



Tsvetnoy

## RUSSIA: PREMIUM SURVIVAL STRATEGIES

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THE PREMIUM AND CONTEMPORARY SECTOR IN RUSSIA IS CONSIDERING NEW STRATEGIES TO COPE WITH CHANGES BROUGHT ON BY THE CRISIS.

Russia has been a growing market for premium, contemporary and bridge collections since the late 90s, but recent years have witnessed a sea change in this segment. Anoush Gasparyan, commercial director of the **Fashion Consulting Group**, argues: "The premium audience in Russia can be divided into two groups. The first group prefers classic styles and will wear a black pencil skirt and straight trousers for more than one season... [The second comprises] customers who appreciate fashionable items in their wardrobe."

After the 2014 crisis, both groups changed their habits drastically. "Premium customers began to purchase less: now they plan their shopping and search for alternatives, either switching to cheaper labels of comparable quality or seeking their favorite brands in outlets and discounters," Gasparyan explains. This has inevitably had an impact on retailers.

**Debenhams**, the international department store chain that carries labels such as **Star by Julien Macdonald**, **J by Jasper Conran**, **Lipsy** and **Red Herring**, first entered the Russian market in 2006. It left in 2008 due to losses, then came back in 2012 but will be closing its operations again in September 2017. **Podium Market**, launched in 2012 and home to labels such as **Bimba y Lola**, **Sandro**, **American Vintage** and **Ted Baker**, has been struggling since 2016 and was finally purchased by **Reviva Holdings** in summer 2017.

Reviva also owns **Debruss**, the Russian franchisee of Debenhams. Moreover, in 2016 it acquired the Russian subsidiary of Finnish retail chain **Stockmann**. The latter has been present in Russia since the late Soviet times and is the most popular retailer in the country according to a recent article in *Vedomosti*, a reputable

business newspaper. At present, it stocks **Levi's**, **Boss Orange**, **Betty Barclay**, **Tommy Hilfiger**, **Geox** and other well-established mid-range labels. Reviva's plan is to turn both Debenhams and Podium Market into Stockmann stores. They will likely be catering to the first consumer group mentioned by Gasparyan, focusing on wardrobe staples by well-known names at competitive prices.

Meanwhile, the fashion-forward premium consumers need to be lured with ground-breaking store concepts as well as an edgy brand mix. Some recently opened stores explore novel ways to meet this group's needs: **Trend Island**, a multilabel featuring **Maje**, **Numph**, **Nolo**, etc., and **Take Away**, a chain that stocks **Diesel**, **Franklin & Marshall** and **Scotch & Soda**, offer special features, such as a reading space and a lecture hall. Similarly, **Tsvetnoy Central Market** runs Tsvetnoy University, which regularly hosts free lectures by fashion industry experts. It also organizes collaborations with brands and, surprisingly, with other (potentially rival) retailers: thus, in 2017, it opened **TSUM Denim**, a pop-up jeanswear shop curated by the **TSUM** department store. Such examples reveal how important it is for retailers to stay tuned in to their customers' changing requirements and to adopt creative strategies in order to stay afloat in turbulent times.