

# THE RUSSIAN RUSH



Russia's up-and-coming packaging industry makes the world take notice

It's a long way from the tiny village of Chester, Nova Scotia, to Russia's megametropolis Moscow in many more ways than one, but for Jerome Romkey, marketing manager for thermoforming equipment manufacturer **G.N. Plastics Company Limited**, the company's annual pilgrimage to the **ROSUPAK** packaging technologies exhibition is always time and money well spent.

Especially so when the equipment to be displayed for four days at the multi-pavilion Sokolniki Culture & Exhibition Center is already bought, fully paid for, and ready for action.

"Whenever I tell people that we're going to Russia to do a trade show, they always ask if it's a wise or safe thing to do," Romkey told *Canadian Packaging* during the **ROSUPAK 2004** show in mid-June, the ninth annual exposition of Russian *upakovka* (packaging) industry organized by **MVK Holding Company**. "Well, I have never had problems making a deal here, and we're always paid on time."

Founded in 1980, the 110-employee G.N. Plastics operation manufactures a range of robust, highly reliable and durable thermoformers for producing high-quality, uniform plastic packages in a broad range of roll-fed thermoplastic materials, including PVC, OPS, PET, PP and others.

Such machinery, and other like it, is



Exhibition and government officials cutting the ceremonial ribbon to kick off **ROSUPAK 2004**, a four-day exhibition that drew over 25,000 visitors to the Sokolniki Center in midtown Moscow earlier this summer.

clamoring to rev up production to serve the country's fast-growing consumer marketplace, utilizing modern, high-quality packaging as a key marketing strategy.

Right from the outset, according to Romkey, G.N. Plastics deliberately chose to concentrate the lion's share of its marketing efforts on some of the key new emerging economies around the world—a strategy that ultimately led to numerous installations of the 100-percent Canadian-made machines across Latin America, Pacific Rim, and in virtually every country of the former Soviet Bloc, Russia included.

"It is a very key market for us," Romkey states. "Our exports account for 95 per cent of our revenues, and right at the moment, Central and Eastern Europe, including Russia, account for up 80 per cent of our export sales.

currently in great demand across this vast country of more than 140 million people, with its burgeoning food-and-beverage industries in particular

"It is an odd approach for a Canadian company, but it enabled us to get very good at exporting," says Romkey, noting that it was only last year that G.N. Plastics finally got around to booking a booth closer to home at **PACex International**, the biennial national packaging show in Canada.

"People in the Canadian industry circles do know us, but we are largely keeping a quiet profile at home ... we just keep exporting away and growing our business through our exports," says Romkey.

Having exhibited at the past five **ROSUPAK** shows in a row has given Romkey an opportunity to witness first-hand just how far the Russian packaging industry has evolved in terms of quality, sophistication and value-added since the early years shortly after the disintegration of the Soviet Union.

"Russian packaging has advanced a lot in the last five years, and it is continuing to advance very fast," Romkey observes. "A lot of the Russian packaging is now at least as good, or better, than in many parts of the world—in terms of quality, the inventive features that you find on the packages, the branding, the print-



G.N. Plastics marketing manager Jerome Romkey (foreground) and technical representative Duncan Finlayson (third from left) manning the company's ROSUPAK 2004 exhibit, along with the local sales and customer service agents.

ing ... everything is advancing very fast here.

"Most of our [Russian] customers today are competing on quality rather than price, so it is very much a quality-driven market.

"Frankly, I am a little surprised that there are not more North American packaging companies here," Romkey adds. "Back home, we're always talking about how Canadians could export more, but people often seem just too reluctant to come all this way.

"But we're here and we love it," says Romkey. "In terms of real solid returns, this is the best show for us. It's not an expensive show to do, especially if the machine you're displaying is already pre-sold, so it's a very good return for the investment.

"The first year we exhibited here, there were hundreds of people coming through our exhibit, but no one really knew what they wanted," Romkey recalls. "This year, just about everyone coming to our stand is a repeat customer, or potential customers who know of us through our existing customers."

For Romkey, achieving meaningful, long-term success in the Russian packaging equipment marketplace boils down to two key factors: being

able to provide reliable, easy-to-operate equipment; and backing it up with personable, preferably first-hand, customer service.

"Simplicity is key: it has to be a simple machine and it has to be very reliable, since it can be difficult to ship spare parts here, and it's not always easy to get a technician in on a short notice," he explains.

"You don't just 'sell the machine' here, you have to work with the customers on the product itself—to design the machine to do right thing, to supply the machine that will show the true benefits of the technology behind it," he states.

In many ways, the brisk growth of the US\$10-billion Russian packaging industry—now approaching annual growth of 9 per cent—is a mirror reflection of the surging growth of the Russian economy at large. Fueled in large part by soaring world oil prices and demand, the Russian economy has recently been growing at annual rates of well over 7 per cent—eclipsed perhaps only by the more publicized examples of China and India.

While much work remains to be done to ensure a more

equitable and broader distribution of that new-found wealth across all regions and social sectors of this vast country—with thriving urban centers like Moscow and St. Petersburg masking persistent economic hardship in the countryside—there is no question that Russia's switch from a command economy to a consumer society is a virtual *fait accompli*.

With department stores and supermarkets brimming with Western-style consumer goods—both imported and Russian-made—playing catch-up to the West has had a profound, deep-rooted impact on the country's up-and-coming packaging sector, now estimated to employ about three million people.

Correspondingly, the continued growth in attendance, prestige and international profile of ROSUPAK itself—now also a venue for the concurrently-running *Luxopack* (high-end packaging) and *Alumpack* (aluminum packaging) shows—suggests that the annual show could one day rival some of the global packaging industry's more established exhibitions.

According to the data tracked and audited by **Ernst & Young**, this summer's edition of ROSUPAK attracted about 25,000 visitors, with its 670 exhibitors—representing 35 countries—taking up 33,000 square meters of total exhibit space.

"We've estimated a 20-percent increase in the number of the partici-



The exhibit of TOKK Packaging Company LLC, a major Russian supplier of aluminum and plastic caps for beer and nonalcoholic beverages based near Moscow.