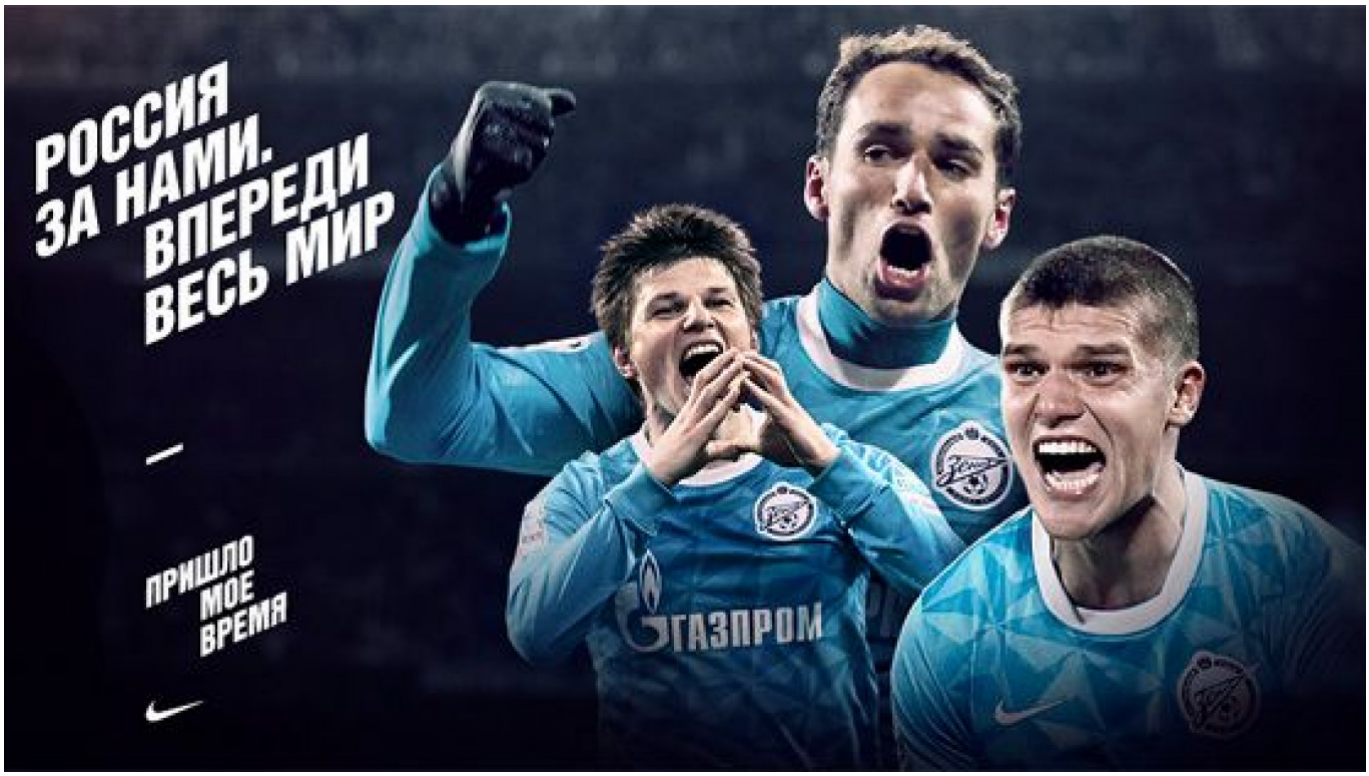
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Nike Expands Franchisee Base

By Irina Filatova

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A screen capture from the Russian version of Nike's website. The company seeks to increase its presence in the country with a new franchising agreement.

Global sportswear giant Nike plans to sign a franchising agreement with re:Store Retail Group — which operates a chain of Apple branded stores in Russia and Europe — to open 15 local outlets in the next three years, the retailer said.

The agreement will be signed "in the near future," with three to four branded Nike stores to be opened this year, Tikhon Smykov, chief executive of re:Store Retail Group, said Saturday.

Smykov said his company is looking primarily at the biggest shopping centers in Moscow and St. Petersburg to locate the outlets of 300 to 400 square meters each.

"We are considering a few locations simultaneously, and it's hard to say which of the shopping centers will make it first," he said in e-mailed comments, adding that the shopping centers where re:Store Retail Group already has stores will be prioritized.

The retailer is already present — among other shopping centers — at GUM, Atrium, MEGA and Tsvetnoi Central Market in Moscow, as well as Nevsky and Leto in St. Petersburg.

Re:Store Retail Group, which operates more than 60 Apple stores in Russia, also runs chains of single-branded stores for Nokia, Sony and Samsung, as well as toy maker LEGO.

But Smykov said the company has no intention to focus primarily on selling electronic goods.

"For historical reasons most of our portfolio is represented by the chains for electronics. [But] we're considering any brands that are leaders in their segment," he said. "Nike, undoubtedly, is one such company."

A spokeswoman for Nike in Russia couldn't be reached for comment Saturday, but the company's representative confirmed to Vedomosti that the sportswear maker had chosen re:Store Retail Group as a franchisee.

Nike has good potential for growth in Russia because it's a well-recognized brand with a long presence in the market, said Anush Gasparyan, commercial director of Fashion Consulting Group.

The company is outdoing its biggest rival Adidas globally but lags behind in Russia, having only 100 stores compared with almost 800 Adidas outlets, she said in e-mailed comments.

However, Nike has a chance to catch up, as the demand for sports apparel is expected to grow due to the rising interest in athletics among Russian youth.

"There's no doubt that this trend will grow in the future, allowing sports shops to increase revenues," Gasparyan said, adding that Nike's other stores in Moscow and St. Petersburg that are operated by A3 Sport, one of its most successful franchisees, bring good revenues.

Re:Store Retail Group declined to comment on the expected revenue in the new stores.

Annual sales in a single-branded store of 300 square meters in a shopping center with a high attendance might reach $6,000 to $8,500 per square meter, Gasparyan said.

"But it will take a while to happen," she said.

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