

# RUSSIA: NEW RETAIL STRATEGIES

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RUSSIAN RETAILERS COME UP WITH INNOVATIVE SOLUTIONS  
TO WEATHER THE ECONOMIC TURMOIL.



Trend Island

Russia's recent economic history has seen plenty of tumultuous times, and the country's retailers are admirably resilient. They are no strangers to coming up with new solutions in order to stay in the market when the exchange rates are fluctuating and foreign policies are unstable, and they make the most of whatever sociopolitical situation they find themselves in.

After several difficult seasons that saw reduced buying budgets and significant team changes, **TSUM**, the luxury department store owned by the biggest distribution network Mercury, is springing back by focusing on Chinese customers: Moscow has seen a surge in their numbers lately due to the weak ruble. TSUM's window displays now have Chinese captions; the store has hired Chinese-speaking sales assistants and has plans to enter the Chinese market.

Another major fashion player, **Bosco Group**, recently took over the historical Petrovsky Passage shopping arcade, situated in an uber-prestigious central location. Bosco had previously rented numerous shops within the arcade for brands it distributes, such as **Alberta Ferretti**, **Paul Smith**, **Etro**, **Moschino** and others. These shops were interspersed with other retailers who rented spaces in the arcade. However, now Bosco is renting the entire Passage and will be investing over 20 million euros into its overhaul. It is planning to introduce a new brand mix in order to eliminate competition between Petrovsky Passage and the nearby **GUM**, another department store where Bosco's brands have a strong presence. Suburban retail is coming up with new solutions, too: the **Aviapark** shopping center, one of the biggest malls in Europe located on the outskirts of Moscow, recently saw the opening of the 6,000 sq. m. creative space called **Trend Island**. It

includes designer corners, multi-brand spaces, cafes, a lounge area and a lecture hall, all set within an unusual and playful layout.

Meanwhile, the country's growing e-tail market is exploring new ways of attracting customers. Russia's digital behemoth **Yandex.Market** has launched an app called Take This Off Now that allows users to upload images of garments and find similar items in e-shops. The app uses a neural network trained on a sample of more than five million images and is able to distinguish over 150 wardrobe items and more than 250 characteristics such as color, style, fashion and others. By embracing new technologies, new geographic territories and new consumer groups, such as foreign tourists, Russian retailers are weathering the country's downturn: an approach worth noting for anyone whose sailing is less than plain.