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French Department Store Galeries Lafayette Eyes Russia's Luxury Goods Market

By The Moscow Times

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Christmas at the upmarket Parisian department store. **adam5t**

Famous French top-end department store chain Galeries Lafayette may soon open an outlet in Russia to tap into the country's $5.5 billion luxury goods market.

Rumors of Lafayette's impending arrival were confirmed by several real estate consultants, who said the chain has been searching the city for retail locations, Kommersant reported.

In 1995, Lafayette — which amassed 2012 sales volume of 2.3 billion euros ($3.1 billion) in some 250 stores across the globe — made an unsuccessful attempt to gain a foothold on the Russian market with a handbags store in Red Square's upmarket GUM shopping centre. Established in Paris in 1894, Lafayette attracts over 1 million customers to its outlets every day.

In the running to become Lafayette's local partner are Luxury goods retailer Mercury Group, which owns the lavish TsUM department store and Tretyakovsky Proyezd in central Moscow, and Ideas4retail, which specializes in bringing major foreign retailers to Russia. Ideas4retail co-owner Alexander Mamut confirmed that his company held talks with Lafayette last year but said the sides have not yet reached agreement.

Mercury declined to comment, while Galeries Lafayette has not responded to media inquiries.

Lafayette will have to overcome a number of obstacles on to the Moscow market — where the country's demand for Luxury goods is clustered — such as the high cost of leasing commercial space and stiff competition, industry analysts said. In addition, all the brands carried by Lafayette are already available from other retailers, said a co-owner of a local luxury goods seller.

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