



Opportunity Maximilian Musselius,
executive director of ECR Russia

Efficiency On A Grand Scale

ESM CHATS TO MAXIMILIAN MUSSELIUS, EXECUTIVE DIRECTOR OF ECR RUSSIA, ABOUT THE GROUP'S EFFORTS TO IMPLEMENT EFFICIENCY MEASURES INTO A RAPIDLY GROWING RETAIL MARKET.

Having been established in 2004, ECR Russia has witnessed the inexorable growth of the retail market in the country over the past number of years. As its executive director, Maximilian Musselius, tells *ESM*, such rapid change means that the group has developed into a first-mover in terms of implementing the latest technology into the retail space.

“I’m a believer in big data,” he explains. “Russia is still a relatively young market, but that works to our advantage as well. It’s like comparing Africa with a market

like the US - in the States, you still have paper cheques and desktop computers, whereas in Africa, everything is mobile: your smartphone is your office. Russia is the same.”

Taking this digital-first approach means that the group has introduced a number of market-leading technologies into its operations, including digital imaging technology that measures how accurately a shelf matches up to its planogram. “In the past, this sort of work would have been done by staff, but now it is all digital. I think that in Russia at the moment, there’s a kind of ‘Silicon Valley’ mentality - all the big play-

ers have ‘caught the wave’, and we’re starting to see some exciting things.”

Building A Reputation

At its outset, ECR Russia had a total of ten companies, whereas today, it is a collaborative venture featuring 77 businesses, 13 retailers, 59 producers and five trade associations. Membership levels are growing, by 10% to 15% per year, and the group now counts some of the country’s largest retailers, including X5 Retail Group, Lenta, Metro, Auchan, O’Key Group, Billa and Spar Russia among its members, as well as leading FMCG firms.

As with other ECR groups around Europe, the main focus of ECR Russia is to remove unnecessary costs from the supply chain, and make the industry more responsive to customer demand. Given the fact that modern retailing in the country is a relatively new phenomenon - “The biggest players in the market, such as Magnit and X5 are very much involved in a ‘race for space’, but still have less than 10% of the overall market,” says Musselius - these efforts regularly hit the mark.

“We are very involved in projects around paperless transactions and electronic data interchange (EDI); things that are relatively new to the Russian market,” says Musselius, “Our main focus is on making deliveries more efficient, boosting service levels, increasing shop credibility, things

like that. When it comes to shopper marketing and category management, a lot of the businesses we worked with are unaware of what was happening in other markets, so we can provide them with best practice examples and seek to generate new ones.”

Thus, while in other markets, ECR members might develop reports, based on known information, that are then shared among members; in Russia, the relationship is a lot more hands-on.

“In simple words, we’ve not just come to the party to talk, network and mingle; we are about delivering solutions that our members can apply to their businesses.”

Technology First

As well as the aforementioned digital imaging platform, Musselius believes that technology is helping Russian retailers combat some of the key challenges inherent in the market, of which on-shelf availability is one of the biggest. “On-shelf availability levels in Russia are the lowest in Europe,” he says. “They are around 80%, which means that 20% of your stock is missing on a typical day. That’s unacceptable.

“One of the projects we have implemented is what we call the Master Data Catalogue, which improves the level of data about all the products on the shelf. With data analytics, we are able to measure in what categories OSA is at its highest, how effective promotions are in certain categories, and in what areas businesses should run targeted marketing campaigns. We have partners from right across the industry, so we are able to build simulations that can be shared among our members - they can both learn from and teach each other.”

This of course, leads to plenty of opportunity for discussion, and ECR Russia holds regular conferences on matters relating to the trade - a recent conference, on the subject of enabling businesses to become ‘paperless’ by 2020, welcomed 200 high profile delegates from across the industry.

“I’m proud to say that the members of ECR Russia are all very important people within their businesses - chief executives, directors and so forth,” says Musselius. “This means that the discussions that we have are taking place right at the top level, which means that solutions can be implemented more effectively. If we can identify



Growth Russia's Magnit Group is still committed to a 'space race'

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Executive Director, ECR Russia

areas in which businesses can collaborate, rather than just compete, and bring their own ideas to the table, we can develop a very effective eco-system, which in turn leads to a very dynamic sector.”

Embracing technology, Musselius believes, will also enable ECR Russia to better tackle issues like food waste, which while a prominent topic at many ECR offices around the world, is yet to become a significant issue in Russia. “There’s no governmental pressure on the issue of food waste at the moment, but that doesn’t mean we aren’t prepared for it; I’m confi-

dent that we can apply our learnings from the areas of stock management and on-shelf availability to waste management, using strong technological support.”

Taking The Lead

With this in mind, Musselius believes that while ECR Russia is younger than many of its sister organisations around Europe, the dynamism that exists among its members has enabled it to take the lead when it comes to the implementation of certain technologies, all the time fostering greater collaboration among its members.

“Sometimes less developed markets can actually be quite technologically-advanced,” he explains. “I think that we have a big role to play to become an innovation centre which can offer very interesting technologies with collaboration in mind.

“The business models of today are going to be very different in the future, so by developing collaborative platforms, and opening new opportunities through technology, we can develop strong insight.” ■

ECR Russia hosts its 13th annual National Forum on 13th and 14th of September, 2017. For more information, visit ecr-all.org/russia/