

# Russia: a stable society with steady growth

Russia, officially known as the Russian Federation, has more than 140 million residents. Its citizens are well educated, have distinct brand preferences in consumer goods, and show high adoption rates for new technologies. The average annual GDP per capita is just above \$18,100, the highest among BRIC (Brazil, Russia, India, China) nations. Household purchases now account for more than half of the country's economic activity.

## Internet use

In 2003, only 10 percent of Russian citizens used the internet regularly. But as content and commerce worldwide shifted from print and broadcast media to online communication, audiences and customers followed. By 2007, the number of internet users in Russia had doubled to 20 percent, and in 2014 nearly 60 percent of Russians were frequent internet users.

Even more significant is the penetration of mobile devices: Russia has 60 percent more active SIM cards than it does citizens. Half of all mobile online users connect by "feature phone"—internet internet-capable devices without touch screens or full keyboards.

## Online commerce

With stationary and mobile use combined, 30 million Russians have shopped online. To meet this demand, merchants have established online stores as quickly as new customers can find them. In 2007, Russia had roughly 6,000 ecommerce sites; now it has 40,000. These sites accounted for more than \$16 billion in domestic sales last year, plus more than \$2 billion from outside the country.

In 2013, Russians placed online orders of more than \$390 per person in physical goods. While that figure represents only two percent of all retail sales in Russia, it is also a 44 percent increase over online sales from the previous year. From 2007 through 2012, the compound annual growth rate for ecommerce in Russia was 28.3 percent.



## Country

**Full name:** Russian Federation  
**Capital:** Moscow  
**Size rank:** #1 in the world (land mass)

## People

**Population:** 146,300,000  
(official 2014 estimate)  
**Average age:** 39.6  
**Official language:** Russian

## Economy

**GDP:** \$2.1 trillion (2013 est.)  
**GNI per capita:** \$23,200 USD  
(purchasing power parity)

## Fun fact

The economy of Russia is comparable to that of California.

## Payment preferences

In the 1990s, the transformation from government control to a market economy was swift and dramatic. A similar Russian evolution is now taking place in the way consumers pay for goods and services.

**Cash:** In transitional economies, many people put their trust in cash—and many more are reluctant to pay first for something delivered later. Cash on delivery (COD) payment is the most common way Russians do business, even for products ordered online or by phone or mail.

**Credit cards:** As more Russians buy goods indirectly, they are becoming more comfortable with the idea of credit. In the past few years, credit cards such as MasterCard, Visa, American Express, and Diners Club have reached 40 percent market penetration in Russia.

**Other methods:** Ecommerce and indirect payment methods are both relatively new in Russia, but some consumers are now willing to combine them. Online services such as Yandex.Money, sometimes called the Russian "PayPal", and QIWI, a national kiosk network and eWallet provider, are becoming popular among internet shoppers.

## How Digital River can help

Digital River has operations around the globe—including Russia. We've helped Russian software developers sell and distribute their products worldwide since 1998. We established an office in Moscow in 2013.

This local presence allows us to help you approach the Russian market with greater confidence and minimize obstacles, such as the risks associated with legal compliance. We already work with the most popular Russian payment methods, giving our clients access to systems Russian consumers trust.

## What they buy

Category	Percentage
Consumer Electronics	31%
Apparel	21%
Housewares and Home Improvement	16%
Media, Toys, and Games	10%
Food	3%
Beauty	3%
Other	16%

## How they buy

Category	Percentage
Buy products on social media	48%
Shop on mobile phones	41%
Shop on tablets	44%
New to online shopping [less than 4 years]	71%
Shop online weekly	21%

## About Digital River, Inc.

Digital River, the revenue growth experts in global cloud commerce, helps companies of all sizes build and manage their online businesses, maximize online revenue, reduce costs and minimize risk. Founded in 1994, the company is headquartered in Minneapolis, with offices across the United States, Asia and Europe.

## Unlock the value of Digital River to grow your business.

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