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Euroshop to Become First Foreign Fixed-Price Chain in Russia

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Euroshop, a major German fixed-price retail chain, is entering the Russian market as the country's economic downturn stimulates demand for low-price stores, news agency RBC reported Monday, citing an unidentified Euroshop spokesperson.

Euroshop will be the first foreign fixed-price retailer — a store where everything is sold at a uniform price, such as one euro — in Russia, according to data collected by analytical agency Infoline-Analitika, RBC reported.

The chain will open up shop in Russia under its existing name, and will be run by a franchise partner, Euroshop Russland, the report said.

The first Euroshop locations in Russia will be opened in the Russian city of Saransk, located in the central region of Mordovia, an unidentified Euroshop Russland spokesman told RBC. The chain will expand to Moscow and other cities including Penza and Saratov.

Moscow will get its first 15 Euroshop stores by the end of the year, RBC reported, citing an unidentified source in the commercial real estate market. The German chain offers a variety of household goods, toys and stationary, as well as a selection of food items.

Russia's economic crisis, exacerbated by a plunge in the global price of oil and compounded by Western sanctions imposed on Moscow for its actions during the Ukraine crisis, has influenced Russian consumers to seek out stores with cheaper alternatives to a variety of goods.

This has seen a corresponding rise in the number of Russian discount store chains reporting surging profits.

One Russian budget grocery chain, Pyatyorochka, saw its sales increase by 35 percent in the second quarter of 2015 compared with the same period in 2014, the Vedomosti business newspaper reported in July.

Lenta, a budget supermarket chain, reported 30-percent growth in sales in the same period, according to a company report published on July 21.

As one of the largest fixed-price retail chains in Europe, with 225 stores in Germany, Euroshop is hoping to tap into this segment of the Russian market.

The company hopes to open 200 locations by the end of next year, and in the long-term Euroshop hopes to operate 2,000 stores throughout Russia, RBC reported, citing a June Euroshop Russland report.

Russia currently only has one large domestic single-price retailer, known as Fix Price. The company currently operates around 1,930 outlets across Russia and offers a wide range of goods for the fixed price of 45 rubles (60 cents). A smaller chain of single-price stores, known as Zaodno, was launched last year and currently operates 60 stores.

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