

Interview: Dmytro Popov CEO, Elfa Group, Ukraine



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Dmytro Popov

, the owner, founder and CEO Elfa Group, Ukraine's leading cosmetics manufacturer, provides his insight into Elfa's 20-year presence in the Ukrainian market, the company's international growth strategies and how it can further strengthen its market positioning.

Could you begin by introducing yourself and your company?

I am the CEO and the founder of the Elfa Group that were established in 1997. We are proud to be a family owned company. Elfa is one of the leading and largest domestic manufacturers of cosmetic products. Our goal is to create, produce and distribute high quality affordable products in various categories. Moreover, we also produce packaging, and offer distribution services to our partners. Our main and most profitable market is still Ukraine; however, we are also present in the European Union, CIS countries and Asia. We have four factories, two of which are located here in Ukraine, one in Slovakia and one in Poland.

After these 20 years of activity, what would you consider your main achievement at the head of the company?

First and foremost, becoming a leading company in delivering high quality cosmetics in Ukraine is an achievement worth highlighting. The second achievement is the fact that we were able to spread the business abroad and expand our presence in different markets. We have well-established brands in Poland and CIS countries. Currently we are exporting our products to over 60 countries worldwide.

Moreover, as a family company, we never focus strictly on profits. Instead, we are aimed to deliver high value and quality products to our customers. Furthermore, it is crucial for us to ensure the growth and development of our employees.

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As a local player with more than 20 years in the industry, what are the specificities of the Ukrainian market that you take into consideration when building your strategy?

We have never seriously thought about the strategy before. At the beginning, we had many directions and we were mostly acting spontaneously. But now we are focusing on formulating the right strategy and improving the efficiency of our company. We are reconsidering our portfolio of offers and a range of countries where we are present. It is a challenge that has not been resolved yet, but we are working on it. We have three centers of management: management of productions, management of sales and management of brands.

We are not only developing our own brands but also looking for more partnerships and projects.

When we met with President of APCU, Ms. Filatova, she mentioned the importance of regulations for pharmaceutical companies as well as cosmetics companies, as the lane is rather blurry. What would you see as the main areas of improvement in terms of regulations.

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Personally, I would like to see the adaptation of European regulations, as I believe it is crucial in order to make the process easier as well as more efficient. As we are present internationally we are facing many difficulties when introducing products into the markets. In Europe, we have a specific regulatory process different from Ukraine, CIS and Asia. I think that the adaptation of European Regulatory procedures would greatly benefit the Ukrainian cosmetics market and create more opportunities for the local companies to grow internationally.

What would be your advice to someone who is either planning to enter a challenging market or is working during crisis?

My advice would be to look for the opportunities. Excluding a few brief periods of time, Ukraine has constantly been under crisis. And it is very difficult because of the uncertainty. You can hardly predict what is going to happen to the country's economy and your business. The uncertainty is affecting opportunities, for example, you do not know what tomorrow's prices for raw materials will be and neither do our partners. Multinational companies were withdrawing from our country, raising their prices or limiting their production and distribution services. As a consequence, they are losing a share of the market. The crisis has left a permanent mark on the Ukrainian market, so in order to increase our adaptability and livelihood, we have chosen to grow our presence outside of Ukraine as well.

Where does Elfa stand in 2017 in terms of turnover, number of employees and the markets you are most interested at?

Our team in Ukraine currently totals 1200 people. We have employed 200 people in the last two years, and in the next year, we are planning to grow further by taking on another 200 employees. The turnover is approximately 60 million € this year.

In terms of the most interesting countries for Elfa Group, we see potential in the CIS market as well as Western Europe. We also aim to strengthen our position in Eastern Europe. The most attractive

markets outside of Europe are South East Asia, the Middle East and in the distant future Africa as well.

Those markets are going to be difficult to penetrate as they have very well-established brands and retail chains. And the consumers are already accustomed to that situation on their market. Every country is very specific and we are looking for the partners and opportunities in different countries.

Where do you see Elfa Group in the next five years?

I cannot even say what will happen in Ukraine in the next five years. We can predict more easily what will happen, for example, to the UK but the future of Ukraine is uncertain.

One trend we can see is that Ukraine is moving towards globalization. We can observe less and less traditional retail which, which might even completely disappear. That is why more mass market products will be released by branded shops. Most likely there would be an increase in sales through the internet.

In order to adapt to those market conditions, we would like to open 500 shops under our **ELFA** brand. Those shops will be combined with a very strong internet platform. Such steps will ensure that we will be less dependent on other retailers, which could give us a significant competitive advantage.

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