

The patterns of consumption in visa-free zones at Russia's western borders

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Abstract: This article looks into habits of consumption on Russia's western border areas. After the description of current consumption patterns, we discuss the involvement of Russian shoppers into "consumption culture", theorised by Zygmunt Bauman. The empirics of this study cover the newly opened visa-free zones on border areas of the North-West Russia. We assume that in the long run an imbalance between shopping habits of corresponding nationalities will decrease. The "contagion" that now is occurring in the sphere of consumption will give rise to analogous contagions in the spheres of culture, work and social life. Furthermore, the establishment of a visa-free zone between the countries might provide an effective means to reduce the risk of so-called "border paradox" to occur.

Keywords: Norway, Poland, Russian consumers, visa-free zones

Introduction

There is recent research on how Russian visa holders practice their consumption habits in Finland (Kaupan liitto 2011; Niiralan rajanylityskysely 2012). Are the same ways of consumption at different western Russian border regions? What is the impact of the newly-won 'right to consume' on the local Russian population? What will the change be – if one does occur – in Russian consumption habits? The newly opened visa-free zones on border areas of the North-West Russia provide a place to answer these questions. In this paper we will delve into a brief overview of the areas affected and how they compare with one another.

We have chosen two visa-free zones as the objects of our study. The first of these involves the municipality of Sør-Varanger in Finnmark, Norway, and the towns of Nikel and Zapolyarny in Murmansk oblast. The second one encompasses the Pomerania-Mazuria-Kaliningrad region at the Russian-Polish border. Our data on the former zone is based on media survey of Norwegian and Russian sources on border-crossing Russians, whereas the data on the latter is based on qualitative interview material. Qualitative research on Russians' consumption patterns in these particular regions is lacking and consequently, there are no research reports on this so far. However, research exists on Russian "shopping tourists" consumption

patterns in Finland, which is quite well reported. Therefore, before going to the description of the situation in the visa-free zones, we consider the situation of Russians in Finland.

Consumption in context

It is hypothesized along the lines of Hall (1997, 175) that Russian consumers' national-cultural identities might disappear under the new 'globally modern' regime of accumulation. They will be under the influence of a global mass culture (Hall 1997, 179), through cross-border adoption of consumption patterns. This could eventually imply the 'westernization' of lifestyles such as evidenced in the global homogenization of food forms or so called McDonaldisation (McIntosh 2003, 58). A contributing factor in this 'westernization' is the fact that Russians are being automobilised at a rapid pace. During the last decades Russia has undergone a change from public transport systems to individual car usage: the number of cars per 1000 inhabitants increased from 5.5 in 1970 to 147 in 2002 (Tarhov 2004). While car sales are in decline in Europe, Russian sales are steadily increasing, although according to PriceWaterCoopers Russia they fell by 7 percent in the first half of 2014 year-by-year due to the Ukraine crisis. Even so, the level of automobilisation is still below 250 passenger cars per 1000 people, which would correspond to the level of automobilisation in Europe in the 1970s (autonews.ru 2012). As regards to Russian tourists in Finland, most of them travel by bus, or by private or rental car (Kaupan

liitto 2011). Also, train travel between the two countries has gained popularity thanks to a new high-speed train service, *Allegro* from St. Petersburg to Helsinki.

As regards the contagious patterns of consumption habits, one can argue for a new and perhaps post-modernist way of building individual people's identities, as captured in Bauman's (2007) concept of "consumer culture". According to this paradigm, consumers constantly build identities and then throw them away (Bauman 2007, 101). Associated with this is the fact that people tend, in the current era of consumers' society, build up and reject their social ties and networks, which will help them to gain identities suitable for them. All can be coupled with McDowell (1994) who considered the idea that some identities are created for the sole purpose of consumption.

Russian shoppers in Finland

The notion that a contagion of consumption habits occurs in the context of visa-free zones at the border areas of Russian North-West derives from accounts of Russian shopping tourism at the Russian-Finnish border. Based on these accounts, one might argue that the 'contagion' of consumption habits – and perhaps the westernization of Russian consumption – is most pronounced in the border areas with low barriers to mobility, such as the Russian-Finnish border. The shopping activity in Finland of people from St. Petersburg can be considered from the perspective of Russian people's socialization to the global culture of consumption (Gurova 2012).

Shopping is the most often mentioned reason for Russians traveling to Finland (Niiralan rajanylityskysely 2012, 7). Although food products remain the most popular article for those shopping in Finland, the purchase of clothes and home utensils has gained popularity (Travel.ru 12. April 2012). Typically, Russian visitors are in management or higher functionary positions or couples without children, coming by bus or own car from St. Petersburg. If visa free travel between Russia and the EU materializes one day, it would double the volume of Russian retail sales in Finland (Kaupan liitto 2011). Due to the Ukraine crisis, there are contradictory tendencies in Russian shopping. Although tax-free shopping to Finland has decreased by 27 percent in the first half of 2014 (Yle 5. August 2014), the purchase of food products by Russians has increased in August 2014 (Kouvola Sanomat 25. August 2014).

A consumption-related change is occurring among those living in the border regions in the North-West Russia. The Russian ways of consumption have already changed due to the proliferation of net shopping (Kurjenoja 2013). Such a development seems natural, since 70 percent of adults living in St. Petersburg regularly use the Internet (Kaupan liitto 2011). Moreover transnational shopping, popularity of which has increased recent years among Russians, affects the life styles of middle classes (Gurova 2012). Therefore, it is the middle class that serves as a change agent in the Russian society with regard to consumption habits. Also, the experience gained from shopping across the border might have repercussions for how businesses penetrate to Russia. For example, such transnational

retail shop chains that have previously been operating in Finland have nowadays extended their operations to St. Petersburg (Gurova 2012).

Russian consumers in Norway

The eastern part of Finnmark and the western part of Murmansk Oblast are undergoing a boom in mutual border crossings. In 2013, there were 320,000 border crossings via the Storskog border crossing station between Norway and Russia (Arctic TV 7. February 2014). This was a huge increase compared with the period prior to May 2012, when around 9,000 residents of the municipality of Sør-Varanger and 40,000 Russian residents from the neighbouring towns of Nikel and Zapolyarny were granted permission to cross the border without a visa. Such a visa-free zone was made possible under the Schengen regulation allowing establishing visa freedom for residents inhabiting an area up to 50 kilometres on each side of the border line (BarentsObserver 10. December 2013).

The opening of the border has seen a boost for retail and trade in Kirkenes, a Norwegian town on the border area. Kirkenes has a population of 10,000 people, but given the impact of the “Russian factor”, the trade volume corresponds to a town of 35,000 people (Lindeman 2013). In his speech at the third Russian-Norwegian seminar on cross-border cooperation in Nikel in October, 2013, Aleksander Sizov from Pechenga Business Association mentioned that after the establishment

of the visa-free zone, nearly ten percent of the shoppers in some retail shops are now Norwegians; shops in Nikel are advertising their services on a larger scale (Barentsobserver 1. November 2013).

There is a strong political will on the both sides of the border to enlarge the visa-free zone beyond the area stipulated in the Schengen regulations. According to the Arctic TV, the mayor of the municipality of Tana in the Finnmark region is cooperating with the administration of the western Finnmark for the extension of visa freedom to the whole Finnmark (Arctic TV 7. February 2014). Although there is the spectre that the increase in the population eligible for visa-free mobility would only mean a proliferation of the retail industry but no boost to the other industries, local politicians believe in a positive intra-sector spill over effect. Although there is a considerable “flow of goods” in the form of purchased items for Russians shopping in Norway (Arctic TV 7. February 2014), the scale of the potential free-travel zone would signify a huge impact on the overall economy and benefit both sides. If an expansion of the visa-free zone occurs, it would include nearly a million inhabitants of both Finnmark and Murmansk oblast.

According to a survey made by Mikhailova (2013), there is a clear division of local people from both Russia and Norway into supporters and sceptics towards a closer integration, which includes a ‘twinning’ of two border towns, Kirkenes and Nikel. There is an idea that the former town will gain the benefits of the much hyped Barents economic boom, where the latter one will be locked in its peripheral position (Mikhailova 2013). Although the beneficial

prospects of the establishment of the visa-free zone have been highlighted among politicians on both sides, there is the spectre of a permanence of the asymmetry between the Russian and Norwegian sides of the border. This is likely to sustain the current situation.

Russian consumers in Poland

Since the introduction of the visa free regime two years ago the Polish-Russian borderland has seen vast changes not only in its bureaucratic practices, but also in its local economic patterns. Russians from Kaliningrad, which has a population of almost 1 million people, can cross the border to shop. Likewise, over 2 million Poles which live up to 90 kilometres from the border have the potential to travel to Kaliningrad Oblast. In the first half of 2013 Russians spent 14 million euros in the so called “Small Border Trade Zone” that encompasses almost all of Warmia Mazury County and the Three Cities region of Gdansk, Gdynia and Sopot. During the same period (July 2013) 100,000 entry cards were issued since the start of the program in August 2012 (The Economist 8. October 2013). The visa free zone has been so successful that the beginning of 2014 there was talk of extending land area as far as the Warsaw some 250 km to the south.

The visa free zone has seen multiple facilities and services constructed on the Polish side of the border. All of this is supported by a recently built highway system that extends to the multiple border crossings. Gleaming malls and storefront

have been put up, seemingly overnight, in towns that they seem ill fitted to. An example can be found in the border town of Braniewo. With a population of only 18,000, it has in recent years seen building up of its services and infrastructure that is out of scale to its size and needs. Multinational food stores, such as German Lidl or Portuguese owned Biedronka, do a brisk business on the border from Russian shoppers. Swedish furniture company IKEA's store in Gdansk extols the virtue of its trendy and affordable furniture to shoppers who often come multiple times in a week. Tourist wise Gdansk's old town has become a favourite hot spot for those coming from Kaliningrad (Cichowlas 2014). Local restaurants have begun to more often carry menus in Polish and Russian and a third language.

The unfortunate truth is that most of this is a one sided affair. Poles visiting Kaliningrad come to purchase petrol or cigarettes, both of which are 40% cheaper in the Oblast (District), rather than western goods. The Russian side of the border is still viewed as an area mired in a lack of decent infrastructure, corruption and petty smuggling. Many Poles on the border view those living in Kaliningrad as comparatively backwards. Kaliningrad is viewed by some Poles as a place for ironic adventure tourism. The average inhabitant of the District earns about 70% the average wage in Poland or about 40% of the EU average. This situation, concerning a poor economic trends and services delivery, is exacerbated by the fact that Kaliningrad is a Russian exclave surrounded by Lithuania and Poland. Moscow, almost 1100 km away, seems like a very far off place in

comparison to Gdansk a 120 km away. The perceived lack of high quality or trustworthy products and services in the Oblast has caused a situation where the consumers of Kaliningrad are demanding more choices, but lack access to them. Access is instead being provided by Polish companies on the other side of the border. These companies and the government as a whole are expending large amounts of capital to bring around the border region up to EU standards. This situation is not occurring on any such scale on the other side of the border.

Discussion

Russians living on the border of free trade zones are currently in the throes of a change in consumption patterns. Gone are the days of austere living and only purchasing goods available within the country. Instead, Russians are now consuming an increased amount of goods purchased abroad. This is occurring not because of a lack of access to these goods. Instead, more often than not the purchase of these goods within the territory of Russia is met with higher costs and overall scepticism in their quality. The question then becomes what Russians are purchasing and why? Secondly, is this occurring differently based on which area people are from and if so why? A further exploration could also benefit from the following questions: what will happen to the Russian consumer identity when it interacts with not only more trustworthy western products, but also when no relationships or networks are created between individuals within the area? Will this concept work

as Bauman (2007) states and create new social memberships vis-à-vis the changing consumption patterns in both areas or might there be a deviation because of a third variable?

The newly opened visa-free zones in the Barents and Baltic regions allow Russian shoppers easier access to a greater variety of products. Likewise Norwegian/Polish shoppers are able to purchase gasoline and tobacco cheaper. We assume that in the long run such an imbalance between shopping habits of corresponding nationalities will decrease. Furthermore, the establishment of a visa-free zone between the countries might provide an effective means to reduce the risk of so-called “border paradox” to occur. The term refers to a situation where the novelty of the mobility facilitated by easy crossing of borders will fade away causing a decrease in mobility (Gurova 2012). The zones will not merely make it possible to get acquainted with the exotic “other” culture but pave the way to a fuller networking of the peoples. The contagion that now is occurring in the sphere of consumption will give rise to analogous contagions in the spheres of culture, work and social life.

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