

# Three Russian Wholesalers Ready to Compete in the International Market

## Russian Companies Differentiate from their Countrymen and the World

by Masha Rumer

As the Russian textile industry continues to mature, it is beginning to stretch its wings but in doing so, feel the pressure of change.

Since the Soviet regime crumbled thirteen years ago, the country has been in process of a complex transition from socialism to market capitalism. While ambitious to adapt to the new market system, Russian industries are undergoing a rapid and difficult growth.

The home textile industry is trying to morph from importer of fabric and finished goods to domestic and in some cases, global, supplier of textile products.

However, the Russian textile industry has just begun to reach the modern, competitive level, having had to struggle with social, economic, and political impediments.

It faces a variety of threats from out-of-date machinery to lower-level pricing from countries like China. Yet their unwavering commitment to quality, and drive to competition with their peers, has propelled them into the global marketplace.

Thus, with a competitive spirit, an eye for quality, and a drive for success, the Russian wholesalers enter the market. In the first part of our feature on Russian wholesalers, F&FI will focus on three prominent wholesale upholstery producers, Ametist, FIT, and Instroy. These companies are all trying to differentiate themselves as leaders in the Russian market, and the world.

Our feature on Russian wholesalers concludes in Heimtextil News.

## FIT Experts in Local Russian Markets and Adaptation

by Masha Rumer

**M**OSCOW, Russia — With flock being the dominant fabric in the Russian upholstery market, Flock Industrial Textile, Inc. (FIT) is satisfying a growing demand.

The demand has resulted from changes in Russian lifestyle, including Russia's receptivity to Western trends and willingness to experiment, according to Arthur Shikhman, FIT's president and co-owner with his father Isaak.

"Things that people would not put in their apartments five years ago are finding their way into people's homes. Apartments are in generally getting bigger, so furniture has a tendency of getting more comfortable. For example, we now have a futon, which requires more space than a traditional three-part foldable couch. [Additionally,] about 50 percent of Russian households have pets. That really makes flock the fabric of choice, because it's the most reliable," he said.

The company has noticed another trend — the demand for higher quality products.

"People are really moving more towards a better quality product, which does not have to be expen-



Arthur Shikhman

sive, may be even inexpensive," said Shikhman. FIT recently increased its collection in response to the market demand, and now features printed cottons and chenilles, both from its main supplier, Fortissimo of Spain.

The Staten Island, New York based FIT, which also distributes fabrics from suppliers in Canada and the U.S., is seizing the opportunity offered by another notable change in the Russian furniture market — the arrival of trade furniture centers.

"We just had a grand opening of a trade center in Dnepropetrovsk, Ukraine on September 9, with another company. The center is 6,000 square meters, the biggest in Ukraine. That really brings us closer with our clients, because our clients are

renting space there. This fall we will be opening a smaller center in Kiev, where we will have eight to nine furniture producers. We do have a plan of continuing construction of those furniture centers, specifically in Ukraine."

Not only furniture sales but also furniture production methods have changed over the last few years. Major Russian furniture manufacturers have moved away from speculative production toward "made-to-order" production, and FIT has had to adapt to the change, Shikhman pointed out.

"They would buy wholesale lots of fabric of a certain design and make 300 sofas in that specific fabric, and put it in different stores, waiting for them to be sold. Nowadays, they don't do this. What they do is put the model in their store and offer a variety of fabrics. The customer comes and orders a certain model in a certain fabric. This is great for the furniture producers — they are lessening their risks, they are satisfying their customers better, but it certainly adds to our headache; now we have increasing sales in smaller pieces," said Shikhman.

Another change in Russia has not been easy on FIT. The shift to a more consumer-driven economy has increased the proliferation of fabric knock-offs. FIT has had to deal with plagiarism of its patterns by some Chinese manufacturers who copy the designs and sometimes even FIT's design names. This may mistakenly cause customers to associate FIT's fabrics with poor quality, Shikhman said.

Nevertheless, FIT has adapted to the major changes in Russia and continued to expand. The company, started in 1991 by Isaak Shikhman, a business reporter for a Soviet trade newspaper for twenty-five years, now has offices in every major city of Russia and in neighboring republics, including Ukraine, Kazakhstan, and Belorussia, and also represented in Latvia, Estonia, and Lithuania. It sells through dealers and to furniture producers, a growing selection of upholstery fabrics. Its familiarity with the grades of flock and with the Russian market has helped the growth.

But FIT is content to stay in Russia and has no immediate plans to expand beyond.

"Let the local professionals handle the local markets," Arthur Shikhman. "The market in Poland or India is completely foreign to us. We want to stay where our expertise is."