The Moscow Times
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McDonald's Opens 500th Restaurant in Russia

By The Moscow Times

May 13, 2015



A plaque at the restaurant stating that it is Russia's 500th McDonalds.

U.S. fast-food chain McDonald's said Wednesday it had opened up its 500th restaurant in Russia, 25 years after the company first set up shop in the Soviet Union.

The opening comes as McDonald's suffers slowing sales in Russia and follows a wave of sanitary spot checks that temporarily closed more than 10 outlets last year in what some saw as a politically motivated retaliation to U.S. sanctions against Moscow over the Ukraine crisis.

The 500th restaurant is located in Yekaterinburg, a 24-hour train ride east of Moscow in the Ural Mountains and Russia's fourth-largest city. It was officially opened by city mayor and opposition figure Yevgeny Roizman. The McDonald's is the city's 12th, a press release by McDonald's said.

McDonald's, which is struggling with declining sales in its core U.S. market, has grown rapidly in Russia. But the company's plans have been knocked by a Russian economic recession that began constricting consumer spending last year and a sharp fall in the value of the ruble, which has raised expansion costs.

McDonald's chief executive in Russia, Khamzat Khasbulatov, told news agency Reuters earlier this year that the company would open at least 50 new restaurants in 2015 compared to 73 in 2014. He also said same-store sales growth in Russia could fall to zero this year.

McDonald's in April permanently closed a restaurant in Russia for the first time ever.

The American restaurant chain, whose "golden arches" logo has long symbolized U.S. consumer culture abroad, first came to Russia in 1990, when the country was still a member of the Soviet Union.

Last year McDonald's flagship outlet in Moscow was temporarily shuttered, alongside 11 other branches across Russia, for alleged health violations.

Those restaurants are now reopening, but McDonald's will soon face a domestic challenger. Award-winning Russian film directors Nikita Mikhalkov and Andrei Konchalovsky last month asked President Vladimir Putin for 1 billion rubles ($20 million) from the state to help launch a fast-food rival to foreign chains like McDonald's.

Although Putin didn't hand over the cash for the project, to be called Yedim Doma! ("We're Eating at Home!"), Deputy Prime Minister Arkady Dvorkovich has said the government will help the directors clear bureaucratic hurdles as they apply for funding under a scheme to help small and medium-sized businesses get bank loans, according to news agency TASS.

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