

Crate & Barrel Opens First Store in Russia

By [Sarah Crowther](#)

September 22, 2014



High-end U.S. furniture and interior decoration store Crate & Barrel opened its first Russian location last week, amid a sharp economic slowdown and a trade war between Moscow and the West over Ukraine.

The company celebrated the opening of a 3,000 square meter outlet in the Afimall shopping mall in the capital's Moscow-City business district with champagne, caviar and oysters.

The store, the first of eight planned across Russia, is taking on rivals like Sweden's IKEA and Russian furniture superstore Hoff, both of which have a huge head start.

Three giant IKEA stores surround Moscow, and the chain announced 2 billion euro (\$2.5 billion) expansion plan in Russia last week. Illustrating the difference in scale, IKEA's Khimki outlet spans 150,000 square meters.

But Nur Akgerman, Crate & Barrel's regional head, said the smaller stores are an asset for the

brand, which she said targets upper-middle class buyers with global tastes.

The gamble is that Russians will pay over the odds high-quality goods: Crate & Barrel is importing the entire product range from the United States, which increases costs. A French press retailing in the U.S. for \$50 dollars costs 3,000 rubles (about \$80) in Moscow.

This niche is "quite open," Akgerman said.

But Russia is mired in a slump — economic growth for this year is expected to be near zero. And what with low oil prices, structural brakes and Western sanctions on Moscow over its support of separatists in eastern Ukraine, long-term forecasts predict an extended period of stagnation.

Akgerman first visited the Afimall space in March last year, before the deceleration began. But she is optimistic: "They [Russia] may be in a little bit of a downstream, but if you look at it from a 10-20 year perspective, it's upstream," she said.

Akgerman also waved off the risk of sanctions, which have already halted food imports to Russia worth \$9 billion and are forcing U.S. oil major Exxon to mothball a huge Arctic oil project. The Russian government has threatened future sanctions on cars and clothing.

If IKEA is any indication, Crate & Barrel has grounds for optimism. Sales at IKEA, which has 14 stores in Russia, grew 18 percent last year, according to business daily Vedomosti.

Original url:

<https://www.themoscowtimes.com/2014/09/22/crate-barrel-opens-first-store-in-russia-a39654>