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Finland's Stockmann to Shutter More Stores in Russia as Recession Bites

By The Moscow Times

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The flagship stores are not the first casualties of Russia's economic crisis.

Finnish retail chain Stockmann will shut three of its five Moscow department stores, following last year's closure of 16 of the company's fashion outlets amid Russian currency devaluation and a sharp economic downturn.

The three stores, located in MEGA shopping centers Tyoply Stan, Khimki, and Belaya Dacha on the outskirts of Moscow, are loss-making and will close by the end of 2016, the company said in a press release issued late last week.

The company will also close 19 Lindex outlets in Russia.

The move will leave only two Stockmann department stores in Moscow, one at the Metropolis mall and one within Outlet Village. The company also has one store each in St. Petersburg and Yekaterinburg.

The flagship stores are not the first casualties of Russia's economic crisis. In October Stockmann announced plans to shutter 16 of its Seppala fashion stores in Russia due to the pressure of an increasingly weak ruble on margins, news agency Reuters reported at the time.

The ruble has lost over one-third of its value against the euro since last summer as cheap oil and Western sanctions strain the Russian economy.

Other foreign retailers have also struggled with the ruble's fall. In September fashion chains OVS, River Island and Esprit all quit Russia, while brands such as Zara and Adidas have rolled back expansion plans.

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