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EBay to Open Marketplace to Russian Retailers

By The Moscow Times

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EBay's latest move skirts the border issue altogether by turning the company's focus to Russia's domestic e-commerce sphere.

U.S. online auction mega-site eBay plans to expand its Russian services by opening its website to some of Russia's largest online stores, business daily Vedomosti reported Monday, citing retailers involved in the project.

Russian vendors such as X5 Retail Group and Wikimart will begin selling their goods via eBay's marketplace on Tuesday, the newspaper said.

While many international companies have put expansion plans on hold amid a chill in Russia's political relations with the West, as well as economic sanctions, eBay has stood by its commitment to expansion in the Russian market.

In July, after signing a memorandum of understanding with Russia's famously snail-paced

state postal service to expedite delivery times on goods purchased on eBay from China, eBay vice president Wendy Jones, who oversees the company's global expansion, was quoted by Reuters as saying: "Russia was ... and remains the eBay marketplace's No. 1 priority for global expansion."

But shipments to Russia from abroad remain difficult. Many U.S. sellers do not ship to Russia. Earlier this year a number of shipping companies, such as DHL and FedEx, stopped servicing shipments to individuals in Russia weighing more than 10 pounds and valued at more than 200 euros ($250), due to an increase in customs duties and paperwork.

Critics of the restrictions noted that the restrictions were formed in concert with the Russian Association of Online Vendors and appeared to be aimed at shielding domestic e-commerce from foreign competitors.

In May, eBay broadened its access to Russian consumers by partnering with Russian delivery service Dostami.ru, which allows people in former Soviet countries to buy goods from U.S. online stores and eBay sellers and have them shipped to a "virtual address" in the U.S. before shipment to their final destinations.

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But one of Russia's largest online stores, Ulmart, was skeptical of eBay's services.

"As a platform [for online shopping], we are more convenient to the customer," Ulmart CEO Sergei Fedorinov was quoted by Vedomosti as saying. "We provide a full service to the customer — from choosing the product to ensuring its delivery. ... If we are talking about access to customers, then, for example, search engines and online aggregators are more effective."

Russia's e-commerce market is growing fast. According to figures from Boris Ovchinnikov, founder of research company Data Insight, Russian Internet stores sold $15 billion worth of goods and services last year — a 25 percent increase over 2012, state news agency TASS reported.

The number of online shoppers in Russia rose by 30 percent to 30 million last year, a groundswell underpinned by a 70 percent jump in orders placed by Russians living outside Moscow.

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