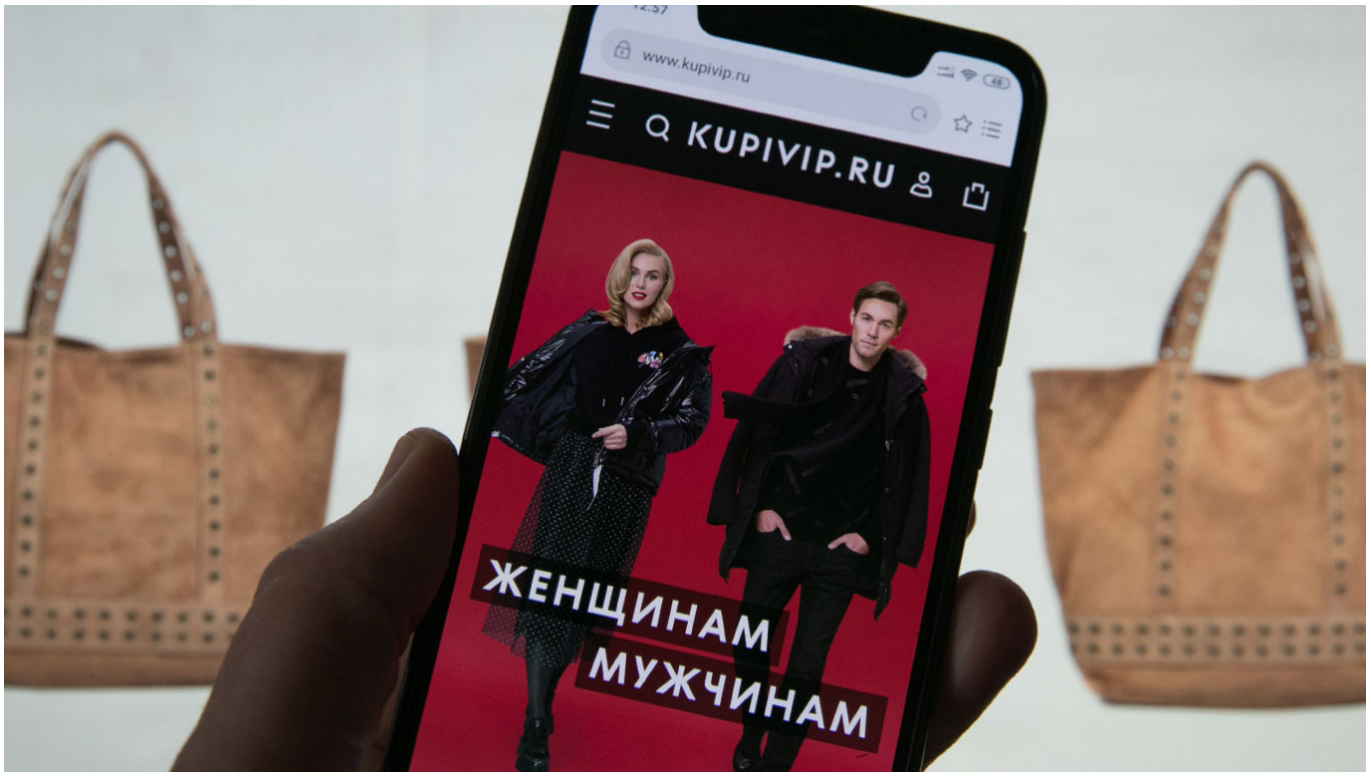
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Russian Online Retail Pioneer KupiVIP Shuts Down

A failed deal with Yandex was the final chance to save the company, which struggled to compete with well-backed online retail firms.

By Adrien Henni

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KupiVIP was once one of Russia's largest online retail outlets. **Alexei Zotov / TASS**

KupiVIP, once a top Russian fashion site, and its affiliate Mamsy.ru, wound up their operations Sept. 1, unable to compete with Russia's new generation of online retail giants.

"For 13 years we made you happy with each purchase [but] our story is over now," said a statement posted on the KupiVIP site.

Founded in 2008 by German entrepreneur Oskar Hartmann, KupiVIP quickly became one of the most established e-commerce brands in Russia. Until the mid 2010s it stood firmly in the top 10 e-commerce sites in Russia — but had fallen to the 68th place by 2020, according to

Data Insight.

KupiVIP's sales revenues decreased to 4.5 billion rubles ($62 million at that time) last year — far behind such fashion leaders as Wildberries and Lamoda.

In its early years, KupiVIP raised some $120 million, mostly from Western investors. These included big names such as Accel Ventures, Balderton Capital, Bessemer Venture Partners and Mangrove Capital Partners, as well as the European Bank for Reconstruction and Development (EBRD).

Less relevant model

"It is true that the initial business model turned out no longer unique. A commercial innovation introduced in Russia by KupiVIP, discounts progressively became the norm both online and offline," David Waroquier of Mangrove Capital Partners previously told East-West Digital News.

"KupiVIP attempted to become omnichannel, involving operating across its websites, mobile app and brick-and-mortar retail stores. All this required significant capital, given the size of the Russian market," Waroquier added.

"While the international context was less favorable, not all local players were able or willing to invest in the company."

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KupiVIP was not the only company affected by such issues. Waroquier cited the examples of Wikimart and Ulmart — outfits which went bankrupt in 2017 and in 2020, respectively.

Yandex U-turn

Hope of a rescue deal for Kupi had emerged earlier this year. Yandex, the U.S.-listed Russian digital giant, announced June an agreement to acquire KupiVIP, its five offline outlets in Moscow, the Mamsy e-commerce site and a logistics center outside Moscow.

According to an industry expert, the assets might have been valued at around 1 billion rubles (around $14 million) — while other estimates varied from 6 billion rubles to virtually nothing, taking into account the company's debt.

The acquisition was designed to help Yandex's own e-commerce platform, Yandex Market, "accelerate its penetration into the online fashion market," as the company aims to "become a multicategory marketplace in the full sense."

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Yandex said its plans were to "leverage KupiVIP's scalable warehouse facilities, its supplier base and qualified team with the necessary expertise."

However, in July Yandex backed out of the deal for undisclosed reasons, saying it was considering “other options to enter the fashion segment.”

Despite its demise, KupiVIP had a considerable impact on Russian entrepreneurship and e-commerce, said Waroquier. For instance, founder Hartmann became an inspiring figure for the new generation of startup entrepreneurs. “He has been a poster child of the Russian scene, setting the example to many aspiring entrepreneurs,” said Waroquier.

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