



Taking Advantage of the Russian Booming e-Commerce

A market with 142 million potential consumers growing steadily at a rate of 25% year on year with major online retailers tripling their sales.

NEW YORK, NEW YORK, USA, August 13, 2013 /EINPresswire.com/ -- A market with 142 million potential consumers where only 14% shopped online in 2012, but growing steadily at a rate of 25% year on year with major online retailers doubling or tripling their sales, can only represent a major attraction for foreign traders. As a comparison, only Brazil's online market has had a higher rate of growth, at 37%, while France was at a 22% growth rate, followed by Italy at 20%, UK at 16% and the USA at 15%.

The internet penetration, currently at 45%, although still low compared to European nations, has an average growth of 15% per year and is considered to go beyond 90% by 2045. The e-commerce market (not including cross-border sales) reached \$10.5 billion in 2011, \$13 billion in 2012 and could well reach \$50 billion before the end of the decade.

According to a study by Nielsen, the Russian consumer loves new products and innovations, tried-and-true brands, buys short-term (tends to satisfy an immediate need) and exhibits a high brand loyalty (43% of the respondents know beforehand which brand they will choose when they go shopping). Couple these trends with the fact that an import tax causes products bought in Russia to be up to 30% more expensive, and for personal-use purchases from abroad of up to \$1,300 per month per receiver, Russians do not have to pay any tax, and you have a perfect scenario for a thriving sophisticated generation of active on-line shoppers.

With almost 50% of the products bought online represented by household appliances, followed closely by books (46%), mobile phones (38%), computers (37%), apparel and footwear (36%), travel and event tickets (35%), cosmetics (35%), there is little that the Russian consumer won't buy or wouldn't be interested to acquire online.

At the same time, a major study by East West Digital News identifies certain issues with the regions still lagging behind the capitals in Russia in terms of e-commerce, mainly caused by bottlenecks in logistics and delivery, as well as the lack of qualified human resources. Moreover, from the perspective of an outsider, a significant level of distrust toward foreign online commerce and an unease of doing business in other languages than Russian can more often than not seriously tamper with a successful market entry.

To take advantage of the opportunity, and to mitigate the shortcomings of the developing e-commerce market, an innovative Russian trading platform, TetraMall, is now opening up the English section of its website.

TetraMall Global Trading System provides a software package and full services for online sales in Russia, through a single integrated solution, dealing with each aspect of the trade, from call center operations, payment, shipping and delivery, to financial responsibility for marketing and advertising, all in exchange for a commission on sales.

Moreover, TetraMall guarantees each transaction (based on a pre-paid order, another innovative

approach to the e-commerce market in Russia) and takes full responsibility for the product return if the purchase is completed entirely through its platform. This feature is of particular interest due to several payment issues faced by online retailers in Russia where “cash on delivery” is a regular modus operandi. Meanwhile, industry experts predict that the use of electronic means of payment will only continue to rise, with the government’s encouragement. Currently the proportion of cash in the overall money supply in Russia (25,3%) is significantly high compared to other markets (10,7% in USA, 6,4% in China, 2.2% in South Korea).

Considering that 24% of the Russian consumers declare that they already made at least one purchase through a foreign e-commerce site, and cross-border operator BayRu claims its sales grew eight-fold year on year in 2011, the opportunity for foreign traders to tap into this rapidly growing market is not to be missed. Data from PayPal shows that the main suppliers in cross border sales in Russia have been the USA, China, Germany, UK, Hong Kong and Italy, with consumers simply reaching out for products not yet available at home.

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