

Retailer ready to choose site for convenient expansion

Domestic retail networks spread to smaller Belarusian towns and Russian cities



At least 120 retail outlets open annually in Minsk, thanks to new hypermarkets like Prostore

By Vitaly Govorov

Almost ten years ago, the face of retail changed, with hypermarket chains launching and strong retail trademarks appearing. This year is expected to be a turning point for Belarusian retail.

“Business unions argue that we’ll lose our corner shops with the advent of hypermarkets. However, 90 percent of all stores are located within towns in Western and Eastern Europe, with the remainder placed outside — as large trading centres,” notes the co-Chair of the Association of Retail Networks, Andrey Zubkov.

Mr. Zubkov emphasises that small shops are unable to offer the same discounts as larger stores, whose huge turnovers allow them to order in bulk, at lower prices, from suppliers. Their logistical costs are also smaller per sale.

Meanwhile, we pay a premium for bananas, pineapples and other exotic fruit, shipped from such countries as Ecuador or Costa Rica. At present, even our largest retailers are too small to deal directly with Latin American agents, requiring them to buy from further down the chain, from Europe. Naturally, this leads to higher prices for Belarusian shoppers.

Without doubt, residents in smaller regional towns would love to enjoy the same choice of high-quality goods as those in the capital. According to a January survey, conducted by the National Academy of Sciences’ Sociology Institute and Nilsen (an international analytical company), just 17.5 percent of small town residents are satisfied by what’s on offer in their local shops; the rest are keen to see more variety. Most people are familiar with chain stores, visiting them when they travel; for example, Euroopt has been visited by 75 percent of residents in towns lacking their own such outlet.

Around two million Belarusians

live in small towns and villages and, ultimately, should enjoy the same access to goods and services as their counterparts in larger settlements. Usually, where a large shop is already operational, a chain store would be reluctant to open. Moreover, Mr. Zubkov notes that local authorities can be obstructive, offering sites which are clearly unsuitable. This attitude is surely short-sighted, since large chains, for example Euroopt, are also offering to deliver across a large radius, bringing savings to those in remoter villages. He admits that, of 100 small towns approached for the building of a hypermarket, only 10 percent of local authorities

supported the proposal.

As regards competitiveness of chains and independent stores, Mr. Zubkov stresses that there is much scope for further development, with many businesses yet to take full advantage of their opportunities. “In the EU, several dozen types of shop exist and, although chains account for a significant share of turnover, there is far greater competitiveness. Small shops are successfully encouraged to compete against larger rivals,” Mr. Zubkov stresses.

While economies of scale bring obvious advantages, chains need to ensure that their range and quality of products is uniform across all branches. Since personal contact with customers is lost, they must also inspire loyalty by offering value for money and convenience. Smaller shops are able to compete by tailoring their goods to the tastes of their locality and by offering friendly and helpful service.

Not long ago, Belgospishcheprom Concern hosted a business meeting for large retail chains and producers of distilled beverages. Larger stores wish to be able to cut standard 60 days to 40, 30 and even 20 days. Shops are, naturally, reluctant to buy large quantities of new products, since they may not sell quickly. The question is whether manufacturers are ready to accept these conditions. Specialists note that turnover must be raised on the most popular remaining goods if the range is reduced.

Last year, Euroopt debuted in Russia — after seeing success in Belarus. It has already launched 12 branches there and, by late 2013, their number may reach an impressive 50 — covering the Smolensk and Bryansk regions, Moscow and the Moscow District. Belarusian producers supplying Euroopt are gaining a valuable new export market, which can only lead to further development and promotion of their produce abroad.

Property mortgages to become more widely available

Belarusbank and Belagroprombank announce drop in interest rates on housing loans for low-income citizens

Belarusbank is significantly changing its loan terms for individuals seeking mortgages to buy their own home. Those on low incomes will pay just 16 percent per annum while residents of small towns and villages (population under 20,000) will pay a modest 14 percent. Large families will be granted rates of a mere 12 percent per annum.

Belagroprombank JSC is also keen to promote home ownership loans among socially vulnerable citizens, in support of state social policy. “Soon, the bank will launch mortgages for those on low incomes who need to improve their housing conditions and who wish to live in rural areas. Belarusian Rouble loans will be given at no more than 12 percent per annum for a period of up to 20 years for large families and at no more than 14 percent for other categories of borrowers,” notes the bank.

Belarusian textile industry to sew Russian police branded uniforms

Mogotex JSC’s factory, in Mogilev, to produce police uniforms for Russia

This year, the company is set to supply at least 20,000 branded uniforms, catering for almost every subdivision of the Russian Interior Ministry. Fabric especially designed by Mogotex specialists is being used.

Company Director Victor Matievich notes that it has taken around two years to complete the design of around fifty uniforms, with testing conducted for comfort and protection against bad weather. Seven fabrics have been chosen for winter and demi-season uniforms for the Russian police.

As Mr. Matievich explains, these new fabrics are far stronger and lighter than previous versions, keeping out the cold,

wind and snow. Moreover, specially inserted membranes ensure that clothes remain ‘breathable’ to avoid the discomfort of overheating when the weather warms. The advanced technologies used, including changeable inner layers, which offer extra warmth inside, are sure to prove a hit with the Russian police, leading to future orders.

Mr. Matievich adds that Mogotex is able to offer a wide range of clothes tailored to extreme conditions — even the Arctic! He explains, “Russia is now mastering the Arctic, and we are participating, making outfits for border and coast guards, as well as for oil and gas workers. Their uniforms have much in common with those worn by the military, using fabrics effective against the cold. Of course, we also tailor designs to suit their

wearer, such as adding buoyancy aids to coast guards’ uniforms. At present, we’re producing clothes for Russia’s Customs Committee.”

Each time I visit the Mogilev factory, I always regret that similar work and service style uniforms aren’t available in the shops, since their quality would make them perfect for everyday outdoor activities — such as clearing snow. In fact, the company is planning a ‘daily’ range in the near future — using the same technologies and fabrics.

Mogotex is the only Belarusian textile company to be a member of the Russian Association of Manufacturers of Protective Goods. The Mogilev factory also won an honourable diploma at the 2012 *Labour Security and Protection* exhibition, held in Moscow.