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Foreign Fashion Retailers Close More Stores Than They Open in Russia

By The Moscow Times

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International clothing retailers have closed more stores than they have opened in Russia this year as the economic crisis slashes Russians' spending power, the Kommersant newspaper reported, citing a recent study.

Between July 2014 and July 2015, foreign clothing retailers opened 991 new outlets and closed 1,024 stores, a study by retail consultancy Magazin Magazinov showed, Kommersant reported Wednesday.

This is the first time in five years that foreign retailers are closing more outlets that they are opening, Magazin Magazinov's analysts said.

The previous data sample, taken from July 2013 to July 2014, showed international clothing

retail chains opening 1,234 stores in Russia, while closing only 314, according to the report.

The reversal coincides with a weakening ruble and the fall of real wages, forcing Russians to cut their spending.

According to Russian federal statistics agency Rosstat, trade turnover in Russia dropped by 8.5 percent in the first nine months of 2015.

The hardest hit by the decline in purchasing power are foreign retailers operating in the medium-price segment.

Ninety percent of the stores forced to close between July 2014 and July 2015 belong to the medium-price segment, including U.S. clothing retailers Esprit and American Eagle Outfitters, Yulia Sitnikova, senior research consultant at Magazin Magazinov, said, Kommersant reported.

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