



EXPORTING DURING THE PANDEMIC

Several Russian companies quickly got to work expanding their presence in foreign markets. These manufacturing and processing companies were neither afraid of the pandemic, nor of the economic difficulties brought with it.

Tailored to customer needs

Bytplast, a Russian producer of plastic household and children's goods, has been partnering with Western European companies for several years. The company started exporting to EU countries in 2017, delivering children slides and baby bath seats to Germany. Export volumes have been growing ever since, and in 2020, exports helped the company to stay afloat.

WE REALISED THAT THE EUROPEAN MARKET NEEDS UNRIVALLED PRODUCTS

“Some European countries overcame the first wave of the pandemic quite quickly, and soon lifted restrictions on visiting shopping centres; in several countries, non-food stores didn't close at all,” said Olga Muravyova, Development Director at Bytplast. “And in the midst of the pandemic, we managed to complete a shipment to Poland, a new country to us, and we even launched exports to Latvia.”

European consumers appreciate the Grand Box line – a range of durable and beautiful boxes for various storage purposes, from tools to cosmetics, that outperform European alternatives in functionality.

It is not a coincidence though: the company takes into account European consumers' design preferences and requirements for household goods at the early stages of 3D modelling and product design. We have to consider the fact that in each importing country, customers prefer different colours, appearances and functionalities. Tastes differ markedly from country to country, but taking them into account ensures high demand for goods. However, it is hard to say that the European market is not saturated. Local manufacturers here have to compete with exporters from China, Turkey, the USA and even New Zealand. “We realised that the European market needs unrivalled products,” said Olga Muravyova. “So we build a unique value proposition.”



Bytplast's plastic boxes are popular in Europe.

Another problem lies with regulatory compliance. For example, launching exports to France turned out to be tougher than expected. The products had to comply with all safety and environmental requirements, and successfully pass an audit of the production site and a pre-shipment inspection by an independent company. The packaging had to comply with all the relevant standards, samples of goods and labels had to be approved by the customer, and samples of the finished products were sent to a research laboratory in France. Had any of the stages revealed a substandard quality, the whole shipment would have been cancelled.

Each EU country has its own requirements on top of common European standards. France, in particular, applies the so-called “voluntary standards” to a number of children’s goods – failure to comply prevents goods from being sold via major retail chains. These standards are much stricter than in Russia. For example, the tests cover not only the material and design safety of a product, but also its label and packaging. Nevertheless, even considering such country-specific requirements and the customers’ needs, companies can still succeed in various markets. Bytplast exports its products to Belarus, Kazakhstan, Armenia, Kyrgyzstan, Moldova, Germany, the Czech Republic, France and Estonia. This year, Poland and Latvia were added to the list.

In 2021, Bytplast expects to increase its sales: social scientists believe that the lockdown restrictions will lead to a baby boom in most European countries.

Climate-specific materials



INNA SHENTYAEVA

Logistics Director of the Bitumen Materials and Pellets strategic business unit at the TechnoNICOL Corporation

“This was a very exciting year for us,” said Inna Shentyaeva, Logistics Director of the Bitumen Materials and Pellets strategic business unit at the TechnoNICOL Corporation. “The small dip in exports, which occurred in April–May due to the global coronavirus crisis, was too brief for us even to respond. As early as June, the export rates returned to their target level, and the company’s sites produced a lot of goods under export contracts.”

The pandemic did not change the company’s investment plans either. TechnoNICOL is putting the finishing touches to its new factory in Poland, which will produce stone wool – a high-demand thermal insulator and sound absorber. The company also plans to expand its existing production sites in Ukraine, Belarus, Germany, Italy and Scotland. It is building a logistics hub in Vyborg to supply European consumers with a selection of products they need.

In recent years, the company has been participating regularly in exhibitions as well as developing a network of offices in Europe to showcase its products to customers. However, its key competitive advantage, as the corporation sees it, is its readiness to produce and supply products tailored to the customer’s needs, which can vary greatly. “Bulgaria will not take the materials that are accepted in the UK, and vice versa,” said Inna Shentyaeva. “Serbia, Croatia and Bulgaria are southern countries, and have their own specific requirements for materials. When signing contracts, companies from these countries formulate these requirements, which become the terms of reference. TechnoNICOL’s research centre is first in line to implement the deliverables. Designed samples are used in pilot production, with a test batch sent to the customer, and only then we take a decision on whether we proceed to full-scale production.”



TechnoNICOL’s products at a warehouse.

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There are also specific markets with completely different rules and requirements to be considered. Inna Shentyaeva cites India as an example of where document control is very complex. A shipment may be turned down just because of a missing full stop or comma. To address this issue, the corporation introduced new regulations for cooperation with partners from India to provide the necessary documentation support. This approach enabled TechnoNICOL to maintain its export volumes over the coronavirus crisis. The company plans to increase its exports by 20%–30% over the next three to four years.

Event of the year

The launch of ZapSibNeftekhim and its ramp-up to design capacity became the biggest event in Russian petrochemistry. The Company's new capacity in Tobolsk can substitute up to 95% of basic polymers imported to Russia (polyethylene and polypropylene). In addition, SIBUR is significantly increasing its non-commodity exports.



The biggest event in Russian petrochemistry in 2020 – ZapSibNeftekhim's ramp-up to design capacity.

“Between April 2019 and March 2020, our sales grew tenfold! SIBUR's share in the Turkish polypropylene market is now 11%, although it was barely 1.5% a couple of years ago,” said Lilya Icten, a basic polymer sales manager at SIBUR International in Istanbul. The same is observed in other markets.

“Over the first nine months, the Company exported about 75% of produced polymers. The bulk of output was exported to China, about 55%–60% of the total production, and the rest went to the CIS, Western Europe and other destinations,” said Pavel Lyakhovich, Managing Director, Head of Basic Polymers Division.

ZapSibNeftekhim, along with other petrochemical companies' projects, demonstrates that Russian companies can compete successfully with international peers and proceed with export planning undeterred by the pandemic-induced temporary challenges.

