



Unichel states it is hard to keep competing against cheaper imports but that it is committed to continuing to offer Russian consumers high-quality, authentic, leather footwear.
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Buyer's View

Russkaya Kozha and Unichel

The director general of footwear group Unichel, Vladimir Denisenko, believes these are tough times for shoe manufacturers in Russia owing to what he calls unfair competition from companies that are happy to bring in shoes as cheaply as possible from overseas and pass them off to the public as quality product. He is, however, proud that his company is producing more than three million pairs per year of high-quality shoes for customers across Russia and into neighbouring Kazakhstan.

Counterfeiting is a problem Unichel is keen to take action on; at the end of last year, senior company representatives took part in a public discussion on product authenticity with two government ministers. The debate took place in the context of an international forum on combating counterfeiting, which took place in Moscow at the end of November. The politicians involved were finance minister, Anton Siluanov, and industry minister, Denis Manturov. One of the main points that Unichel wanted to raise was the possibility of bringing in mandatory labels of origin on shoes sold in shops and online in Russia (this echoes the demands of Italy and others in the EU).

Unichel's head of science and technology, Tatyana Kuznetsova, points out that not all of the shoes the company makes at its three factories have leather uppers. It recognises that there is a place in the wider footwear market for footwear made from textiles and

Russian footwear group insists that it will not compromise on the quality of its shoes in the face of what it calls "unfair competition from counterfeit products". Instead, it intends to put more emphasis than ever on authenticity, which means investing heavily in leather from suppliers such as Russkaya Kozha.

other material. "But most of our shoes, more than 70%, are made from genuine leather," she says, "because that's what our customers prefer." She is particularly proud of Unichel's men's collection because she likes their elegance. Styles include traditional derbies such as the 1N2371 and popular chukka boots such as the 1H 3871. Prominent in Unichel's description of these products is always the

Sides of leather awaiting cutting at a Unichel factory.





term 'naturalnaya kozha', which translates as 'genuine leather'.

At the moment, around 80% of the leather Unichel sources for its shoes is bovine leather that comes from Russia. South Korea is another source the company uses, as are Spain and Turkey, particularly for what Ms Kuznetsova refers to as "delicate leather for women's shoes", which includes goatskin and lambskin leather. Its factories are in the cities of Chelyabinsk, Zlatoust and Orenburg, places that, in terms of the huge size of Russia, are relatively central and close together. They are between 1,200 and 1,700 kilometres east of the Ryazan tannery of its main leather supplier, Russkaya Kozha; in relative terms, considering Russia's vastness, these are manageable distances. Tatyana Kuznetsova says Unichel's three centres of production have a manufacturing tradition, if not specifically a footwear-producing one. In Soviet times, she explains, textile manufacture was an important activity here and, when textile factories closed at the start of the 1990s, Unichel took over some of the manufacturing facilities and started to make its footwear.

Its range includes boots and shoes for children, women and men and it distributes its shoes to a wide network of own-brand stores, currently 606, 546 in Russia and 60 across the border in Kazakhstan. The Russian store locations are in 175 different cities, stretching from Murmansk in the north west to Vladivostok in the far east of the country, a distance of 10,000 kilometres. This distribution chain spans the whole of the country, from its borders with Norway and Finland at one end and with North Korea at the other. Across all of its operations, Unichel currently employs 2,400 people.

Ms Kuznetsova believes growth for Unichel can come both from selling more shoes on home soil and outside Russia, expanding further in Kazakhstan and, possibly, into other markets such as Belarus. According to the World Bank, Kazakhstan achieved growth in its gross domestic product of 4.3% in 2017 and of 4.1% in the first half of 2018. The economy there is expanding, the institution has said, mostly thanks to "robust oil production". Oil output rose

Unichel runs three footwear factories in the cities of Orenburg, Chelyabinsk and Zlatoust. Together they produce around three million pairs of shoes per year.

by 6.2% in the first half of 2018 and output from the agriculture sector also rose over the same period, by 4%. As for Belarus, the same source has said real wages there rose throughout the second half of 2017 and during 2018, fuelling growth of 10.2% in household consumption in the second quarter of 2018. All of this bodes well for sales of quality footwear in both countries.

Quality and authenticity are what Unichel views as its most important selling points. "We are trying to produce and sell more footwear every year," Tatyana Kuznetsova says, "but it's hard because the market is full of product from outside Russia. There are imports at the higher end of the market from Italy and Portugal and, at the lower end, from China. That means it's hard to produce shoes here, but we are trying." ☺



Unichel currently has more than 600 stores across Russia, and in Kazakhstan. Future expansion could also take the company into Belarus.