



Huge potential in the world's largest country

The interest shown in Russia by the multinational chains, coupled with rapid market growth, is excellent news for HL Display in Russia, which expects its high levels of growth to continue.

HL Display Russia has grown quickly since it was formed in 1999. From humble beginnings with just one member of staff, the number of employees has now swelled to 33. And Sergey Chasnikov, Managing Director of HL Display in Russia, believes that this trend will continue. "Of course, the competition will be tough, but I'm convinced that our team has what it takes."

Russia's financial crisis

The decision to set up a sales company in Russia was taken in early autumn 1998, when Russia's financial crisis was at its worst. At that time, many believed that the country's economic woes would continue for many years to come.

"Setting up the company in 1999 proved to be a smart move," continues Sergey. "Since we entered the market early, we have grown alongside the chains and were the first supplier for the brand suppliers."

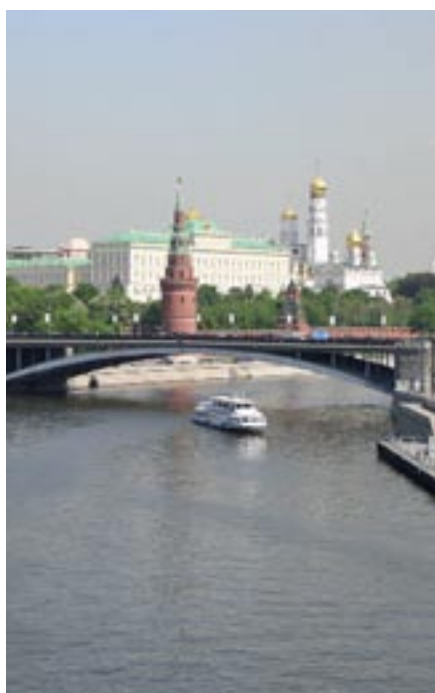
Moscow beginnings

The company has come a long way since it first rented a room from another Swedish company in Moscow – it now has a whole building at its disposal. A regional office has been opened in Saint Petersburg, and there are now regional managers in Kazan, Yekaterinburg and Novosibirsk.

An economy based on raw materials

Russia's size means that it encompasses parts of both Europe and Asia. However, the country is relatively sparsely populated, with much of its land being steppes and forests. There are also a number of mountain chains such as the Urals and the Caucasus.

Today's Russian economy is largely



dependent on world prices of raw materials which, in turn, are heavily dependent on the US dollar. More than 80% of Russia's exports comprise oil, natural gas, metals and timber.

However, with the economic recovery which Russia has witnessed in the 21st century, consumer demand has also become a driving force behind economic growth. The Russian middle class has grown, as poverty has steadily become less widespread. But there is still progress to be made on the route to a market economy, such as an effective banking system.

International and domestic clients

The majority of HL Display Russia's clients

are chains – both food retailers and those in other sectors. However, the company's client group remains relatively fragmented, and individual customers still account for only a small portion of its sales.

Its customers include chains such as METRO Cash & Carry, Eldorado and the electrical retailers Technosila and M. Video. Procter & Gamble was the biggest brand supplier client in 2005, while other such clients include L'Oréal, Beiersdorf, MTS and Danone.

"Many chains take an extremely aggressive approach to opening new stores," continues Sergey. "The biggest chains open between 20 and 40 stores every year. Although the big international players such as METRO, Auchan and Castorama are investing heavily, many of the Russian chains, including some of our customer, are also extremely active."



Sergey Chasnikov, MD for HL Display in Russia.

Sergey also explains that international chains such as Wal-Mart and Tesco have started to show an interest in the Russian market.

Slimline™ – a popular choice

Sergey goes on to talk about HL Display products which have proved popular in Russia.

“Slimline™ has sold extremely well, and the three major electronics chains, M. Video, Technosila and MIR, have all chosen this solution. The brand group devised some excellent solutions for L’Oréal. Many other brands followed suit, culminating in HL Display Russia now working on three similar projects for Nestlé.

TEXT: PATRIK ANSHELM



The Russian HL Display team.



Number of inhabitants: 143 million
Area: 17 075 200 squarekilometer
Capital: Moscow
Language: Russian
Religions: Russian Orthodox (15 – 20%), Muslim (10 – 15%), other Christians (2%). Many of the population do not practice religion, as a result of the many years of Soviet control.
President: Vladimir Putin
Constitutional statu: republic
GNP per capita: USD 12 254
Growth in GNP: 6,4%
Valuta: Rubel (RUB)

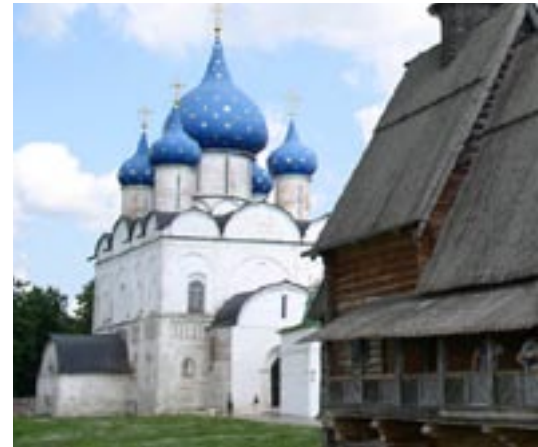


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