



**WORLD
OF TOYS**
by Spielwarenmesse eG

BusinessGuide

The Russian Toy Market

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TOY RUSSIA
ИГРУШКА

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This brochure is also available on the Internet at www.world-of-toys.org/russia
All information has been researched and compiled to the best of our knowledge and belief, but no responsibility is accepted for errors.

September 2010

General Market

Russia – the largest country in the world

With a total area of 17.1 million square kilometres, Russia is the largest country in the world. The average density of the population of 141.9 million is only about 8.3 inhabitants per square kilometre. Almost 75 per cent of the population live in urban regions, so it is no wonder that business, finance and the retail trade in Russia are restricted to the regional metropolises.

Source: Federal State Statistics Service, 2010 / Germany Trade & Invest, 2010



Structure of population 2010

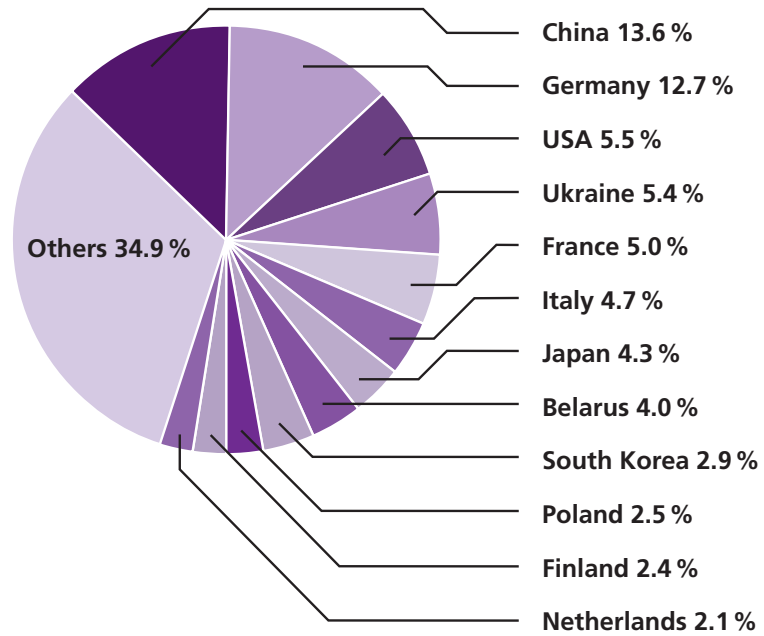
City	Federal district	Population
Moscow	Central Russia	10,563,038
Saint Petersburg	Northwest Russia	4,600,276
Rostov Region	South Russia	4,229,505
Novosibirsk Region	Siberia	2,649,871
Omsk Region	Siberia	2,012,092

Source: Federal State Statistics Service, 2010

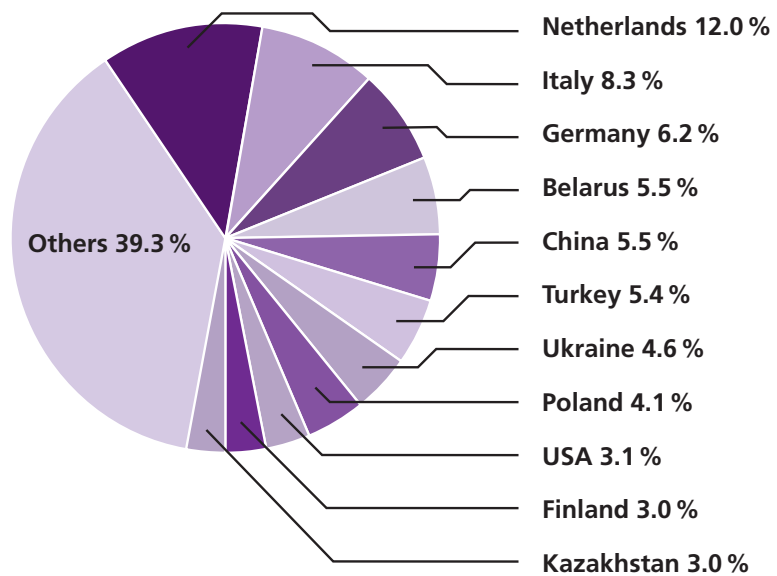
Important trading partners

Main supplying countries 2009

The Ministry of Economic Affairs expects imports to rise by almost 42 per cent in 2010.



Main buying countries 2009



Source: Germany Trade & Invest, 2010

Development potential of retail trade

- In terms of the attractiveness of the retail trade, Russia is still the leader in Eastern Europe and one of the top destinations for foreign investment.
- The modern forms of retail trade and the establishment of trading chains continued to develop dynamically in 2009, whereas the importance of unregulated markets and fairs declined.
- The specialist trade dominates heavily in Russia; the sales share of so-called hypermarkets is larger than in other market segments.
- The Ministry of Economic Affairs expects retail trade sales to grow by at least 4 per cent in 2010 and 2011.

Source: A. T. Kearney, Global Retail Development Index, 2010/Germany Trade & Invest, 2010/RNTA Expo, 2010

Average income

Monthly income per person

Moscow	663 USD
Saint Petersburg	531 USD
Russian Far East	438 USD
Central Russia	413 USD
North Caucasus	404 USD
West Siberia	397 USD
Northwest Russia (without Saint Petersburg)	383 USD
Volga-Vyatka	374 USD
Urals	372 USD
East Siberia	358 USD
Volga	343 USD
Black Earth Region	273 USD

The Ministry of Economic Affairs expects real income to rise by 2 to 3 per cent in 2010 and 2011.

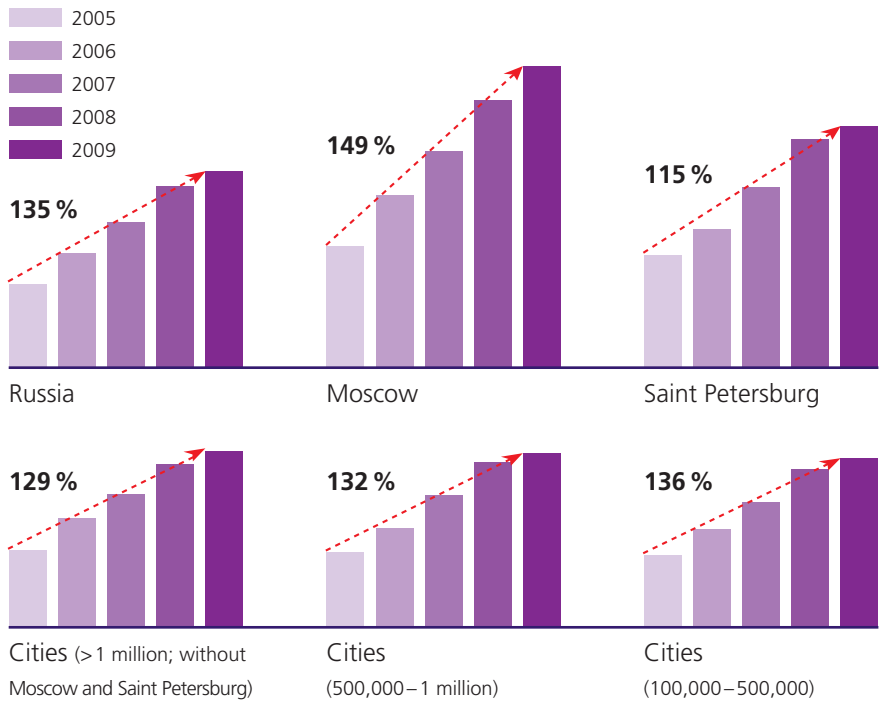
Basis: Persons of 10 years or older in regions with more than 100,000 inhabitants

Source: Comcon, TGI-Russia, 2009/Germany Trade & Invest, 2010
Exchange rate: 1 RUB = 0.0332 USD



Average income

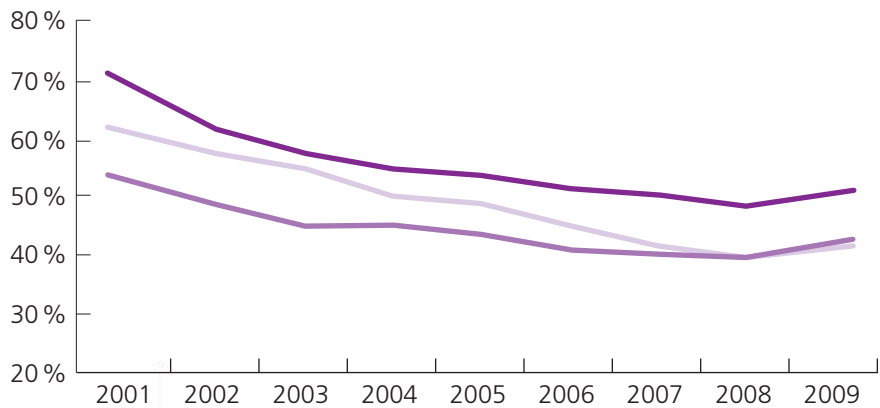
Development of income 2005–2009



Source: Comcon, TGI-Russia, 2009–2010

Change in consumer behaviour

- „The price is the most important factor when choosing a product!“
- „I spend all my money on food!“
- „I rarely look for expensive products when I go shopping!“



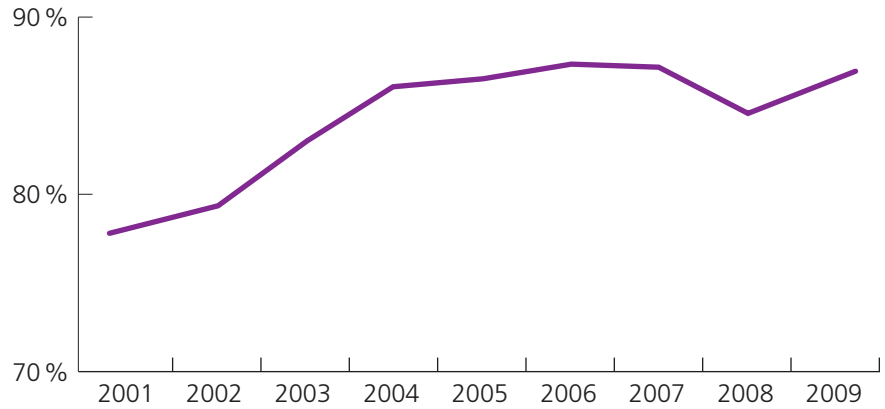
Basis: Buyers of 16 years or older in cities with more than 100,000 inhabitants

Source: Comcon, TGI-Russia, 2010

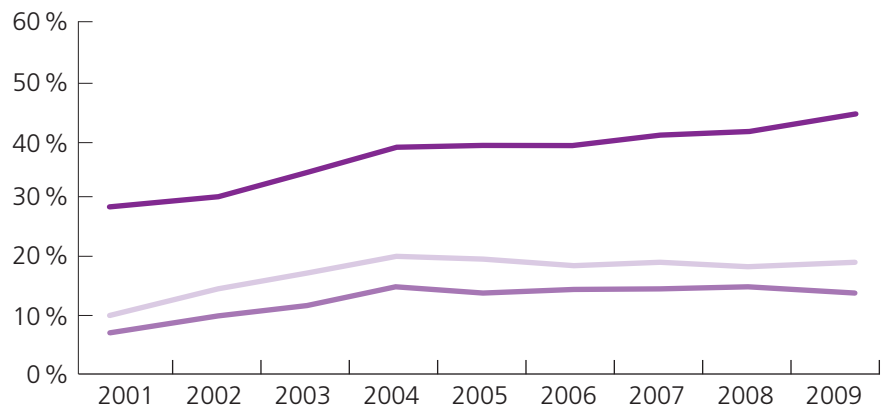
Change in consumer behaviour

■ Quality plays a major role for consumers

87 per cent of those interviewed looked for quality when shopping in 2009.



- "I always keep up with the state of the art."
- "I always buy goods and products earlier than most of the people I know."
- "I often buy in expensive shops."



Basis: Buyers of 16 years or older in cities with more than 100,000 inhabitants

Source: Comcon, TGI-Russia, 2010



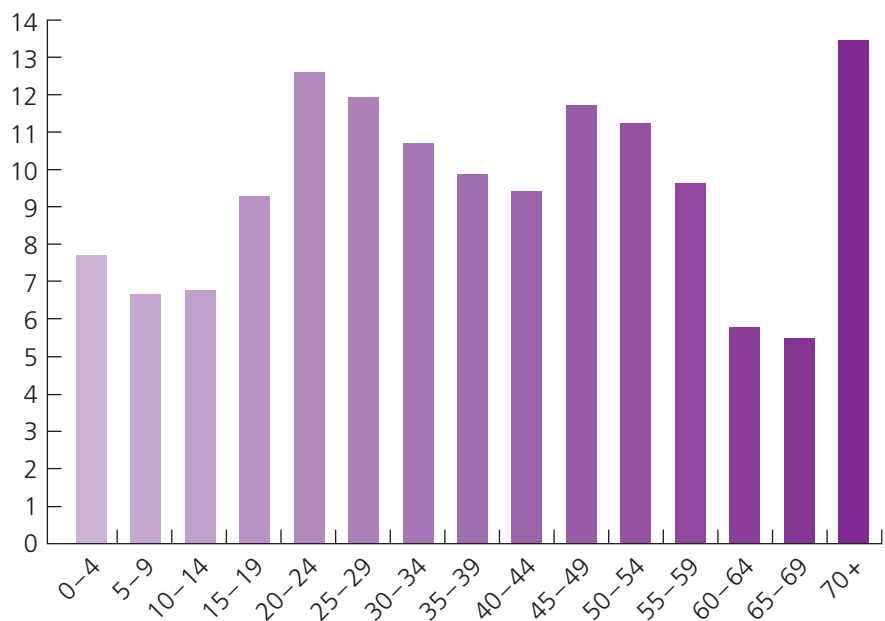
General market information

- National family support projects and measures by the Russian government encouraged the Russians to have more children: the birth rate rose by 18 per cent from 2006 to 2008.
- 1.75 million children were born in Russia in 2009 – some 3 per cent more than the year before. The rising birth rate is expected to continue until 2015.
- Experts talk of stable growth rates of 10 to 15 per cent a year in the Russian market for children's products. Especially the increasing number of births creates enormous potential for the next 7 to 10 years.

Source: AIDT, 2010/RIA Novosti, 2010

Demographic structure

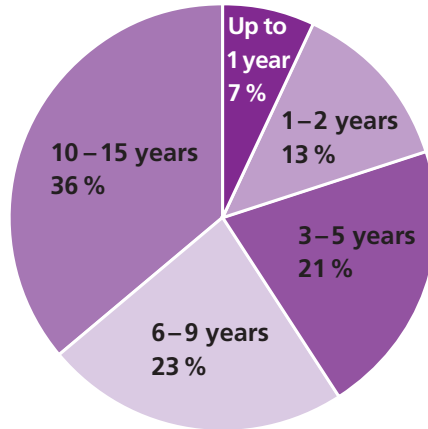
Distribution of age groups in 2009 (in millions)



Source: AIDT, 2010

Demographic structure

Age structure of children from 0 to 15 years in 2008

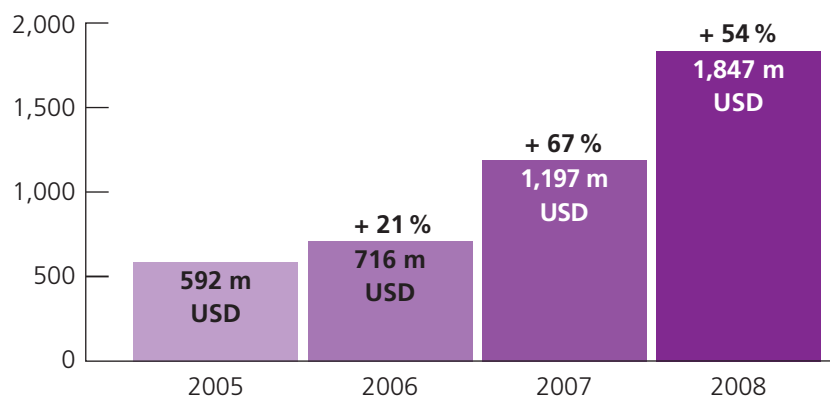


Basis: All households in cities with more than 100,000 inhabitants

Source: Comcon, TGI-Russia, 2008

Spending on children's toys

Development of sales of children's toys 2005-2008



Basis: Cities with more than 100,000 inhabitants

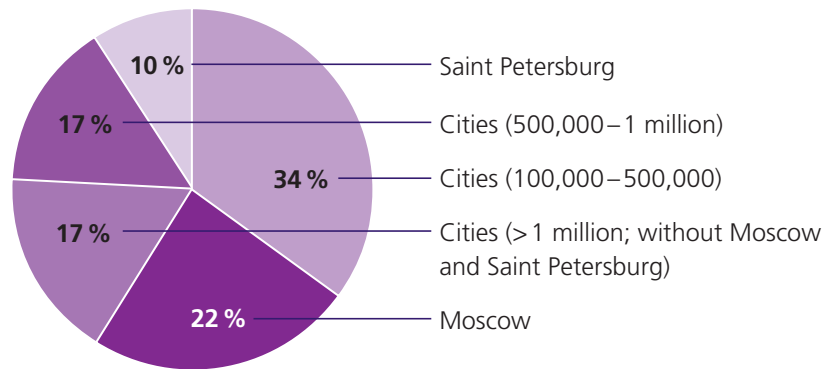
Source: Comcon, TGI-Russia, 2009



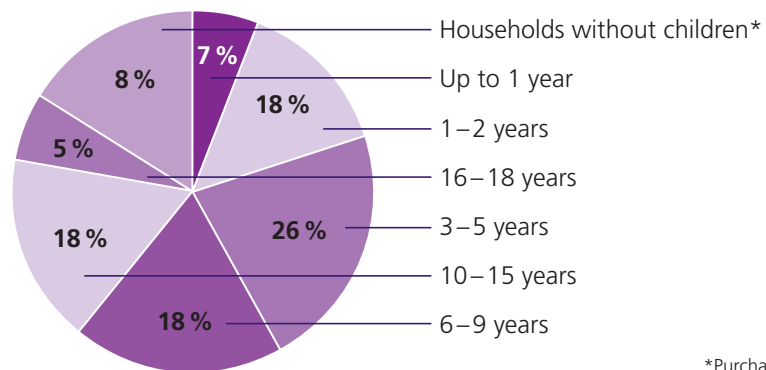
Spending on children's toys

Regional distribution of spending

More than one third of toys are sold in medium-sized cities. At the same time, the capital city is the most important source of turnover for industry and trade.



Shares of spending of households with children (by age classes)



*Purchased as present

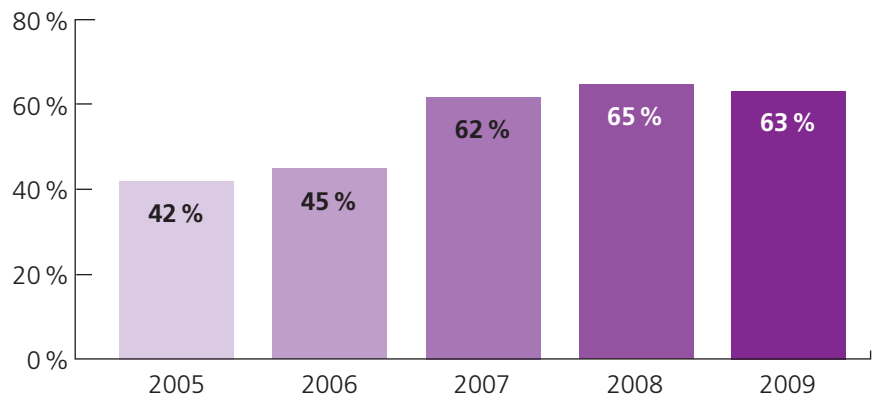
Basis: Cities with more than 100,000 inhabitants

Source: Comcon, TGI-Russia, 2009



Toy purchases in a three-months period

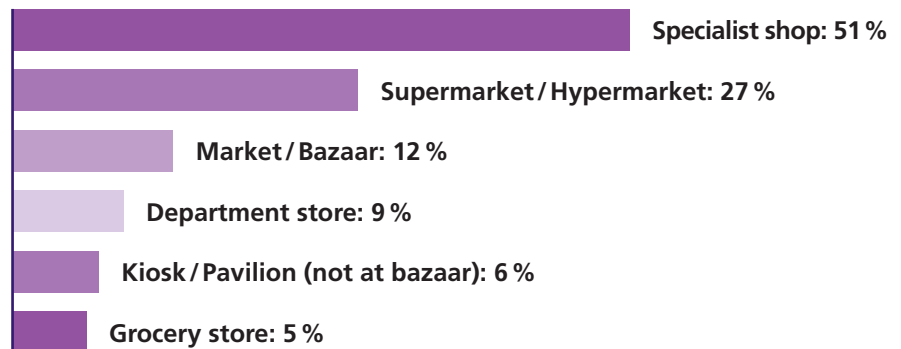
In 2009, 63 per cent of the households interviewed had bought toys in the last three months.



Basis: Households with children under 16 years

Source: Comcon, TGI-Russia, 2007–2009

Where toys are bought



Basis: Toy buyers of 16 years or older

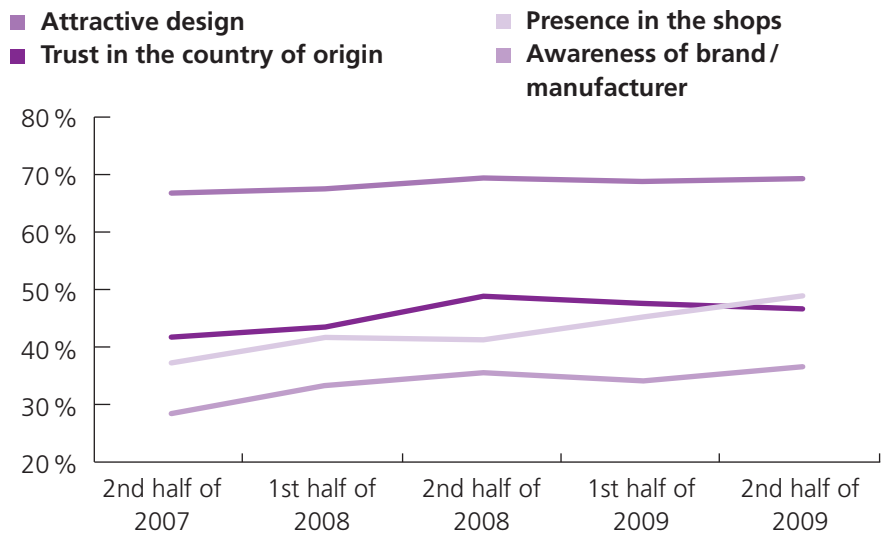
In Russia, toys are sold in some 1,500 children's shops, of which 500 are in Moscow and 260 in Saint Petersburg. There are also more than 5,000 supermarkets/hypermarkets and bazaars and over 100 Internet shops selling children's products.

Source: AIDT, 2010/Comcon, TGI-Russia, 2009



Factors in the choice of toys

Development of important criteria 2007–2009



Major criteria

Percentage share of interviewees who rated the following criteria as 9 or 10 on a scale of 1 (unimportant) to 10 (very important).

The safety of children's toys is also top priority in Russia. Recommendation marketing and brand-building have good prospects in the aspiring market.



Basis: Mothers of children under 4 years in cities with more than 1 million inhabitants

Favourite toys

- Boys in Russia like playing with building and construction toys the best. They also like playing with balls and cars with or without remote control.
- Dolls and soft toys head the girls' lists of favourites, but puzzles and balls are also very popular.

Source: Comcon, New Generation, 2009/Comcon, Russian Baby Index, 2010

Sales Structures*

Distributors

(mainly brands of European manufacturers)

1. Saks
2. Unitoys-M
3. Gulliver
4. S-Toys
5. LK-99

Importers

(mainly China)

1. Simbat
2. Alisa
3. Grand Toys
4. Nasha Mama
5. Premier-Igrushka

Manufacturers

1. Nordplast
2. Zvezda
3. Vesna
4. Stellar
5. Russkij Stil
6. Elf Market
7. Tom-Servis (Tomik)
8. Smolyenskiye Igrushki
9. Drofa-Media
10. Step Puzzle

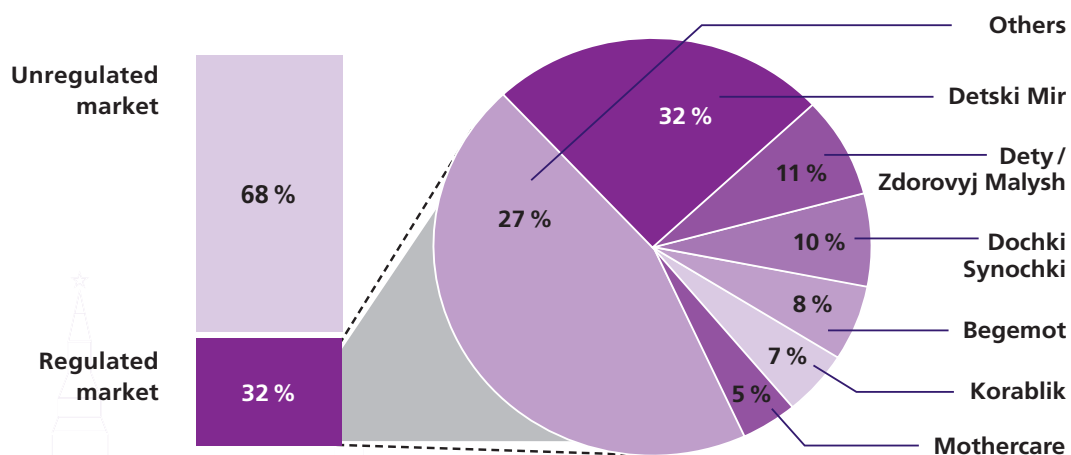
Retail trade

1. Detski Mir
2. Begemot
3. Dety/Zdorovyj Malysh
4. Korablik
5. Dochki-Synochki

*Arranged according to market shares

Source: RNTA, 2010

Trade in the total market for children's articles



Source: RNTA, 2010

Russian Etiquette

Body language

The Russians are mostly considered as “stony” in public, as they are reluctant to show their emotions to strangers. In familiar surroundings, however, and especially in established business relationships, the Russians usually seek close contact. This is shown by a light pat on the back or a hearty embrace of their counterpart to express satisfaction and liking.

Business

Check shortly before an appointment to make sure it really will take place.

“Zavtra” means “tomorrow” in Russian and is very often used in Russia. This mentality is a major change for many Western businesspeople and you must adjust to it. Many things are not done immediately, but usually not until tomorrow, and appointments are accordingly not always kept. In terms of specific situations, this means you should check before a meeting to make sure it will actually take place. Your Russian business partners will also try to establish a personal relationship with you to find out whom they are dealing with. You should therefore also take lots of time for your business partner in this respect beyond the level of small talk. You should take invitations to sightseeing tours and visits to the theatre or their weekend cottage (Datscha) on the outskirts of the city just as seriously. The Russians also sometimes quickly change to using personal forms of address.

Business meals

The host proposes the first toast.

Dining with business friends usually means four- to five-course meals. If you are full up before the end of the meal, you should politely indicate – ideally with a few Russian words – that it tasted good (“Spasiba, bylo otschen wkusno”) or you can’t eat any more (“Spasiba”). The cliché of constantly drinking vodka is outdated, however, as Russians must also be fit to work the next day. If the ability to hold one’s drink is to be tested, the first toast is made by the host.

Business negotiations

Anyone wanting to do business in Russia should expect long negotiations. Spontaneous solutions tend to be seldom, as everything possible must be discussed and planned in order to avoid risks. Compromises are only accepted if the business partner is also prepared to make appropriate concessions. Your business partner will attempt to assert as many of his own interests as possible – and you should also firmly represent your position because power plays a major role as well. But be careful! Do not show a strong negotiating position too obviously because this could damage your counterpart’s pride. As Russians distrust anything official and rely on personal contacts, this could then be your downfall.

Greeting

Hello =
Sdrastwuitje, Dobri djien
How are you? =
Kak vashi dela?

Shake hands with your host as greeting and say “Sdrastwuitje” or “Dobri djien” (Hello). You can follow this up with “Kak vashi dela?” (How are you?). On official occasions, address people by their title and surname, older or senior people by their first name and patronym.

Language

Many Russians think it is essential for business partners to speak Russian. If you do not speak the language, you should at least obtain an interpreter because this is the only way you can actually achieve anything.

Mobile phones

In your dealings with Russian business partners, you must always expect your counterpart to answer their mobile phone when it rings. Rejecting a call is regarded as impolite. On the contrary, the Russian apologises to the caller and calls back later. So expect to hear mobiles ringing in all situations.

Numbers and colours

Certain numbers and colours also have special meanings in Russia. Three, seven and twelve are positive numbers and thirteen as a “baker’s dozen” is negative. Red symbolises joy and beauty, green hope and blue stands for loyalty. Black stands for illegality or sadness, white as well, which is also associated with purity and innocence.

Presents

**Small presents help
to preserve business
relationships.**

It is usual to offer presents in Russian business relationships. The interest of the new business partner should be aroused by promotional gifts from your own company or souvenirs from your home country at the beginning of the cooperation. The more familiar the relationship with your business partner becomes, the more personal the choice of your present should be.

Small presents from guests are also appreciated for private visits. Presents such as exquisitely packed fine chocolates or typical delicacies from your home country are welcomed with pleasure. If you wish to present a bunch of flowers, you should note the following: your host/hostess will only be pleased to receive long-stemmed flowers and only an odd number of them. White or yellow flowers, especially yellow roses, are extremely unsuitable as presents, as they symbolise approaching death or sadness for the recipient.



Status

Always arrive by taxi or private limousine.

Show what you have! You should possess status symbols appropriate to your position and also show them. You should also pay due respect to the minor and major possessions of your counterpart. Important for travel: always arrive by taxi or private limousine, even though public transport is quicker because of the traffic chaos.

Superstition

Kick back!

Russians are very superstitious. Guests are therefore not greeted on the doorstep. You should certainly not whistle in the presence of your host – he will think he is threatened with financial disaster. The same applies if you lay your key on the table. And don't be surprised to be kicked back if you accidentally kick someone. According to superstition, this avoids a serious conflict for both parties.

Taboos

Avoid direct criticism.

It's best to ask where you can wash your hands and not use the word "toilet" at all. Never use handkerchiefs at the table either, only in the bathroom. Also avoid direct criticism and criticise very diplomatically in a roundabout way. Never speak badly of the czar family, which is highly respected in Russia. You should also avoid talking politics; here it is best to pretend you cannot assess the situation well enough.

Women

The woman offers her hand first.

Women are allowed to show their femininity in Russia, dress elegantly and wear appropriate make-up, but showing too much skin should be avoided. A masculine manner is frowned upon, so the men always pay the bills. For greetings and goodbyes, the women decide for themselves whom they shake hands with. This means the woman makes the first move, the man must wait. A slight nod of the head and brief eye contact are usual as an alternative.

Source: www.russlandjournal.de / www.wiwo.de / www.leitz.de / www.reiseknigge.eu

