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# Clothing Prices in Russia to Rise 20 Percent as Ruble Drops

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Retail sales in Russia have been affected by the sharp ruble devaluation and a drop in consumer demand over the past year.

Clothing and footwear prices in Russia could rise by up to 20 percent starting from September due to the rapid ruble devaluation, according to a study by the Fashion Consulting Group firm.

Retailers that don't have production facilities in Russia will have to raise prices, Anna Lebsack-Cleymans, CEO of Fashion Consulting Group, said in a statement last week.

Customers will see prices increase in stores operating in medium and upper-medium segments of the industry, according to Olga Shteinberg, Fashion Consulting Group's press officer.

The increase in prices will affect not only new collections, but also the previous collections of some retailers, she said.

The first half of the year saw the Russian currency rally from previous lows but the ruble started to slide again in June on the back of low oil prices. In August, the fall of the Russian currency against the U.S. dollar accelerated.

As a result of the devaluation in August, prices for the autumn collection of many retailers have increased by 15 percent, said Ksenia Ryasova, CEO of the Finnish brand Finn Flare, according to the Vedomosti business daily.

Medium and upper-priced segments have been hit hardest by the ruble devaluation.

But unlike cheaper retailers, medium segment stores such as Finn Flare cannot lower the quality of their goods as this will cause an outflow of customers, Ryasova said in comments reported Monday.

Retail sales in Russia have been affected by the sharp ruble devaluation and a drop in consumer demand over the past year. Rising prices and falling real incomes have forced Russians to slash their spending on clothes.

In the first half of the year retail sales in Russia dropped by 8 percent compared to the same period last year, according to the Rosstat state statistics service.

Fashion Consulting Group analysts forecast that the decline in clothing and footwear sales in Russia will continue in the second half of the year and prices will have increased by 20 percent by the end of the year.

The economic crisis have forced many foreign retailers to suspend development plans in Russia.

Last year, U.S. fashion retailer Esprit and the British clothing brands New Look and River Island left the Russian market. Last month, U.S. retailer American Eagle Outfitters curtailed its activity in Russia.

Foreign retailers that decided to stay in the Russian market have reacted to the new economic reality by closing of some of their outlets.

The German sportswear manufacturer Adidas is planning to close 200 outlets in Russia this year over the ruble devaluation, the RBC newspaper reported in March.

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