



How will Kazakhstan's large retail industry change further?

At the business conference of the 30th Central Asia Fashion International Fashion Exhibition, the Deputy Chairman of the Board of the Association of Legal Entities “Union of Retail Networks of the Republic of Kazakhstan”, Elbegi Abdiev, spoke about the extreme reset of large retail in Kazakhstan. The expert assessed the new realities of large retail and the rules for the formation of a changed retail environment in Kazakhstan, talked about how to “treat” the payment and logistics collapse in the country and presented a scenario for the development of large retail in the Kazakhstan market as viewed by the state and business itself.



Elbegi Abdiev, the Deputy Chairman of the Board of the Association of Legal Entities “Union of Retail Networks of the Republic of Kazakhstan”

Lack of range and private labels

Elbegi Abdiev, the expert at the CAF business conference and Deputy Chairman of the Board of the Association of Legal Entities “Union of Retail Networks of the Republic of Kazakhstan”, warned about the difficulties and potential rise in prices for all types of goods last spring. Then the specialist called the change in the exchange rate, as well as the greater number of costs associated with logistics the main problems. At the autumn session of the CAF Autumn-2022 business conference, the speaker updated and named new risks.

Thus, according to Elbegi Abdiev, the geopolitical situation, inflation, lack of personnel, reduction of disposable income, disruption and changes in supply chains are now becoming the main risk factors. In particular, contrary to expectations and the introduction of a large number of new products from China into the market, the supposed replacement of products familiar to consumers has not occurred, and therefore there is a price change. The expert took household chemicals as an example: *“Now there is an import of goods from Türkiye and from European countries. It is definitely more expensive in terms of logistics and in terms of cost. As we can see, prices for some household chemicals have increased by 5 times”*.

<p>1 Изменение цепочки поставок</p>	<p>Большая часть крупных международных брендов имели производственные мощности на территории РФ, либо логистический маршрут проходил через территорию РФ. Как следствие – изменение цепочки поставок, поиск производственных мощностей на территории других государств</p>
<p>2 Рост инфляции за счет роста закупочных цен</p>	<p>Новая цепочка поставок для производителей, изменение валютного курса приводит к росту закупочных цен практически по всем крупным производителям. Ориентир – повышение закупочных цен на продукцию от 5 до 40%</p>
<p>3 Дефицит продукции</p>	<p>Возможен временный дефицит продукции как food, так и non-food категорий связанный с:</p> <ol style="list-style-type: none"> 1. Повышенным спросом со стороны РФ на продукцию, предназначенную для рынка Казахстана 2. Поставщикам требуется время для того, чтобы наладить цепочку поставок, выделить ресурсы на новых производителей, подготовить соответствующую документацию для обеспечения РК продукцией в случае, когда импорт из РФ будет невозможен 3. Сокращение поставки объемов продукции из РФ в связи с ограничением экспорта готовой продукции и сырья и ориентира на внутренний рынок и потребителя 4. Запрет на ввоз со стороны Казахстана на ряд сырья
<p>4 Сокращение промо-акций по товарам</p>	<p>Около 20% производителей сняли с промо / сократили объемы либо предоставляемую скидку по своей продукции в розничных сетях. Это связано с тем, чтобы сохранить запасы продукции во избежание дефицита</p>

Slide from the presentation of Elbegi Abdiev’s speech. The main difficulties in connection with sanction restrictions

Moreover, according to Elbegi Abdiev, global brands have been informing retail chains for several months about the lack of guarantees for supplies and range.

“It is not profitable for global brands to create production in Kazakhstan and develop it. The only way out for us today is to buy goods from other markets. All this shall be coordinated with global brands, because they divide their markets into several clusters: Central Asia, Russia, the Middle East, Africa, Europe, America and others. All of them closely monitor the flow of goods from one market to another,” the speaker of the CAF business conference notes.

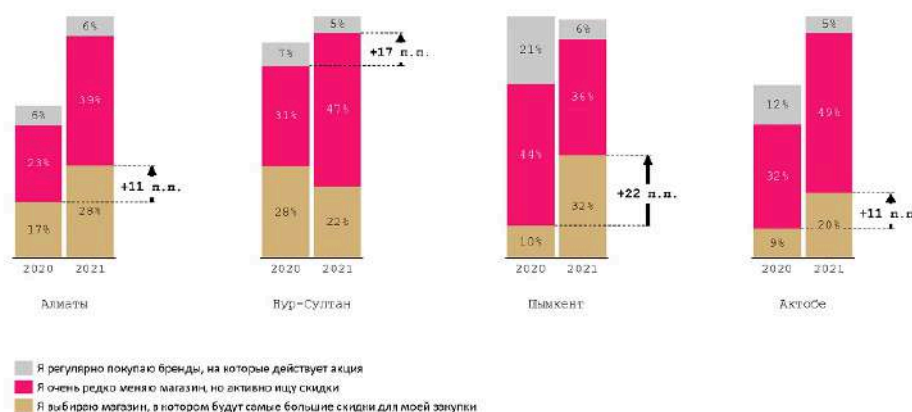
As a solution to the problem with the range, the expert announced the emergence of private labels (PLs) in retail chains, however, according to him, the Kazakhstani consumer remains still highly attached to brands, and the practice of private labels is being adopted and slowly being implemented.

Promo addiction of buyers

At the same time, Elbegi Abdiev, the speaker of the CAF business conference, noted a change in consumer preferences: “We observe a dual situation. Due to the fact that the product range is decreasing, shortages are also increasing, and consequently, many suppliers are investing less in developing their brands. And this is the result of a decrease in promotional goods. At the same time, consumers, on the contrary, show an increase in demand for promotional goods. The ability of consumers to buy goods today is unfortunately decreasing. Previously, we observed that consumers simply went to the retail network out of habit, but now they first check the information on promotions, and then make a choice where to go.”

Промо зависимость значительно выросла, в Алматы, Шымкенте и Актобе покупатели выбирают магазин в зависимости от наличия глубоких промо

ИЗМЕНЕНИЕ ПРЕДПОЧТЕНИЙ РЕСПОНДЕНТОВ В 2020-2021 ГОДУ ПО ВЫБОРУ МАГАЗИНОВ В ЗАВИСИМОСТИ ОТ ПРОМО, ДАННЫЕ NIELSEN



During the speech, it was also noted that recently there have been a lot of offers from various aggregators collecting all information on current discounts on a single resource for the convenience of buyers.

Price forecasts

Speaking of rising prices, the expert at the Central Asia Fashion business conference predicts fairly quick changes: *“We see that the sanction restrictions have affected those goods, the import of which we have is quite high. These are chemicals, non-food goods, confectionery, alcohol, tea, coffee. These are traditional highly dependent goods for our country. And their prices are obviously constantly rising today. This is because the elite alcohol, tea or coffee cannot be replaced by products of local production.*

Prices on the shelf are constantly rising due to inflation, changes in the cost of raw materials and exchange rates. Local goods are also growing due to the fact that they are largely dependent on imports. All this, of course, is reflected in the cost of food products. I think that Kazakhstanis will feel a new rise in prices in September-October 2022.”

Цены на полке постоянно растут в связи с инфляцией, изменением стоимости сырья, курсов валют



Примеры изменения цен по ситуации на март 2022г

Категория	Изменения
Кофе	от 15 до 19%
Подгузники и детская гигиена	от 10 до 15%
Молочная продукция	от 5 до 15%
Кондитерские изделия	от 8 до 10%
Бытовая химия	от 15 до 25%
Сыры	от 20 до 40%
Алкоголь	от 16 до 46%
Напитки и энергетики	от 5 до 15%

Особенно сильно это коснулось категорий с высокой долей импортной продукции

ТОВАРНАЯ КАТЕГОРИЯ	ДОЛЯ ИМПОРТНОЙ ПРОДУКЦИИ, %	ДОЛЯ ПОСТАВЩИКОВ С ВОЗНИКШИМИ СЛОЖНОСТЯМИ, %
Бытовая химия	95	67
Non-food	95	80
Кондитерские изделия	80	63
Крепкий алкоголь, Вино	70	52
Чай, Кофе	65	48

СО СВОЕЙ ТОРГОВЫЕ СЕТИ КОНТРОЛИРУЮТ ПОВЫШЕНИЕ ЦЕН НА ПОЛКЕ ДЛЯ КОНЕЧНОГО ПОКУПАТЕЛЯ

- 1 Отсрочка по принятию новых закупочных цен. В среднем от 2-х недель до 1 месяца
- 2 Запрос причин повышения цен. Поставщики аргументируют и дают раскладку что изменилось в их себестоимости и подтверждают
- 3 Снижение наценки на KVI и работа над эффективностью бизнес-процессов для снижения затрат
- 4 Поиск альтернативного ассортимента и товаров с меньшей ценой. Развитие собственных торговых марок

Slide from the presentation of Elbegi Abdiev's speech. What is the reason for the constant change in prices?

At the same time, the expert of the CAF business conference in his speech noted the tightening of state regulation. In particular, the specialist noted that, contrary to the instructions of the president, large businesses have not yet been compensated for the damage caused during the January events.

“We, as an association, proposed amendments to the tax code using which it was possible to compensate for this damage through taxes. All these amendments were agreed upon by the Presidential Administration, the Office of the Prime Minister, but literally on the last day of the work of the working group, our amendments were withdrawn on behalf of the Office of the Prime Minister. As a result, they promised to return to this issue later, in September. We are waiting, but at the same time, we consider this to be the main problem of this situation: in fact, the retail chains were looted in January. They were restored mostly on their own. And then the state bodies said: “According to all applicable rules, you now need to pay VAT on the goods and the amount that you were robbed.”



Elbegi Abdiev, the Deputy Chairman of the Board of the Association of Legal Entities “Union of Retail Networks of the Republic of Kazakhstan” and Milena Ershova, General Producer, Head of the business conference of the Central Asia Fashion International Fashion Exhibition

What does it take to develop retail?

Elbegi Abdiev, the speaker of the CAF business conference, sees only one solution to support and develop retail: *“Development of modern formats, inclusion of trade in the list for the implementation of investment projects. We see that the only way out for the development of small and medium enterprises, domestic production is additional regulation of their activities. Now, for example, there is a moratorium on state inspections for SMEs. The issue of extending this moratorium is being considered.”*

НА ЧЕМ ФОКУС РИТЕЙЛА



1	РАЗВИТИЕ E-COM	Развитие инфраструктуры (дистрибуторов), сокращение сроков доставки
2	ИЗМЕНЕНИЕ КАНАЛОВ КОММУНИКАЦИИ С ПОКУПАТЕЛЕМ	Новое поведение покупателей в пост-ковидный период влияет на то, какие способы и какие каналы использовать для того, чтобы донести предложение до клиента
3	ИЗМЕНЕНИЕ ПОДХОДА В РАЗВИТИИ АССОРТИМЕНТА	Донесение предложения по value for money, упрощение ассортимента для покрытия большинства потребностей, развитие эконом сегмента и СТМ
4	РАБОТА С КЛИЕНТОМ И ЛОЯЛЬНОСТЬЮ К БРЕНДУ/СЕТИ	Работа над удержанием клиента и донесение своего ценностного предложения – ключевой приоритет
5	ДЕФИЦИТ ТОВАРОВ	Поиск новых каналов поставки товаров, которые ранее шли из РФ

Slide from the presentation of Elbegi Abdiev’s speech. What should retail focus on?

“In our opinion, large retail chains, including fashion retail, will be able to develop further in the current situation, but food retail will not be up to development at all. Now there are a huge number of retail chains in the west and north of the country, but globally we see that in terms of the number of stores, only two retail chains are developing in fact. From the point of view of fashion retail, we believe that the growth of business facilities will proceed and depend primarily on the development of shopping centres in Kazakhstan as a whole. This movement towards civilised trade is gaining momentum more and more in all cities and regions of Kazakhstan”, the expert of the CAF business conference summed up.

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