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INDEPENDENT NEWS FROM RUSSIA

Russia's Black Friday Likely to Break Records

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A man taking advantage of a cafe's Wi-Fi connection. **O. Domoroshchin**

The Russian calendar is consistent in its delay versus the American one, even for e-commerce bonanzas, with the local version of Black Friday taking place this Friday.

But online consumers here, who are expected to spend more than $680 million in one day, flexed their muscles during the U.S. event on Nov. 29, with retailers there saying Russia was in many cases the No. 1 foreign participant.

However, unlike the Black Friday in the land of the free, Russia's way of doing business has its specific nuances.

A group of Russian and Austrian entrepreneurs working under the name of OOO Black Friday agreed with online retailers to register at blackfriday2013.ru and commit to pay a penny for every sale that is made via their portal, in exchange for a marketing campaign funded

upfront to the tune of $700,000.

The scheme has attracted hundreds of prominent online retailers, including Ozon.ru, Otto, Phillips, and Wikimar, whose sales will help recover the OOO Black Friday's investment on the advance promotion, Kommersant reported.

"We forecast an average spend of up to 4,500 rubles ($136) per visitor to the site, and we are expecting 5 million unique users to come through the portal," said Vladimir Kim, the general director of OOO Black Friday, which would mean a seven-million dollar gross profit for the portal's organizers.

Participating retailers are confident in the results.

"We are participating in Black Friday for the first time and are expecting to double the turnover of goods that we are offering for the event," said Ozon.ru spokeswoman Maria Nazamutdinova.

Alexei Avdey, head of online portal Yandex.Market sees a "Russian" specific to such events.

"So far Russian e-commerce has limited experience with big sales. According to online retailers here, on the cyber-Monday that took place on Jan. 28, sales increased between 1.5 and 2 times as compared to an ordinary day. But Yandex.Market saw 3 percent more visitors on that day than average," Avdey said. "Russian buyers regard big discounts suspiciously."

Practice Abroad

The U.S online sale was well supported by foreign shoppers, with some of the biggest spenders looking to capitalize on blowout discounts coming from Russia, South Korea, China and Germany, BBC reported.

On average, U.S. shoppers each spent $407 over the Black Friday period last week, down from $423 last year, bringing the total spending up to $57.4 billion, 2.7 percent less than a year before.

Overseas sales, however, are on the rise. U.S. retailers saw online sales to international consumers rise 50 percent compared to the previous year, BBC reported, referring to statistics from a U.S.-based e-commerce and logistics company Borderfree.

U.S.-based online fashion retailer Modnique said Black Friday's sales to Russia were strong. "There was a 57 percent increase in [overall] sales on Black Friday compared to the 2013 daily average, and a 125 percent increase in visits," the company's chief executive Einaras von Gravrock said. And 18 percent of that traffic came from Russia, Gravrock added, second only to the U.S., which amounted to 38 percent.

Modnique offered between 17 to 85 percent off on cosmetics and clothing, and the majority of items sold to overseas customers are now heading towards Moscow, St. Petersburg and Novosibirsk, where most of Russian orders came from, Gravrock said.

Vladimir Malugin from PayPal payment processing company, which recently enabled direct connections to Russian banks and started to deal in Russian currency, said PayPal processed

121 percent more payments from mobile devices in Russia on Black Friday this year, compared to 2012, with the U.S., Germany, China and Britain being the most popular online destinations for Russian shoppers.

Black Friday has become a worldwide phenomenon, which has also begun to include online retailers based in Russia.

Niels Tonsen from the Russian fashion retailer LaModa said they used the U.S. Black Friday to offer good deals and give their global customers a chance "to participate in the real pre-New Year sale, which has become a tradition in America."

However, as sales increase, product returns increase too. To take advantage of the discounts, many customers buy more items than they normally would, already planning to return the ones that do not fit, Tonsen said.

Delivery Dilemma

With Russian Post being in the headlines earlier this year because of its inability to process large volumes of parcels from overseas, some retailers have made alternative provisions for delivering their goods.

LaModa developed its own delivery service Lamoda Express, and Modnique said they use SPSR Express to ensure the best delivery to Russians.

Meanwhile, global express courier DHL announced Thursday that it is adding two more charter flights per week to its hub in Leipzig, Germany, and adding a flight to Irkutsk to its regional distribution for the month of December, in order to support the expected peak in package deliveries to and within Russia.

Russian Post said Wednesday that it has addressed the issues that caused delivery havoc with last year's New Year's mail and that it is ready for a new wave of overseas parcels heading toward Russia.

Preparation for the peak season started at the beginning of summer, Russian Post's press service said. And problem areas that caused bottlenecks at the beginning of the year have been addressed.

In September this year, Russian Post opened an additional customs processing point near the Kazansky Station in Moscow and added additional capacity to its sorting warehouses in Domodedovo, Sheremetyevo and Vnukovo airports.

In addition, instead of processing all Russia-bound mail in Moscow, parcels that are addressed to other parts of the country are now processed at regional centers in Ekaterinburg, Novosibirsk and Orenburg and some private freight companies are involved in delivering mail to make the system more efficient.

It is expected that this year the international parcel volume will reach 220 to 220 tons, twice the amount compared to last year. The postal infrastructure is ready for that, Russian Post said.

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