

Russian Retailer O'Key Says Customer Numbers Start to Recover

By [The Moscow Times](#)

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Russian food retailer O'Key Group said it saw signs of a recovery in shopper numbers after it revised its product ranges and prices because customers had less cash to spend.

O'Key's hypermarkets and supermarkets have fared less well than the discount stores of rivals Magnit, X5 Retail Group and Lenta as an economic slowdown and high inflation have forced consumers to cut spending.

The company also suffered from Russia's ban on Western food imports, imposed in retaliation for sanctions over the Ukraine crisis, and a failure to speed up new store openings.

The company said on Thursday its shopper numbers declined 5.2 percent in the second quarter on a like-for-like basis, after a 1.9 percent year-on-year drop in January-March.

Shares in O'Key were down 5.4 percent, extending a 40 percent loss recorded since the start of the year.

However, the retailer said that changes to the products it offers and pricing had resulted in improved shopper numbers from late June. A decline in customer visits eased to 3.3 percent last month compared with a 6.7 percent drop in April.

"Renewed customer proposition has been well received. Positive trends began to appear at the end of June, as customer visits started to recover ... and items per visit remained stable," O'Key said in a statement.

Second-quarter like-for-like sales dropped 4.3 percent, year-on-year, as the loss of customers and a decrease in items per basket offset the impact of price inflation. Net retail sales were up 1.6 percent at 37.6 billion roubles (\$654.6 million), helped by an increase in selling space.

The company also said it remained committed to launching a discount project of its own in the next two months, with the first stores set to open at the end of the third quarter. In March, O'Key said it would open at least 20 budget stores in 2015.

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