E-commerce B2B (business to business) in Russia

The majority of commercial companies in Russia have websites but not all of those companies have their own internet shops. Some are still working offline with pricelists and via sales managers. The potential of B2B e-commerce is often undervalued by the Russian corporate sector, which may influence the ambitions of those companies in the future. However, B2B e-commerce in Russia is growing and some companies have a substantive sales and purchase volume of goods and services online. Some are developing their own B2B platforms, others use existing well-known B2B platforms or are selling and purchasing via other B2B instruments.

Electronic trading platforms

Electronic trading platforms are widely used by companies that want to engage in e-commerce or organise their own tender/purchasing activities in a well-organised manner. These platforms are used by larger private and state-owned companies and banks. The most well-known platforms are Roseltorg, B2B-Centre, Fabrikant, TenderPro, RTS-tender and Agrosver.

The value of transactions in 2019 via B2B-Centre reached RUR 2.200 billion, which is equal to the entire value of transactions in B2C in 2019. The biggest clients of the B2B-Centre platform came from the following industries: retail and B2C players of e-commerce, telecommunication and IT, and metallurgy. Most purchased goods and services were logistical, financial, legal, marketing, security services, industrial equipment, metallurgy goods and building materials. The fastest growth of B2B year-on-year is seen in retail and B2C e-commerce (+41%), telecommunications (+17%) and agriculture (+14%).

Marketplaces

In the last years, several B2B marketplaces have become more popular in Russia: on sites such as TIU.RU, ALL.BIZ, PULSCEN.RU, SDELKI.RU or ROSFIRM.RU, bigger American and Chinese companies are also active in Russia. Different goods categories are being sold on the marketplaces, such as spare parts, building materials, equipment, apparel etc. The marketplaces mentioned are also used for B2C operations.

Selected B2B players in spare parts, metallurgy & machinery

SPARE PARTS	AD Russia, Groupauto, Exist, Autodoc, Tiu
MACHINERY	All.biz, Tiu, Oborudunion, B2B-Centre, Fabrikant, Stanki
METALLURGY	B2B-Centre, Severgroup (Severstal group), Metaltorg, Metaprom, NLMK B2B, Mechel B2B

Tips for Dutch businesses willing to participate in e-commerce in Russia

- The e-commerce sector in Russia is in a stage of formation: previous top players are moving down in the ratings and new players rapidly gain market share. Formation of the market also means that some services that are done by third parties in Western countries, are instead conducted by Russian companies themselves (logistics, legal services etc.)
- Intellectual property rights are protected by law, but the application of this law can be complicated and legal proceedings can last for many years.
- Russians appreciate quality, but the price is also important.
- Commercializing your product via online sources in Russia does not automatically require you to have your own legal entity in the Russian Federation. You can make use of some service providers that can facilitate with custom clearance, logistics and other administrative services. The Embassy can provide you with a list of such providers upon request.
- Be aware that import of goods and services to the Russian Federation is subject to customs duties. Moreover, some requirements such as technical regulations or certificates can be required. You can check the tariffs and procedures per good category on the [website](#) of Trade Market Access Database of European Commission. The Embassy can provide you with a list of service providers in this field as well.
- There is still a language barrier in Russia, and the English language is not actively used by most Russians. Most e-commerce vendors that are selling foreign goods have English-speaking employees.

Trade fairs e-commerce

One of the biggest event in the field of e-commerce in Russia (technologies of e-commerce) is the yearly ECOM Expo. There are also other professional fairs in other economic sectors. Please don't hesitate to contact us for more information on trade fairs in Russia in your specific sector.

What can the Embassy do for you?

The Netherlands Embassy in the Russian Federation can facilitate your company in a number of ways:

- Provide more detailed market information based on your specific questions and needs, including a company check on a prospective partner on the Russian market;
- Answer first-line questions re. doing business in Russia;
- Facilitate contacts with regional authorities (Moscow, Moscow Oblast, Leningrad Oblast, etc.).

More Information

For further information, you can contact the Economic department of the Netherlands Embassy in Moscow via mos-economics@minbuza.nl or phone no. +7 495 797-29-21.

You can find general information about doing business in Russia, available subsidies and financing for entrepreneurs on the Embassy's [website](#) and on the [website](#) of the Netherlands Enterprise Agency (in Dutch).

Sanctions

Please note that EU sanctions are imposed on the Russian Federation. Companies are responsible to ensure that their activities comply with the sanction regulations. For more information about sanctions, you can contact the [Netherlands Enterprise Agency's sanctions desk](#) (in Dutch) and consult the [handbook](#) on dealing with sanctions on their website.