
Supermarkten en bouwmarkten Rusland

Kwalitatief onderzoek kamerplanten

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BIJLAGE A: Overzicht kenmerken retailers

1 Samenvatting

Groei markt kamerplanten

Door de sterke groei van de koopkracht is de export van kamerplanten naar Rusland de afgelopen jaren sterk gestegen, tot een totale exportwaarde van ruim 44 miljoen euro in 2008. Er worden een aantal redenen aangegeven voor de sterke groei van de markt voor kamerplanten in de afgelopen jaren:

- Kamerplanten worden steeds vaker opgenomen in het standaard assortiment van retailketens. Met name bloeiende planten worden steeds vaker gezien als een niet bederfelijk en goedkoop cadeau.
- Sinds 2000 zijn er vele 'bloemistenscholen' opgericht in Rusland. Hier leren arrangeurs/bloemisten mensen om boeketten te maken en hoe bloemen en planten kunnen worden gebruikt in het interieur van de woning of het buitenhuis. Steeds meer mensen zijn geïnteresseerd in het stijlvol inrichten van de woning, wat ook zichtbaar is aan de renovatie "boom" die de afgelopen jaren heeft plaatsgevonden.
- Bedrijven kopen steeds vaker (exotische) planten om het kantoor aan te kleden en gebruiken planten om zo een "corporate style" te ontwikkelen.
- Planten worden gezien als een luxegoed door mensen met weinig/gemiddeld inkomen. Deze consumenten, die geen dure meubels of stijlvolle huishoudelijke apparatuur kunnen betalen, zoeken naar andere manieren om het huis aan te kleden.

Ook de groei van afzetkanalen zoals doe-het-zelf ketens en hypermarkten hebben een positieve invloed gehad op de (impuls-)aankopen van kamerplanten. Rusland heeft circa 142 miljoen inwoners. Hiervan woont 73% in stedelijke gebieden, waardoor zij in vele gevallen een hypermarkt of doe-het-zelf winkel in hun directe omgeving hebben. Door de komst van doe-het-zelf ketens en het verschijnen van plantenafdelingen bij hyper- en supermarkten hebben traditionele afzetkanalen van kamerplanten marktaandeel verloren. De grote retailketens kopen grote partijen planten tegen lage kosten en kunnen gunstige leveringsvoorwaarden bedingen. De consument gaat veelal naar deze kanalen voor andere boodschappen, de plantenaankopen betreffen hier dan ook meestal impulsaankopen.

OBI is de marktleider onder de doe-het-zelf ketens en een sterke concurrent voor hypermarkten in de verkoop van kamerplanten. Een belangrijke reden hiervoor is het feit dat OBI planten heeft benoemd als 'key-category', terwijl andere retailketens planten zien als additioneel product. Dit is ook zichtbaar doordat zich OBI ook duidelijk richt op consumenten met een geplande plantenaankoop, terwijl de overige ketens zich beperken tot de verkoop van planten als impulsproduct.

In alle retailketens is de aankoop van planten gecentraliseerd via het hoofdkantoor. Alleen Auchan heeft een distributiecentrum van waaruit de planten worden vervoerd naar de verschillende vestigingen. De overige retailvestigingen worden direct beleverd vanuit de groothandelaar.

Het assortiment en de verkopen van kamerplanten bij doe-het-zelfketens en hypermarkten zijn redelijk constant door het jaar heen, terwijl de supermarkten het aanbod en de verkopen veelal concentreren rond speciale dagen zoals valentijnsdag, vrouwendag en moederdag.

Consument

Over het algemeen richten doe-het-zelf ketens en hypermarkten zich, wat het prijsbeleid betreft, op de modale inkomens. De gemiddelde klant voor de kamerplantenafdeling is: een vrouw van 30 to 45 jaar oud, getrouwd en heeft een gemiddeld inkomen (\$ 1.300+ in Moskou / St. Petersburg en \$ 800+ in de regio's).

Supermarkten richten zich op het lagere segment van de middenklasse. Het betreft ook hier een vrouw van 30 tot 45 jaar oud, maar haar inkomen is lager dan gemiddeld en ze kan zich geen exotische planten veroorloven. OBI onderscheidt zich in dit opzicht van de andere retailketens doordat hier goedkope Russische producten zijn te vinden, maar hetzelfde type plant van Nederlandse oorsprong kan hier ook worden gekocht (voor een hogere prijs).

Het volgen van consumententrends hangt af van de persoon verantwoordelijk voor de plantenafdeling. De gangbare praktijk is dat er wordt gewerkt met een vast assortiment en dat inkoop van nieuwe planten gebeurt op basis van de verkochte aantallen planten. De afdelingsverantwoordelijke heeft doorgaans een aantal jaren ervaring in de markt van planten. Hierdoor heeft men een groot netwerk van contacten en kan informatie worden verkregen over veranderingen in de vraag en markttrends. Een belangrijke bron van informatie is de leverancier. Informatie wordt verzameld in gesprek met de leverancier, maar ook door het assortiment van de leverancier te bestuderen of door brochures en magazines van leveranciers. Bij supermarktketen Billa krijgt de manager van een bonus wanneer hij zijn verkooptarget haalt, waardoor hij wordt gestimuleerd om trends te volgen en de inrichting en het assortiment te optimaliseren.

Promotie

Alleen doe-het-zelf ketens en hypermarkten geven aandacht aan planten in promotiematerialen (brochures, magazines, flyers). Supermarkten adverteren het plantenaanbod niet en gebruiken hooguit materiaal dat wordt aangeleverd door de leverancier. De meest toegepaste promotionele activiteiten zijn:

- Korting voor planten waarvan de kwaliteit is verslechterd;
- Seizoenskortingen.

Andere promotionele activiteiten die worden gebruikt, zijn:

- Het omroepen van speciale aanbiedingen in de winkel;
- Cadeau bij aankoop van een bepaald aantal planten of bij besteding van een bepaald bedrag;
- Mailing van brochures en/of flyers in de omgeving;
- Advertenties op de website.

Over het algemeen geven de respondenten aan dat de meeste planten als spontane aankoop worden gekocht. De klant ziet een plant en besluit op dat moment om er een te kopen. Hierdoor verwacht men slechts een zeer beperkt effect van plantenpromotie buiten de winkelvloer (brochures, internet, etc.).

Logistiek & kwaliteit

De retailketens kopen zelf geen planten in het buitenland, maar werken met importeurs. In vele landen kunnen geen partijen van voldoende omvang en assortiment worden geleverd. Bovendien is het aandeel van de plantenafdeling in de totale winkelomzet zo gering, dat hiervoor geen logistiek importtraject wordt opgezet. Hiernaast worden bureaucratische obstakels van plantenimport op deze wijze voorkomen (douane, quarantaine-certificaten). Met name voor winkels in de regio's is het vaak winstgeverder om te werken met lokale producenten, dan met importeurs of groothandelaren.

De meeste retailketens geven aan dat de omstandigheden bij hun leveranciers zijn geoptimaliseerd om een goede kwaliteit kamerplanten te waarborgen. Maatregelen die bij de leveranciers worden genomen, zijn:

- Klimaatregeling;
- Bemesting;
- Belichting;
- Aparte ruimten voor verschillende typen planten;
- In de meeste gevallen worden planten geleverd in trucks zonder klimaatregeling. Bij koud weer kunnen planten ter bescherming speciaal worden verpakt.

In supermarkten, de meerderheid van de hypermarkten en sommige doe-het-zelf winkels (Leroy Merlin, IKEA) wordt weinig aandacht besteed aan de verzorging van de planten. Het personeel van supermarkten krijgt over het algemeen weinig speciale training in de verzorging van planten. In de meeste gevallen krijgt de plantenafdeling ook weinig aandacht van hogerhand. De enige verzorgingsmaatregelen die worden genomen zijn water geven en het verwijderen van stof van de bladeren. Uitgebreide verzorgingsmaatregelen worden alleen genomen in OBI, Castorama en Tvoi Dom:

- Watergift afhankelijk van type plant;
- Speciale temperatuur;
- Belichting met speciale lampen;
- Luchtbevochtiging (alleen OBI);
- Controle van quarantaine-certificaten (alleen genoemd bij Castorama).

Eisen leverancier

Volgens de respondenten voldoet de ideale leverancier aan de volgende eisen:

- Goede kwaliteit planten
 - Planten hebben quarantaine-certificaten
 - Kwaliteitscontrole bij leverancier
 - Klimaatregeling aanwezig
 - Bij voorkeur geconditioneerd transport
 - Vervangt kosteloos kwalitatief slechte planten
 - Nederlandse planten staan bekend als kwalitatief goede planten met een gerechtvaardigde hogere prijs
- Kan grote partijen leveren van breed assortiment
- Duidelijke prijsafspraken, op basis van contractprijzen voor bepaalde periode
- Reageert adequaat op klachten
- Levert op tijd
- Geeft goede service
- Heeft aanbiedingen (grote aantallen tegen aantrekkelijke prijzen)
- Levert promotiemateriaal (brochures, flyers met beschrijving planten)

Toekomstverwachtingen

De meerderheid van de retailketens geeft aan dat de plantenverkopen met name in de periode 2005 t/m 2007 sterk zijn gegroeid. Desondanks wordt verwacht dat de omzet van kamerplanten ook de komende jaren verder zal groeien, door:

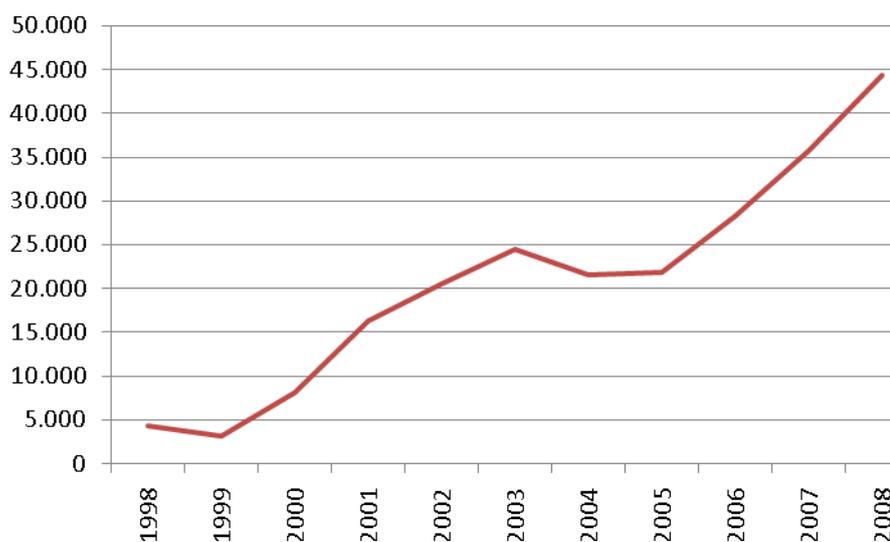
- De stijgende welvaart en de ingezette trend naar het decoreren van het interieur, mede met behulp van planten.
- Doe-het-zelf winkels (OBI, Leroy Merlin, Tvoi Dom) die het assortiment optimaal afstemmen op nieuwe trends en het product actief promoten en adverteren. Hierdoor denken zij nieuwe klanten aan te trekken.
- Doe-het-zelf ketens (Castorama, IKEA), Hypermarkten (Auchan, Mosmart, Lenta, Karusel, METRO) en supermarkten met een standaard of klein assortiment verhogen de omzet door het openen van nieuwe vestigingen.
- Vele retailketens openen nieuwe vestigingen in kleinere steden en bereiken zo een nieuwe doelgroep.

2 Inleiding

2.1 Rusland een belangrijke groeimarkt

Door de sterke groei van de koopkracht is de export van kamerplanten naar Rusland in de afgelopen jaren sterk gestegen, tot een totale exportwaarde van ruim 44 miljoen euro in 2008. In 2004 en 2005 is het aandeel van Nederland in de totale EU-export naar Rusland teruggelopen. Dit werd veroorzaakt door het importverbod dat Rusland (vanwege fytosanitaire eisen) van medio 2004 tot medio 2005 had afgekondigd voor Nederlandse bloemen en planten. De productstromen naar Rusland liepen daardoor (tijdelijk) via andere landen, zoals Duitsland en Polen. Vanaf 2006 was te zien dat de trend van voor 2004 weer werd voortgezet. Ook de groei van afzetkanalen zoals doe-het-zelf ketens en hypermarkten hebben een positieve invloed gehad op de (impuls-)aankopen van kamerplanten. Rusland heeft circa 142 miljoen inwoners. Hiervan woont 73% in stedelijke gebieden, waardoor zij in vele gevallen een hypermarkt of doe-het-zelf winkel in hun directe omgeving hebben.

Figuur 2.1: Nederlandse export kamerplanten naar Rusland (x 1.000 Euro)



Bron: HBAG

2.2 Doel van het onderzoek

De doelstelling van het onderzoek is, middels kwalitatief onderzoek, informatie verkrijgen over:

- De organisatiestructuur van doe-het-zelf ketens, hypermarktketens en supermarktketens;
- De plantenafdeling van bovengenoemde afzetketens;
- De visie van retailketens ten aanzien van de plantenafdeling;
- Promotieactiviteiten van verschillende ketens;
- Logistiek en kwaliteitsaspecten;
- Verwachtingen voor de toekomst.

2.3 Methode van onderzoek

Het onderzoeksbureau (Synovate Rusland) heeft 16 face-to-face interviews afgenomen onder 'decision makers' of managers van de verschillende retailketens. Respondenten moesten verstand hebben van de verkoop van kamerplanten, promotieactiviteiten, de consument, logistiek en de toekomstige ontwikkelingen. De interviews zijn afgenomen in het laatste kwartaal van 2008.

De volgende retailketens zijn voor dit onderzoek geïnterviewd:

Doe-het-zelf-ketens:

- Leroy Merlin (Moskou)
- OBI (Moskou)
- IKEA (Moskou)
- Castorama (St. Petersburg)

Hypermarkten:

- Auchan (Yekaterinburg, Moskou)
- METRO (Yekaterinburg, St. Petersburg)
- Mosmart (Moskou)
- Karusel (St. Petersburg)
- Lenta (St. Petersburg)

Supermarkten:

- Victoria (Moskou)
- Billa (Moskou)
- Sedmoi Kontinent (Moskou)
- Perekrestok (Moskou)

Warenhuizen:

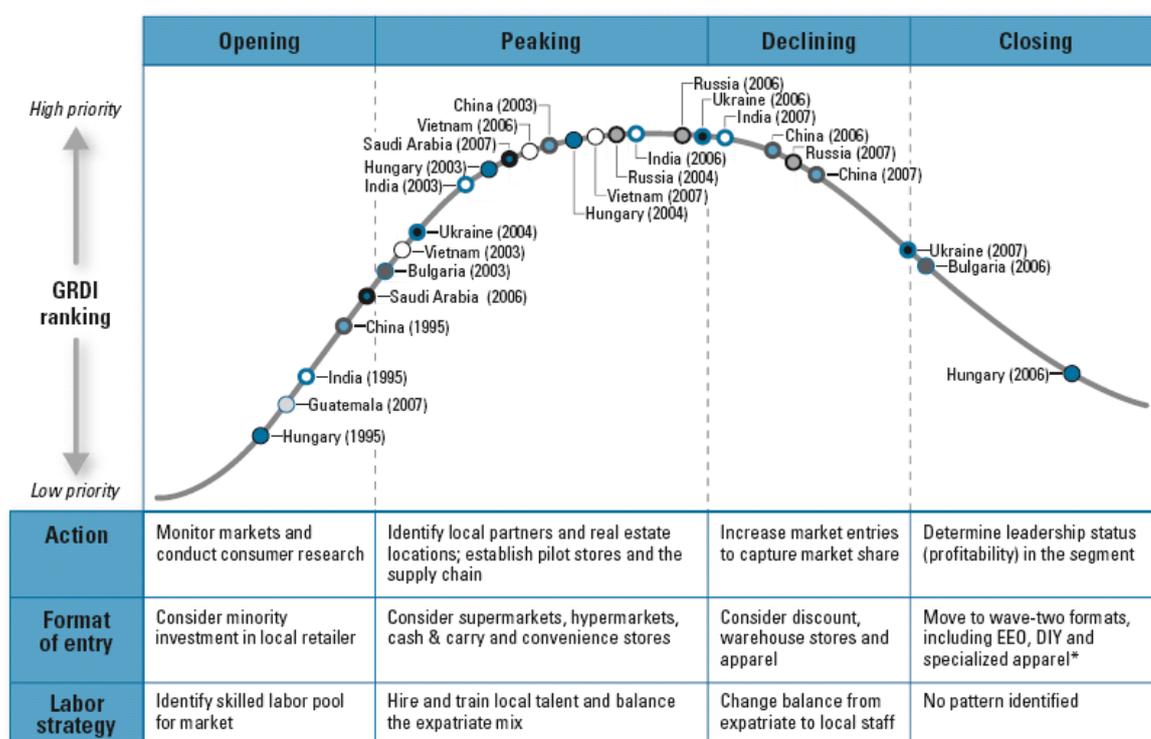
- Tvoi Dom (Moskou)

3 Speelveld Russische retail

De kredietcrisis die is ontstaan in de Verenigde Staten en zich snel wereldwijd verspreidde, heeft de groei van retailers wereldwijd geremd. De perspectieven voor groeimarkten zoals Rusland zijn hierdoor verslechterd, maar niet in zo'n mate dat de groei van de markt wordt bedreigd. De economische omstandigheden hebben het speelveld voor wereldwijde retailers versoberd, maar vormen tevens een belangrijke reden voor retailers om zich juist meer internationaal te oriënteren. Het nastreven van uitbreiding in groeimarkten lijkt het beste middel om een brede basis te krijgen en het klantenbestand te diversifiëren. De verwachting is dan ook dat 2008 een keerpunt is geweest voor visionaire retailers, die groeimarkten reeds hebben betreden.

In de Global Retail Index (A. T. Kearney, 2008) van de meest aantrekkelijke groeimarkten voor retailers staat Rusland op de derde plaats, na Vietnam en India.

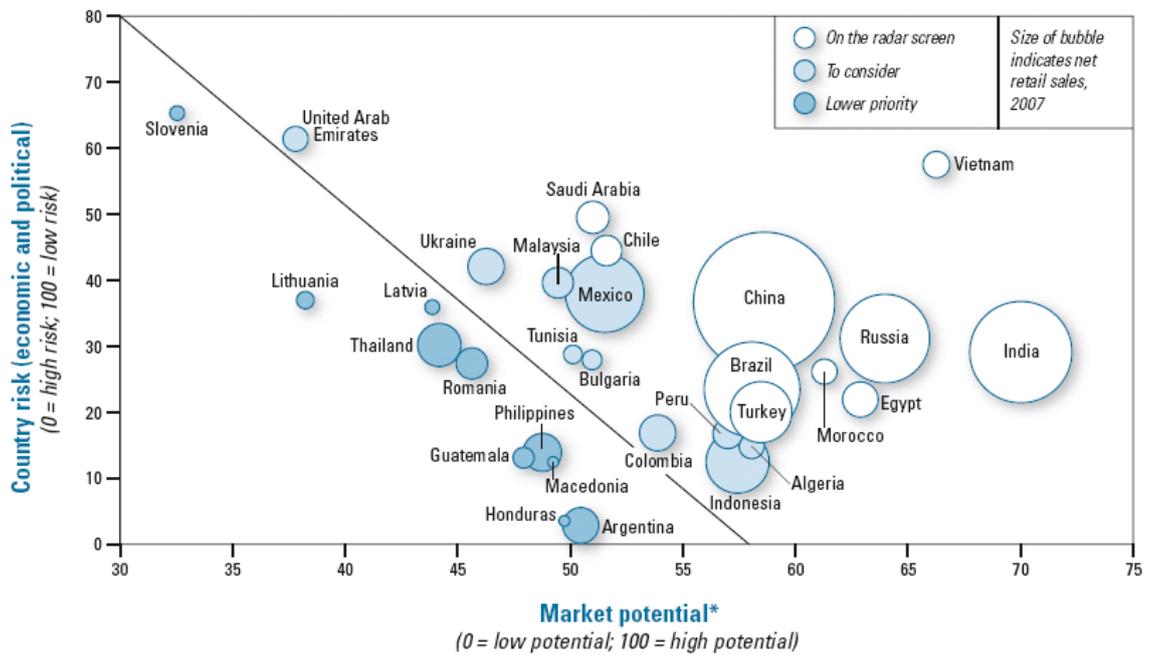
Figuur 3.1: Window of opportunity analyse



Source: A. T. Kearney

*EEO refers to entertainment, electronics and office retailing; DIY is do-it-yourself

Figuur 3.2: Aantrekkelijkheid groeiemarkten



* Based on weighted score of market attractiveness, market saturation and time pressure of top 30 countries

Source: A.T. Keamey

Rusland is één plaats gezakt op de index in vergelijking met 2007. Recordprijzen voor olie en gas (het belangrijkste exportproduct) en een sterk groeiende consumptie hebben bijgedragen tot een sterk groeiende economie. Verwacht wordt dat Rusland dit jaar zal toetreden tot de WTO, waardoor het toegang zal krijgen tot buitenlandse markten. Met de aanstelling van Poetin als premier lijkt de politieke stabiliteit bovendien te worden gehandhaafd. Door de sterk groeiende economie nemen de inkomens, en als gevolg daarvan de bestedingen, toe. Circa 60% van deze bestedingen worden gedaan bij retailers. Een groot deel van de populatie (38%) heeft een leeftijd van 15 tot 39 jaar, waardoor de consumptie en bestedingen naar verwachting verder zullen toenemen. Ondanks het feit dat Moskou en St. Petersburg de belangrijkste vestigingen blijven voor retailers, breiden retailers steeds vaker uit naar kleinere steden en industriële regio's (zoals Yekaterinburg, Novosibirsk, Nizhny Novgorod en de Volga-regio). Geconfronteerd met een tegenvallende groei op de thuismarkt, breiden vele buitenlandse retailers verder uit in Rusland. Het Zuid-Koreaanse Lotte heeft in 2007 een vestiging geopend in Moskou. Carrefour opende eind 2008 haar eerste twee vestigingen en wil in 2009 vijf extra vestigingen openen. IKEA blijft positief over een verdere uitbreiding in Rusland en Wal-Mart onderzoekt de mogelijkheid van vestiging in Rusland en haar buurlanden.

4 Do-It-Yourself

4.1 OBI



4.1.1 Organisation

- OBI is the **undisputed leader** in the market of pot plants in Russia.
- Turnover of the whole organization for the period of 2007 was 5.8 billion Euros (worldwide)
- Main categories of products: plants and products for garden and country house (garden's tools, soil, seed grains)
- Company's strategy includes emphasis on high sales and customer-tailored approach.
- Strategy concerning plants includes:
 - Monitoring plant market for novelties;
 - Affordable prices;
 - Quality control;
 - Intensive work on forming assortment (searching for novelties, monitoring sales of the section).
- 13 stores in Russia: 4 stores in Moscow, 5 in St. Petersburg, 2 in Nizhniy Novgorod, 1 in Kazan, 1 in Yekaterinburg. First 2 shops in Russia were opened in Moscow in 2003.
- Location: OBI stores are situated on the edge of the town.
- The size of the shops ranges from 10 000 m² up to 16 000 m².
- Scheme of the plant purchase: OBI works with several constant suppliers that offer plants from Russia and Netherlands. Foreign plants have better packaging, look better and usually last longer, but deliveries from foreign countries are usually limited.

4.1.2 Plant section

- **OBI's has the biggest plant section among retail chains and therefore has most attention paid to it.**
- Plant section is around 30% of the whole area of the store. Almost the half of this area is devoted for pot plants.
- Plants are divided in partitions – for different kinds of plants: there is partition for thermophilic plants, special section for exposure of garden plants that need fresh air (open air section which is open only in summer), etc.
- The person responsible for assortment is head of plant section. Purchase manager has little decisive power in this matter.
- Criteria for choosing plants into the assortment are the following:
 - **According to season** – for example, pot flowers that bloom at certain time of the year and seasonal changes in assortment of suppliers.
 - **According to holidays** – for example, Poinsettias in eve of New Year.
 - **Price policy** – must aim at target audience of the store.
 - **Popular plants** – are chosen based on the experience of the sales manager and head of the plant section
- New plants are ordered according to the rate of sales (i.e. how much we sold = how much we order)
- All newcomers are trained how to take care of plants and in most cases hired personnel already has some experience in the field of plants. There are always 5-6 selling assistants in the store that are ready to answer questions of the consumers.

4.1.3 Promotion

- The sales of plants is heavily backed up by a wide assortment of promotional activities done by the store. Aside from promotional materials that OBI prints for its stores (brochures, special newspaper with list of special offers, etc.) OBI practices the following types of stimulating the sales:
 - Seasonal discounts (30%-50%)
 - 2 for the price of 1
 - Discounts on the plants that begin to spoil
 - Special tablets with characteristics of plants and information about special offers
 - TV commercials that feature special offers of the plant sections

4.1.4 Consumer & trends

- Typical consumer of OBI is a person with garden patch, usually inexperienced in taking care of plants. Specialists are rare.
- A Woman aged from 30 up to 45
- Average income
- 50% of purchases are planned, 50% on impulse.
- Company monitors consumer trends based on the own sales and by assortment offered by suppliers

4.1.5 Logistics & quality control

- Personnel of OBI visits warehouses of the supplier to see to it that plants are kept under special conditions. One of the terms of the agreement between OBI and its suppliers states that in case of spoilage OBI can return plants to the supplier in period of 3 days after the delivery
- In the store itself the following conditions are provided:
 - Watering that is adapted to the need of the type of plant
 - Additional light
- In case some plant begins to spoil, the usual thing to do is to put it on discount
- Nevertheless 3-5% of all plants in OBI dies yearly.

4.1.6 Future expectations

- The demand for indoor pot plants will not change considerably during the next few years.
- The intensive work on forming assortment should increase the demand on indoor pot plants.
- Company expects steady growth of company's turnover.
- In the current time OBI doesn't plan to include cut flowers into its constant assortment, because:
 - Cut flowers are perishable goods;
 - There is intensive competition from the side of small retail chains that specialize in selling cut flowers.

4.2 Leroy Merlin

4.2.1 Organisation

- Leroy Merlin is a worldwide known retail chain with more than 180 DIY stores all over the world (Greece, Brasil, France, Italy, Poland, Russia).
- In 2006 Leroy Merlin changed its name to Group ADEO
- The turnover of Group ADEO in 2007 was 9,2 billion US dollar (worldwide).
- The first Leroy Merlin in Russia was opened in Moscow in 2004.
- Leroy Merlin has 9 stores in Russia: 4 stores in Moscow, 1 in Saint Petersburg, 1 in Rostov-on-Don, 1 in Krasnodar, 1 in Samara, 1 in Novosibirsk.
- Main strategy: cheap prices every day.
- Strategy concerning selling plants – emphasis on quality and sophisticated choice of suppliers that can provide good quality – good quality means no problems with satisfying the needs of the buyers; seasonal changes
- Purchase is centralized through the main office
- Doesn't have a distribution centre – the plants are delivered directly from the supplier's warehouse.
- Supplier purchases flowers from Holland, Israel, Poland and Germany. Holland is chosen as most preferable production country because it provides good quality, long-living plants and no spoilage
- Plant sales: 70% foliage pot plants, 30% flowering pot plants



4.2.2 Plant section

- Share of turnover of plant section in turnover of the organization is insignificant (maximum 5% from the turnover of the store). Still efforts are put to make the best profit out of it.
- The size is 50m² (<1% of the store's size). 25m² is for plants – 25 m² are for the accessories. The average size of the whole store is 10 000 – 12 000 m².
- Location: the plant section itself is located on the 3rd floor of the store. Some shelves are located against the pay offices closer to the exit. The main part of the plant section is near the section that sells household equipment
- Assortment offers an average range of plants (few types and few varieties)
- Assortment changes depending on the season
- Criteria for choosing plant into the main assortment:
 - Quality (the plant should be able to be alive at least half a year after the purchase)
 - Exotic plants – for people with average income and income less than average
 - Popularity – section orders the smallest size of some plants. If it show good sales, they order the same plant of bigger size

- Personnel is not trained by the company. Company tries to hire people that already have some experience with plants
- Responsible for the sales of plants is the head of the sales department

4.2.3 Promotion

- Overall Leroy Merlin has high advertising activity.
- Still the advertising activity that involves plants in Leroy Merlin is of average intensity, but it is present only in plant section itself. The company itself doesn't release any kind of paper materials that includes plant section or special offers.
- In the plant section the following promotional activities are used:
 - Discounts;
 - Special label near novelties;
 - Ads that are provided by the supplier with the arrival of plants to the store.

4.2.4 Consumer & trends

- The major consumer are overall married people aged from 25 with income above average.
- The consumer trends are monitored from doing statistics on sales and communicating with representatives of the importers (that provides brochures and specialized magazines)

4.2.5 Logistics & quality control

- Plants are delivered directly from the warehouse of the importer.
- In a warehouse of the supplier:
 - Climate control is used
 - Different rooms for various kinds of plants
- In the shop:
 - Watering of plants
 - On delivery during a cold time – the supplier will protect the plants with extra packaging (a box, a film, foam rubber)
- It is possible to return plants to the supplier during 3 days
- Delivery of plants to the store is synchronized with delivery of plants to the warehouse of the supplier (two times a week). Leroy Merlin tries to buy plants as soon as they arrive at the supplier.
- 1 % loss because of worthlessness (spoilage)

4.2.6 Future expectations

- The turnover is expected to increase due to the promotional activity and advertising.
- Demand overall will be the same, because assortment of plant market mostly consists of plants whose average lifespan is from half a year to 1 year.
- In addition, Leroy Merlin has its constant clientage. Leroy Merlin attracts people from all over the city, this ensures high traffic.
- Among probable changes inside the store is widening of the assortment.
- Leroy Merlin in Russia doesn't plan to work with direct supply from production countries, it is more profitable to work with importers that can handle large orders. The bigger the order is, the more flexible is the price.

4.3 IKEA

4.3.1 Organisation

- IKEA is a worldwide operating company with 260 stores in over 29 countries in different regions (Europe, North America, Middle Asia, Asia Pasific).
- The pure profit margin (excluding taxes, salaries. etc.) of IKEA for 2007 was 12%.
- First IKEA store was opened in Moscow in 2000 (IKEA Khimki)
- IKEA has 11 stores in Russia: 3 stores in Moscow, 2 in St. Petersburg, 1 in Yekaterinburg, 1 in Novosibirsk, 1 in Rostov-on-Don, 1 in Kazan, 1 in Nighniy Novgorod, 1 in Krasnodar.
- In winter 2008 company plans to open 1 store in Samara. Another store is planned to be opened in Moscow.
- The turnover of IKEA in 2007 was 20,7 billion euro (worldwide).
- Stores are located in the exterior of the city.
- The main strategy of IKEA is offering a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.
- The strategy concerning selling plants is to work with local manufacturers and do not offer exotic plants (only popular and regular assortment)
- The purchase of products is centralized through the main office.
- Plants are purchased through suppliers that work with local manufacturers.
- Price policy is determined according to analysis of economic capacities of the population that lives in a certain region.
- Sales of pot plants = 70% flowering pot plants, 30% foliage pot plants



4.3.2 Plant section

- The plant section is not the major section of products in IKEA. Therefore the company pays a standard amount of attention to it. It has quite a big space, a quite wide assortment, quite good conditions, but no individual features that would make it stand out of the other categories of products.
- The average annual turnover of plant section is 5 million US dollars. It is around 8% of the store's turnover.
- size of plant section is 40-50 m². Displays with plants are scattered over the space of 150 m².
- Plant section is situated 30 meters from the main entrance.
- Plants are delivered 2-3 times a month. Orders are planned according to the average seasonal demand (it is determined by the statistics on sales of the previous year and on experience of purchase manager).
- IKEA offers a wide assortment of plants, that changes 2-3 times during the year (spring and summer, autumn, winter)
- Criteria for plants to be included into the assortment:
 - Advice of supplier (result of communication between head of plant section and representative of the supplier);
 - After tryouts of new plant (statistics on sales);

- Seasonal changes;
- Appearance;
- Information from special analytical unit that gathers and analyses information about assortment in competitors stores;
- No exotic plants (as a result of standardization approach of IKEA).
- Company tries to hire people that already have some experience in working with plants. No additional training except training done by experienced staff during work.
- Each vendor that works in the section can provide customers with necessary information about how to take care of plants.
- The person responsible for plant section is purchase manager of plant section.
- Location is determined by Administration of the store.
- Manager of plant section and merchandisers are responsible for presentation of the plant section.

4.3.3 Promotion

- Company features average promotional activities in the plant section.
- The company releases brochures that mention special offers and discounts on plants.
- The plant section itself doesn't feature any advertising materials (no Point-of-Sale materials).
- The only kind of promotional activities featured in IKEA is discounts.

4.3.4 Consumer & trends

- The major consumer of plants in IKEA is a woman aged from 30 with average income.
- Consumer trends are monitored by doing statistics on sales.

4.3.5 Logistics & quality control

- Quality control is mainly the work of the supplier. The plant section itself doesn't offer special conditions for the plants. It is the result of the standardization approach of the company that is projected on all groups of products: i.e. same conditions of storage in storehouse, same conditions in the store itself.
- Plants are delivered directly from the warehouse of the supplier in an ordinary truck (no special equipment for protection of plants).
- The quality in the store is monitored at the arrival of supplier's truck during the acceptance of plants.
- There is a special storehouse in the store itself with room indoor temperature.
- The plant section itself doesn't feature any measures to keep the plants good-looking for longer, except watering.
- No special lighting or climate control systems are specially installed in the plant section.

4.3.6 Future expectations

- It is expected that IKEA will invade the regions, so in the nearest future stores in regions will be 60% of all IKEA stores in Russia.

4.4 Castorama

4.4.1 Organisation

- Castorama is a French retail chain with a long history and around 120 stores in Europe (Germany, Czech Republic, Luxemburg, Switzerland, Sweden).
- Castorama is new to the Russian market (first Castorama was opened in St. Petersburg in 2006), but is a very intensively developing retail chain (Over the last 2 years Castorama opened 6 new stores)
- Castorama has 7 stores in Russia: 1 store in Moscow, 2 in St. Petersburg, 1 in Samara, 1 in Rostov-on-Don, 1 in Krasnodar, 1 in Omsk.
- The turnover of Castorama in 2005 was 11,1 billion of US dollars.
- Stores are situated outside the city.
- The purchase of products is centralised trough the main office.
- Castorama has 1 constant importer that orders plants from Holland.
- Castorama doesn't have distribution centers for plants. Plants are delivered to stores directly from importer's warehouse.
- Strategy concerning selling plants is popular sorts of plants by cheap prices.
- Sales of pot plants: 60% flowering pot plants, 40% foliage pot plants.



4.4.2 Plant section

- The role of plant section in the turnover of store is insignificant. Therefore plant section doesn't receive as much attention as in stores that specialize in selling pot plants. It is merely an additional section, of which turnover is based on impulse purchase and which assortment is not wide and flexible to seasons. Still Castorama tries to ensure that quality standards are fulfilled: personnel is trained on how to look after plants and measures of ensuring the longevity of plants are overall high.
- The size of plant section is 30-40 m². The floor size of store itself is 11 500 m².
- Assortment is determined by main office.
- Seasonal changes are rare;
 - In Winter the quantity of conifers rises.
 - During Spring plant section sells cut-flowers.
- The dates of ordering are fixed.
- Personnel is trained on how to take care of plants
- Person responsible for plant section is Head of purchase department of plant section.
- Location of plants is determined by Administration.
- Head of the plant section and vendors are responsible for presentation of plant section.

4.4.3 Promotion

- Company itself doesn't do much promotion for the plant section. Plant section is mentioned on the official web-site and special offers are sometimes featured on it.
- Promotional methods used in plant section are the following:
 - Discounts
 - Short description of the plants available in the plant section.

4.4.4 Consumer & trends

- The major consumer is a woman in her 40's, married with average and above average income.
- Trends are monitored by doing statistics, but no change can be made to the assortment without approval of the central office.

4.4.5 Logistics & quality control

- Quality control is ensured in both plant section and in the warehouse of the importer by a special person.
- Plants are delivered to stores directly from the importer's warehouse in an ordinary truck (not specially equipped to transport plants)
- There is a special person in store that controls the quality of arriving plants and checks the quarantine certificates. There is also a special person (representative of the importer) that controls quality of plants ordered for Castorama on their arrival to importer's warehouse. Still personnel of Castorama responsible for plant section are unaware of conditions in the importer's warehouse.
- Plant section in the store features the following measures to keep plants good-looking:
 - Climate control systems;
 - Access to fresh air;
 - Watering;
 - Special chemicals added to the soil.
- The loss of the plants due to the spoilage is 5-10%. The store itself is financially responsible for these losses.

4.4.6 Future expectations

- The overall future expectations concerning selling pot plants aren't optimistic. During the last years turnover of plant section dropped due to the strong competition from OBI.
- Still Castorama is an intensively developing company and turnover of plants will be high thanks to the opening of new stores. However, the share of the plant section in the overall turnover is expected to continue to decrease.

5 Hypermarkets

5.1 Auchan

5.1.1 Organisation

- Auchan is an international retail chain that originated in France in 1961.
- First Auchans in Russia were opened in 2002 (Tula, Rostov-on-Don, Adygea).
- In Moscow – 11 Auchan stores and 8 Auchan-cities (Auchan-cities are former Ramstores that have been taken over by Auchan. These locations were too small to convert to Auchan hypermarket-format. Auchan city has a smaller assortment and is more expensive because the prices are adjusted to match the prices in city)
- The turnover of Auchan in Russia was 4,7 billion dollars in 2008.
- Purchase is centralized through central office.
- Auchan works with several suppliers. Some of them are local manufacturers, some of them are importers that order plants from foreign countries (Netherlands, Spain, Holland).
- Orders from different suppliers are sent to distribution center, from where plants are distributed to the specific stores.
- Pot plants sales: flowering pot plants < foliage pot plants



5.1.2 Plant section

- Plant section is not regarded as a profitable section, therefore plants in the plant section do not receive much attention from staff. Its share in the turnover of the whole store doesn't exceed more than 1%.
- The average annual turnover of the plant section (per store) is 23 500 US dollars.
- Plants can be gathered in one spot of the store or can be scattered (each display stands separately) over the area of the whole store.
- The size of plant section depends on the amount of people that visit the store daily.
- The average size of the plant section is 20 m². The overall size of the store is 20 000 m².
- Some plants are located near pay offices near the section of vegetables and fruits.
- Main assortment consists of 7-8 types of foliage plants.
- Assortment is determined the Head of the plant section and the sales manager (in Moscow). In regions the assortment is determined by the Moscow office.
- Criteria of choosing a plant into the assortment:
 - Long lasting
 - Was raised with knowledge (high quality)
 - Popularity
- Although personnel is trained on how to take care of plants, Auchan tries to hire people that already have some experience in this field.
- The main seasonal change are months starting from April until June. Orders of plants should be made long before this time.

- With special days the assortment is livened up by the presence of cut flowers (from Holland and local manufacturers). Cut flowers may also come from other Auchan locations that fail to sell them.
- Holidays usually increase average turnover of the plant section by 30%
- Person responsible for the plant section is Head of plant section.
- General location of the plant section is determined by the central office, the precise location is determined by the administration of the store.
- Plant manager at the location is responsible for presentation of plant section

5.1.3 Promotion

- The promotional activity of Auchan is overall high.
- Among featured actions there are:
 - Buy 2, get 1 free.
 - Brochures that are present in the store and often are mass mailed, mention special offers (usually in the eve of holidays, rarely in ordinary days)
 - The spoiled plants are moved closer to the pay offices and are sold by lower prices.

5.1.4 Consumer & trends

- Major customer is a woman aged from 30 to 60, married, with average income.
- Consumer trends are monitored by:
 - Doing statistics on sales
 - Monitoring assortment of supplier via websites
 - Exchanging experience with colleagues.

5.1.5 Logistics & quality control

- Order is made via website of supplier.
- Orders are usually made 2 times a month. It is enough because big quantity of plants are ordered.
- Plants are delivered in an ordinary truck, directly from the supplier's warehouse to the distribution center and then to specific stores.
- Warehouse of supplier features all necessary conditions to preserve plants from spoiling, including greenhouses for raising sprouts.
- The percentage of plants lost due to its spoilage is included in terms of agreement between Auchan and supplier (spoiled plants can be exchanged for new ones). Spoiled plants (15% of the whole assortment) are thrown away.
- Auchan itself can offer only watering to saving pot plants.
- Auchan has little space in storehouse of store itself that is devoted to plants (15-20 m²). It doesn't feature any kind of special conditions except for normal indoor temperature. The average time of waiting to be put in the plant section is 3-4 weeks.
- Spoiled plants are moved closer to the pay offices and are put on discount.

5.1.6 Future expectations

- In 2007 Auchan signed an agreement with Turkish company Enka. This agreement transferred the right to use areas of Ramstor hypermarkets on a long-term basis. Few respondents named it to be the biggest event on the market of retail chains in Russia during several years.
- Probably the assortment will change. Since 2000 up to 2008 profit has grown considerably. Demand was always present, yet sales of Auchan in general have decreased.

5.2 METRO

5.2.1 Organisation

- METRO originates from Germany (in 1964) and currently has over 662 cash & carries in 29 countries of the world (2008).
- METRO entered the Russian market in November 2000. Nowadays METRO has 43 stores in Russia (Moscow, St. Petersburg, Saratov, Samara, Nizhnii Novgorod, Yekaterinburg, Rostov-on-Don, Krasnodar, etc.)
- The turnover of METRO in Russia was 3,6 billion euro in 2008.
- Main strategy – similarity to warehouse and selected clientage – ‘not for everyone’ (i.e. only person with a special card can shop in METRO stores. Such a card can be ordered only on behalf of some organization)
- Strategy concerning selling plants: additional goods, don’t get enough attention.
- All purchases are centralized through main office.
- METRO tends to work with one constant supplier.
- Plants are delivered directly to stores from the warehouse of the wholesaler.
- Pot plants sales: 70% flowering pot plants, 30% foliage pot plants



5.2.2 Plant section

- Plants are an additional category of products. Therefore there is no wide assortment, no exotic plants, only the popular types of plants and sufficient quality control. On the other side conditions of plants reflects the main idea of METRO store, which is similar to warehouses.
- The turnover of plant section is around 3% of turnover of the whole store.
- The size of plant section is 20 m². The size of METRO store is 10 000 m².
- 1,5 m² is devoted to cut flowers.
- Plant section is situated closer to the entrance.
- Assortment: 50% flowering pot plants, 50% foliage pot plants. Overall 90-100 pots.
- The main criteria to include a plant into assortment is popularity which is monitored by statistics of sales. Personnel responsible for plant section in the store itself doesn’t have the decisive power to change the assortment. Changes in assortment are granted by central office.
- There are little seasonal changes in the assortment:
 - Orchids during Holidays
 - Conifers in winter
- The only person that knows how to take care of plants is the merchandiser. Other personnel that might be involved in the work of plant section doesn’t receive any kind of training.
- The order is done once a month and is usually delivered the next day.

5.2.3 Promotion

- The promotional activity is overall high.

- There are special magazines that include lists of special offers and that are also published on the internet. There are discounts and special offers.
- In addition special offers are advertised in store through speakers.
- Still all mentioned doesn't often include plant section. There are discounts and in seasonal sales the plant section is advertised through speakers.

5.2.4 Consumer & trends

- The major consumer are people with average income, aged 25-50, married. Almost everybody can shop in METRO, because the obligatory access card to METRO can be ordered on behalf of any organization. Customers can be even students that work part time at some company.
- Trends are monitored by doing statistics of sales.
- No additional researches or reading special literature are done by personnel responsible for the plant section in stores, because assortment is determined in the central office. That is even more true for regions, because any decision concerning plant section in regions is decided in Moscow office. That makes personnel in regional stores often unaware of company's strategy or principles on which the assortment is built.

5.2.5 Logistics & quality control

- Plants are delivered directly from warehouse of the wholesaler to the store in trucks with special temperature.
- Still the only measure to save plants from spoiling in the store itself is timely watering.
- METRO doesn't pay enough attention to keep plants safe in the store, because according to the terms of the contract the supplier exchanges spoiled plants for new ones.
- Sometimes plants that begin to lose their healthy looks are moved closer to display with newspapers (near the pay offices).

5.2.6 Future expectations

- The overall expectation is an increase of the total turnover due to the expansion in the regions.
- The demand on plants will not change, because it is a category of impulsive purchase.
- No considerable change in the way plants are treated or enlargement of plant section is expected in the nearest future in regions. Regional stores are too dependable on the policy of the central office.
- Moscow respondent added that assortment should change with time, because METRO is an European-oriented company and it adopts European solutions to the Russian market. Same goes for trends in the pot plant market. A lot of finance is put into this market, therefore sooner or later plant category will catch the eye of Administration.

5.3 Karusel

5.3.1 Organisation

- Karusel is a hypermarket format of retail store that was started by the X5 Retail Group in 2002.
- Nowadays there are 22 stores in Russia (St. Petersburg and its region, Moscow and Moscow region, Nijni Novgorod, Ijevsk).
- Karusel annual turnover was 1,3 billion US dollars in 2008. The turnover of the total X5 Retail Group was 10,2 billion dollars in 2008.
- Purchase of products is centralized through the central office.
- Plants are directly delivered to the store from the warehouse of the wholesaler.
- Main strategy – guaranteed quality for cheap prices.
- Strategy concerning selling plants – no particular strategy
- Pot plant sales: foliage pot plants > flowering pot plants



5.3.2 Plant section

- The size of plant section is 30-40 m² of which 1 m² is devoted to cut flowers. The size of the whole store is 1000 m².
- Despite the average size of plant section, plants do not get enough attention from the staff.
- The share of plant section's turnover is insignificant
- Person responsible for assortment is the merchandiser.
- Assortment features 28 types of plants (both flowering and foliage) and around 500 pots.
- Seasonal changes are determined by head of the sales department and merchandiser based on information that is sent from the purchase department.
- Personnel doesn't get any training and therefore doesn't provide customers with information on how to take care of plants.

5.3.3 Promotion

- Karusel uses the following promotional activities to liven up the sales in plant section:
 - Brochures,
 - Special labels with special price
 - Discounts

5.3.4 Consumer & trends

- The major customers are married couples around 40 y.o., with average income;
- The main reason of purchase plants is spontaneous decision.

5.3.5 Logistics & quality control

- Plants are delivered directly from the wholesaler's warehouse into the store.
- Order is made once a week and at the time of the delivery leftovers are returned to the supplier.
- In the plant section the only measure aimed at saving plants are watering and wiping the dust which are performed by merchandiser.

5.3.6 Future expectations

- Turnover of plant section is expected to decrease due to:
 - Strong competition from OBI;
 - It is expected that strategy concerning selling plants will not change considerably during the next years (plants will continue to be an additional product of which purchase is mostly impulsive).

5.4 Lenta

5.4.1 Organisation

- Lenta retail chain was created in 1993.
- Nowadays it includes 34 Hypermarkets all over Russia: 14 in St. Petersburg, 4 in Novosibirsk, 2 in Nijnii Novosibirsk, 2 in Krasnodar , etc.
- The turnover of Lenta in Russia was 2 billion dollars in 2008.
- All purchases are centralized through the main office.
- Main strategy: offer more for lower price.
- Strategy concerning selling plants: no particular strategy.
- Plants are directly delivered from the warehouse of the suppliers.
- Pot plants sales: flowering pot plants > foliage pot plants.



5.4.2 Plant section

- The role of plant section is insignificant.
- The size of plant section is only 2 m².
- Cut flowers are also sold in the space of 2 m².
- Assortment is determined by the commercial department. Any change in assortment is determined by main office.
- 50% foliage pot plants, 50% flowering pot plants
- Personnel receives basic training (doesn't include information on how to take care of plants)
- The person familiar with rules of taking care of plants is the merchandiser.
- Among seasonal changes only selling conifers in winters were mentioned.
- In summer sales doubles.
- The order is made from the price list with mentioning of all products that are purchased by Lenta (not only plants). The sales manager chooses the products he wants and sends this information to the purchase department.
- The person responsible for the plant section is the sales manager.

5.4.3 Promotion

- No promotional materials are available in the store itself, except pointers to different sections (inc. plant section).
- The only promotional activity is discounts of flowering pot plants.

5.4.4 Consumer & trends

- The major customers are consumers with average and above average income, around 30.
- The purchase is made based on impulse.
- Trends are monitored only by doing statistics of sales.

5.4.5 Logistics & quality control

- Plants are delivered once a week. Plants are ordered according to positions that were sold. The main role in quality control belongs to the supplier, because the store itself doesn't offer much in terms of keeping the plant alive as long as possible:
 - No climate control
 - No moistening of the air
 - No special lighting
- The terms of agreement between Lenta and its suppliers allows Lenta to return plants that begin to spoil shortly after its arrival.

5.4.6 Future expectations

- Company plans to build new hypermarkets in Rostov-on-Don, Novosibirsk and Omsk.
- Expansion will stimulate the rise of turnover that will definitely affect turnover from plant section (for the complete Lenta chain).

5.5 Mosmart

5.5.1 Organisation

- Mosmart is a Russian retail chain created in 2003 that attempts to develop 4 different formats of retail stores simultaneously.
- These 4 formats are:
 - Hypermarkets (6 -18 000 m²)
 - Maxi (4-6 000 m²)
 - Express (1-4 000 m²)
 - Mosmartik (0,08-1 000 m²)
- Currently Mosmart includes around 80 stores all over the territory of the Russian federation.
- All hypermarkets are located at the edge of the town or outside of it.
- The turnover of Mosmart in Russia was 903 million dollars in 2008.
- Main strategy – winning constant clientage through good service
- Strategy concerning selling plants – stimulating sales by bonuses to salaries of personnel in case of overfulfilment of planned turnover
- Purchases are centralized through central office. Plants are purchased from Holland, Italy and Israel.
- Plants are directly delivered to the store from warehouse of the wholesaler.
- Plant sales: 80% flowering pot plants, 20% foliage pot plants.



5.5.2 Plant section

- The average annual turnover of the plant section is around 195 000 US dollars and this is not more than 1% of store's annual turnover.
- The main share of the plant section's turnover is made during seasonal peaks of sales when ordinary daily sales can be multiplied 4-5 times. One should mention that such high results are achieved because on holidays the company also sells cut flowers.
- The price policy is designed to suit the needs of people with average income who can afford to buy from time to time a pot plant for price between 9 and 29 US dollars.
- The size of plant section is 8 m².
- Plant section is located near the section of household appliances.
- Employees generally don't work very long in the store (few months), so it is pointless to train them.
- Assortment is determined by Head of sales department of the plant section.
- Overall the assortment doesn't change and selling cut flowers on holidays is the only seasonal change that can happen to assortment.
- Administration of the store is responsible for purchase and presentation of plants

5.5.3 Promotion

- Plant section as well as store itself lacks promotional activities. The only activity that is available in the plant section is a reduced price for spoiled plants. This reduced price is communicated to the customer by crossing out the old price and writing the new price next to it.

5.5.4 Consumer & trends

- The major consumer is a person with average income or income above average. It is usually a woman aged from 25 y.o.
- A smaller part of customers are single men aged from 17 that buy plants as a gift.
- Consumer trends are monitored by doing statistics on sales and communicating with customers in the process of giving professional advice.
- Impulsive purchases prevail over planned purchases.

5.5.5 Logistics & quality control

- Plants are delivered directly from supplier's warehouse to the store in trucks equipped with refrigeration for transporting plants once in 3-5 days.
- The supplier doesn't provide Mosmart with guarantee after delivery, so if the plant gets spoiled or dies it is not replaced by the supplier.
- There is a small room (20 m²) that can be used as storage for anything, including plants in case of holiday when there is a need for reserve.
- There are a few measures organized in the plant section to keep plants alive longer:
 - lighting
 - Watering with clean water and special chemicals for plants
 - Fertilizers are added into the soil.
- Around 10% of plants anyway gets spoiled.

5.5.6 Future expectations

- Company is expected to continue its expansion into the regions.
- The plant section is expected to be enlarged and assortment is expected to widened.
- No considerable change in the reasons why people purchase pot plants is expected.

6 Supermarkets

6.1 Billa

6.1.1 Organisation

- Billa is part of REWE GROUP (created in 1924) that is second biggest trade company in Germany and has over 11 500 retail stores in 13 European countries.
- The overall turnover of the organization in Russia was 419 million US dollar in 2008.
- Billa entered Russian market in 2004.
- Currently Billa has 38 supermarkets in Russia (36 in Moscow, 2 in Tula).
- Main Strategy: providing population with basic products for low prices
- Strategy concerning selling plants: manager gets extra salary if the plant section manages to sell more than is planned. Such bonuses are paid monthly – therefore the manager of plant section is motivated to constantly invent something on his own to keep sales high (for example – studying the assortment of competitor stores)
- Purchase of flowers is centralized through the main office.
 - (country of origin – Ecuador – cheap prices)
- Pot plants sales: 15% flowering pot plants, 85% foliage pot plants



6.1.2 Plant section

- Despite the fact that the plant section is not big and its share in overall turnover of the store itself is around 3% the personal interest of manager in high sales of section provide the plant section with enough attention from the staff.
- The size of section itself is 15 m² (around 5% of the whole area of the store). Around 1 m² is devoted to accessories.
- Plant section is located near the entrance.
- Despite that major clients of Billa are people with average income and lower income the price policy in plant section doesn't offer only low prices. Billa features pot plants that cost more than 30 US dollars (it is more expensive than in retails that specialize only in selling plants).
- Assortment consists of popular plants – one cannot have a rich assortment in 15 m².
- Assortment is decided by head of the plant section and manager of the section.
- Criteria for choosing plants into the assortment:
 - Longevity and easiness of taking care;
 - Appearance – must be attractive.
- From time to time after discussion with the Head of the plant section, the sales manager tries to include novelties into the assortment.
- An experienced manager trains newcomers, yet the main emphasis is on communicative skills. The main goal of personnel is to keep sales high.

- The person responsible for the section of plants and presentation of the plant section is the sales manager.
- Location of the plant section in the store is determined by the Administration of the store.

6.1.3 Promotion

- Although Billa exists in Moscow since 2004, it is not a widely-known brand. This fact is explained by the lack of outside advertising.
- The assortment of promotional activities of Billa is of average wideness. It features:
 - Special offers
 - Discounts (on plants that begin to spoil)
 - Gift (get rid of inexpensive plants which have stood for any reason on a display)

6.1.4 Consumer & trends

- The major consumer is a woman aged from 25 up to 50 with average income.
- The main reason of purchase is accessibility of supermarkets and easiness of purchase (“come and buy”). It is the main advantage of supermarkets (Most Hypermarkets and DIY-stores are located outside of the city or on its edge)
- Consumer trends are studied by sales manager via web. He also may perform his own researches of competitors assortment.

6.1.5 Logistics & quality control

- Plants are delivered directly from suppliers warehouse once or twice a week (this depends on season).
- Purchase is based on how many plants are sold, to replace the missing (sold) assortment.
- There are a few measures aimed at keeping the plants alive as long as possible:
 - Watering;
 - Turning of lamps at night;
 - Wiping the dust on the leaves.
- The person responsible for quality of plants is sales manager who starts his work day with examining of plants in the section.

6.1.6 Future expectations

- It seems that Billa is a promising company in Russia. Still, despite the high speed of opening new shops (38 in 4 years), the company’s strategy concerning plants is rather passive.
- The success and turnover of plant section depends on enthusiasm of sales manager and how well the communication between sales manager and head of plants section is organized.
- For now it seems Billa will avoid big changes in anything.

6.2 Victoria

6.2.1 Organisation

- Victoria is a local retail chain that started its way on the Russian market in 1993. The organization includes supermarkets “Victoria” and discounters - “Kvartal” and “Deshevo”
- Currently Victoria has 190 stores in different regions of Russia (Moscow, St. Petersburg, Kaliningrad)
- There are 6 supermarkets in Moscow, 7 in Kaliningrad, 2 in St. Petersburg.
- Turnover of the whole company for the period of 2007 is around 1 300 millions of US dollars.
- Main strategy: reinforcement of existing position in market and expansion into regions
- Strategy concerning selling plants: low prices as guarantee of high sales.
- Victoria works with local Russian manufacturers of plants. All purchases are centralized through the central office.
- No distribution center – direct delivery.
- Pot plant sales: 80% flowering pot plants, 20% foliage pot plants.



6.2.2 Plant section

- The plant section doesn't get a lot of attention from either personnel or administration.
- The size of plant section is around 20 m². The size of whole store is 2 500 – 4000 m².
- The average monthly turnover of plant section is around 8 000 US dollars.
- Plant section is located near the vegetable section. The assortment doesn't change. In the eve of holidays the quantity is doubled.
- The share of pot plants turnover is 50% flowering pot plants and 50% foliage pot plants.
- Assortment is determined in central office. Personnel in store itself has no decisive power in these matters.
- Emphasis on low prices (around 9 US dollars a pot)
- Personnel is not trained by company itself, but newcomers visit seminar specially organized by supplier.
- The person responsible for plant section is sales manager.
- The way plant section looks is determined by sales manager and his assistant.

6.2.3 Promotion

- The promotion of Victoria brand itself is not intensive in the current time. Victoria brand is not widely known, although the “Kvartal” and “Deshevo” are rather well-known discounters.
- All promotional activities in the company are taken care of by the advertising department.
- Victoria features the following promotional methods:
 - Special price labels for discount products;
 - Flyers;
 - Slogans and advertising information on wide pieces of fabric stretched near the ceiling.

6.2.4 Consumer & trends

- The major consumer is a woman in age from 25 to 45, with average income or income just below average.
- The most part of purchases are impulsive. Plant is bought either as a present or as addition to other products on impulse.
- Trends are monitored by analysis of sales statistics.

6.2.5 Logistics & quality control

- Plants are delivered directly from warehouses of supplier twice a week on fixed days (Wednesday and Friday or Saturday, depending on the speed of sales).
- Warehouse of supplier feature:
 - Greenhouses for protecting sprouts of plants
 - Fertilizers
- The plant section itself doesn't have special conditions to save plants as long as possible. The only thing done to keep plants alive is watering.
- However, the percentage of spoiled plants is extremely low (1%). According to the agreement between Victoria and its supplier, with each delivery the leftovers are taken away (replaced with new ones).

6.2.6 Future expectations

- Victoria is a company that is in constant development. In the period of 2006-2007, 23 new stores were opened.
- The turnover from plant section will grow thanks to the opening of new stores. Still the share of plants in turnover of organization will not increase.
- No significant changes are expected in the future in correspondence to demand, because the main type of purchase in Victoria's plant section is impulsive.

6.3 Sedmoi Kontinent

6.3.1 Organisation

- Sedmoi Kontinent is a retail chain that has a long history on the Russian market (since 1994) and more than 120 stores in Russia (Moscow and Moscow region, Kaliningrad and Kaliningrad region, Perm, Saint Petersburg, Ryazan, Chelyabinsk) and Belarus (Minsk), most part of which is located in Moscow
- For 2008 the company achieved an annual turnover of 1,7 billion US dollar. The turnover of plant sections in all stores is approximately 200 000 US dollar.
- Main strategy – accessibility within reasonable time walking, wide assortment, good service. Company is oriented on people with income above average that value their time, comfort and stomach.
- Strategy concerning selling plants: no particular strategy.
- There are 3 formats of Sedmoi kontinent stores:
 - Supermarket – with emphasis on accessibility within reasonable time walking;
 - Sedmoi kontinent 5 stars – emphasis on whole food, the assortment of other type of products is narrowed
 - Hypermarket “NASH”



- Plants are sold in all three types of stores. The interview was performed with personnel that from supermarket SK.
- The purchase of products is centralized through the central office.
- There are several suppliers that order plants from Holland, Columbia, Ecuador and local manufacturers. In regions Sedmoi Kontinent works only with local manufacturers, because the share of plant sales is insignificant and it is not profitable to organize logistics for import.
- Suppliers are chosen according to their punctuality (timely response and delivery) and good service. Currently all suppliers are of average size with no popular name – therefore they try their best to provide good service for corporate customers.
- The company pays their suppliers at the end of the month to spare superfluous paperwork.
- Plants are delivered directly from the warehouses of suppliers.
- Plant sales: 50% flowering pot plants, 50% foliage pot plants.



6.3.2 Plant section

- The plant section doesn't get enough attention, because plants are regarded as additional (not mandatory products). Therefore the plant section in Sedmoi Kontinent consists of merely 50 positions (3-4 types of flowering and 5-6 types of foliage pot plants) which don't include exquisite sorts of plants and there is no intensive promotional activity.
- The average monthly turnover of the plant section in one store is 350-2.000 US dollar (4.200-24.000 US dollar a year).
- The size of the plant section is 6-8 m². The average size of Sedmoi Kontinent supermarket is 300-400 m².
- Plant section is situated close to the exit, near displays with newspapers.
- Beside pot plants, Sedmoi Kontinent sells 8-9 types of cut flowers. No accessories.
- Plants are delivered once a week. An order is planned according to the expected demand in the next week.
- Purchase manager of plant section (who is usually responsible for plant purchase in several stores) is responsible for the assortment. The criteria for choosing the plant into the main assortment are the following:
 - Easy to take care of
 - Popular (no 'scary' exotic)
 - Experience of manager and his colleagues
 - Seasonal changes
- Seasonal changes basically mean that quantity of pot plants can be tripled – that indicates that turnover of plant section is dependable on seasonal changes.
- Personnel is trained, but the main emphasis is not the taking care about plants, but learning how to package a plant. Personnel is trained by a professional florist and has to pass a special exam to be able to work on full pay.
- Order is made once a week.

6.3.3 Promotion

- The company exists for many years and it created some fame. Sedmoi Kontinent is a well-known brand (especially in Moscow). Therefore the promotional activity outside the store is low.
- Inside promotional activities are discounts for groups of products and the plant section is sometimes included in such special offers.
- The only advertisements that are present in the plant section are brochures that are sometimes provided by the supplier.

6.3.4 Consumer & trends

- The major consumers are both male and female customers with income above average and credit cards (paying by credit cards was one of the key advantages of Sedmoi Kontinent in the beginning of 2000's). Specifically young people from 20 – 30 years old, couples from 30 – 40 years old en single women (40+). Customers are no specialists in the field of pot plants.
- Usually plants are bought by people for whom it is ok to overpay a bit by credit card and therefore save some time and not go to the nearest shop and pay by cash.
- The biggest share of all purchases is based on impulse.
- There are following sources of consumer trends that are taken into consideration by purchase manager:
 - Historic assortment policy
 - Directions from the superior colleague
 - Statistics of sales
 - Colleagues that work in other stores
- There are no particular trends, because main reason of purchase is impulse.

6.3.5 Logistics & quality control

- Plants are delivered directly from warehouses of suppliers once a week in an ordinary truck.
- Goods manager checks the quality of delivered plants on their arrival along with the florist.
- The store itself has a small storehouse with indoor normal temperature for storing plants.
- The only measure in the plant section aimed at keeping plants good-looking is timely watering.
- 10% of the plants usually gets spoiled, but the store gets reimbursed by the supplier for plants that get spoiled before they are sold.

6.3.6 Future expectations

- The overall turnover is expected to increase thanks to the opening of new stores. Still the share of plants in turnover of organization is expected to stay the same (less than 1%).
- No particular changes in correspondence to financial crisis is expected, because situation on the financial market doesn't affect purchases based on impulse.
- The major change that is expected in Sedmoi Kontinent overall is refusal of using warehouses for other categories of products. Sedmoi Kontinent wants to sell only and create such delivery system that all types of products will be delivered directly to the stores from warehouses of suppliers. Still it will not affect the situation with plants at all.

6.4 Perekrestok

6.4.1 Organisation

- Perekrestok is part of the X5 Retail Group that has 265 retail stores in 15 regions of Russian Federation (Moscow, Moscow region, St. Petersburg and its region, Samara, etc.)
- Turnover in 2008 was \$3,1 billion.
- Main strategy is Quality, Reliability, Effectiveness.
- Strategy concerning selling plants: standard assortment and standard size.
- Plant purchase is centralized through the main office.
- Plants are delivered directly from supplier's warehouse to the store.
- The strategy concerning pot plants is determined in Moscow office.
- Pot plant sales: flowering pot plants > foliage pot plants.



6.4.2 Plant section

- The size of plant section is 3-4 m². The size of the whole store is 1.600 m².
- Plant section is located near the entrance to generate the highest traffic.
- The assortment consists of 120 types of plants, most part of which were previously ordered. In other words company has a list of 120 types of plants, from which it chooses its current assortment.
- The only criteria is tryout – the plant is ordered and if it sells good it is then ordered again.
- Personnel doesn't receive any kind of training that relates to plants.
- Head of plant section is responsible for purchase of plants, presentation of section and assortment.

6.4.3 Promotion

- Perekrestok has a rather low advertisement activity.
- The store receives a catalogue of special offers each 2 weeks from the Moscow office (each 2 weeks a new set of special offers).
- Perekrestok doesn't release brochures or any kind of flyers, still it offers discounts.
- Discounts work well with any category, but plants are not like other products. Plants are purchased on impulse and discount doesn't increase sales that much. They work better with those who have come deliberately in search of plant and would gladly do some economy as well.

6.4.4 Consumer & trends

- Major customer is a woman, aged from 30 to 50, married, with average income. Amateurs in field of plants.
- Consumer trends are monitored by doing statistics on sales. After analyzing the results of sales, the head of the plant section decides whether to include a plant into constant assortment or not.

6.4.5 Logistics & quality control

- Orders are made once every 2 weeks. Plants are delivered the day after, directly from the supplier's warehouse to the store.
- In the store only watering is available to maintain pot plants alive as long as possible.

6.4.6 Future expectations

- As part of X5 Retail Group, Perekrestok is expected to continue its intensive development.
- No change is expected in strategy concerning selling plants.
- The X5 retail group rebranded its Perekrestok hypermarkets to the Karusel banner. X5 aims to bring all hypermarket banners under one single brand (source: www.planetretail.com).

7 Department stores

7.1 Tvoi Dom

7.1.1 Organisation

- Tvoi Dom is a retail chain of shopping marts created in 1998, that offers a wide variety of different products (whole food, household appliances, furniture, plants, etc.) and is open 24 hours a day and 7 days a week.
- Currently it has 2 shopping marts in Moscow (with size of 66 000 m² and 40 000 m²) and 1 shopping mart in Voronej (80 000 m²) that was opened in 2008.
- The turnover of Tvoi Dom in 2004 was 150 million US dollar.
- Stores are situated in the exterior of the cities.
- The **overall strategy** of Tvoi Dom is matching the needs of the consumer 24/7.
- The **strategy concerning plant sales** is to provide consumers with professional advice in choosing plants.
- The purchase of products is centralized through the main office.
- In case of plants Tvoi Dom works with 2 constant suppliers that order plants from Holland and Denmark. In addition, Tvoi Dom buys plants at Dutch auctions.
- Sales of pot plants = 70% flowering pot plants, 30% foliage pot plants



7.1.2 Plant section

- Tvoi Dom offers a large plant section to its customers with assortment above usual surrounded by selling vendors that can provide customers with any necessary information.
- Average daily turnover of plant section is 700-900 dollars US (255 000 – 328 000 US dollars a year)
- The size of plant section is 100 m², but only 50 m² are occupied by plants. Other space is devoted to accessories.
- Currently plant section is situated on the other side of the main entrance near one of the back entrances where the truck that delivers plants arrives. The reason for this is that the plant section has been recently enlarged and it is easier to carry over plants when they arrive.
- The main assortment includes around 20 different types of plants.
- The criteria to include plants in assortment are the following:
 - Popularity of the plants (results of sales);
 - Season;
 - Plant should be easy to take care of;
 - Stamina.
- Purchase of plants is done on fixed dates 2 times a week. In the eve of holidays the orders should be made 2 or 3 weeks beforehand.

- Personnel is trained how to take care of plants and is sent on refresher courses on how to present the plants, what different varieties of plants exist, etc.
- There is always a selling assistant in the plant section that can provide customers with necessary information about how to take care of certain plants and with professional advice on which plant to choose.
- Depending on season and nearness of holidays the quantity of pot plants in plant section changes (usually the ordinary quantity of plants is doubled in the eve of holidays)
- Person responsible for the plant section is the Head of sales department.
- Location of plant section is determined by the Administration.
- For presentation of plant section Head of sales department of plant section and 2 managers are responsible.
- Person responsible for determining the main assortment is Head of the sales department of plant section.

7.1.3 Promotion

- Tvoi Dom feature a wide toolkit of advertising materials used to promote the plant section:
 - Company releases a special journal that informs customers about different sections that are situated in Tvoi Dom and special offers in them. This journal is situated on the special display near the main entrance.
 - Plant section is also mentioned on official web-site of the company.
 - Company releases brochures that mention special offers of plant section and plants with minimal price (special price).
 - Yet the plant section itself doesn't contain any kind of advertising materials.
 - The only promotional activity featured in plant section is discount sales.

7.1.4 Consumer & trends

- Major consumer is a woman aged from 30 to 50, married with income above average that has a country house that she would like to decorate with plants.
- Consumer trends are monitored by doing statistics of sales in plant section and aggregating the experience of selling vendors that have contact with customers during working hours.

7.1.5 Logistics & quality control

- Plants are delivered directly from the warehouse of the importer via ordinary trucks. Depending on season and weather plants are packed in special boxes and covered with special materials to save plants from cold air.
- Plants purchased in the Netherlands are delivered on special truck that is equipped for transporting plants (temperature, lighting) along with orders for other organizations.
- The plant section and staff offer a variety of measures to keep plants safe and good-looking as long as possible. This includes:
 - Moistening of the air;
 - Special temperature (climate control systems);
 - Watering based on the needs of each type of plant;
 - Polishing of leaves of thick-leaved plants.
- The average loss of plants due to spoilage is 7-10%.
- Plants that begin to spoil are sold at discount prices.

7.1.6 Future expectations

- In terms of sales Tvoi Dom had a peak 5-6 years ago, when a wide assortment of indoor pot plants was a novelty.
- Nowadays customers are used to the availability of pot plants and that lowers the sales. Still plant section of Tvoi Dom has won a certain clientage that consist of people whose hobby is decorating the interior of their houses or country houses. That allows to maintain steady sales on a certain level.
- It is expected that the plant section will be enlarged – probably by special area in the open air for summer plants.
- The turnover is expected to be high due to the careful monitoring of the assortment that is offered by suppliers on the Russian market.

BIJLAGE A: Overzicht kenmerken retailers

	Doe-het-zelf-ketens				Hypermarkten					Supermarkten				Warenhuis
	Leroy Merlin	OBI	KEA	Castorama	Auchan	METRO	Mosmart	Karusel	Lenta	Victoria	Billa	Sedmoy Kontinent	Perekrestok	Tvoi Dom
Aantal winkels (totaal, wereldwijd)	180	502	260	120	279	662					1.619			
Aantal winkels in Rusland	9	13	11	7	19	43	87	22	34	190	38	131	265	3
Vloeroppervlakte/winkel (m ²)	10.000 – 12.000	10.000 – 16.000		11.500	6.970	10.000	1.900	1.000	7.200	2.500-4.000	1.000	300-400	1.000 - 5.000	40.000 – 80.000
% vloeroppervlak plantenafdeling	<1%	30%	<1%	<1%	<1%	<1%	<1%	3,5%	<1%	<1%	5%	2%	<1%	<1%
Omzet keten (wereldwijd)	€ 9,2 miljrd	€ 5,8 miljrd		\$ 11,1 miljrd	€ 51 miljrd	€ 38 miljrd								€ 20,7 miljrd
Omzet keten (Rusland)				\$ 4,7 miljrd	€ 3,6 miljrd	\$ 903 mln	\$ 1,3 miljrd	\$ 2 miljrd	\$ 1,3 miljrd	\$ 419 mln	\$ 1,7 miljrd	\$ 3,1 miljrd		\$ 150 mln
Leeftijd consumenten	25+	♀ 30-45	♀ 30+	♀ 30-60	20-50	♀ 25+	ca. 40	ca. 30	♀ 25-45	♀ 25-50	divers	♀ 30-50		♀ 30-50
Verkopen bloeiend/groene planten (%)	70/30		70/30	60/40	b<g	70/30	80/20	b<g	b>g	80/20	15/85	50/50	b>g	70/30
% uitval	1%	3-5%		5-10%	15%		10%			1%		10%		7-10%
<i>Verzorging</i>														
Klimaatregeling		x		x										x
Luchtbevochtiging														x
Watergeven	x	x	x	x	x	x	x	x		x	x	x	x	x
Belichting		x					x							
Bladeren poetsen								x			x			x
Bemesting				x			x							
<i>Promotie</i>														
Brochures, flyers, newspaper		x	x		x	x		x		x		x		x
(Seasonal) discounts	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Plant information	x	x		x										
TV commercials		x												
Website				x		x								x
Reclame via speakers														
Cadeauplant											x			