



Clothing & Footwear Retailing in Russia – Market Summary & Forecasts

Comprehensive overview of the market, consumer, and competitive context, with retail sales value and forecasts to 2018

Report Code: RT0076SR
Published: November 2014

Report Price: US\$1,250 (Single Copy)

Summary

“Clothing & Footwear Retailing in Russia – Market Summary & Forecasts”, report, published by Conlumino, provides a detailed analysis of both the historic and forecast market data of clothing and footwear retail sales across key channels in Russia. In addition, it provides an overview of changing shopping trends, government policies towards business, the influence of various economic variables on the retail industry, the competitive landscape and detail of key retailers.

Key Findings

- Slowing economy, international sanctions and new tax policies hamper retailing growth in Russia
- Growing urban middle class will drive retail sales in the country
- Russians show greater inclination to buy products from overseas online retailers
- Demand for clothing and footwear remains intact despite the changing economic situation

Reasons to Buy

- The report provides a comprehensive overview of the Russian clothing and footwear retail market for companies already operating in and those wishing to enter the Russian market.
- Understand which channels will be the major winners and losers over the coming years and plan accordingly, with a comprehensive coverage covering 6 sub-product sectors that include: Men's Clothing, Women's Clothing, Children's Clothing, Men's Footwear, Women's Footwear, and Children's Footwear.
- Benefit from a detailed analysis of vital economic and population trends and key consumer trends influencing the retail market.
- Monitor the competitive landscape with the analysis of key international and domestic players in clothing and footwear market

1. Retail – Product Sectors

1.1 Product Sector Topline

1.1.1 Clothing and Footwear

Specialist retailers were the largest channel with RUBxx billion or x% of clothing and footwear sales in 2013, and are expected to remain the leading retail channel, with sales of RUBxx billion in 2018.

Figure 1: Russia Clothing and Footwear Retail Sales and Forecast (RUB bn), by Channel Group, 2008–2018

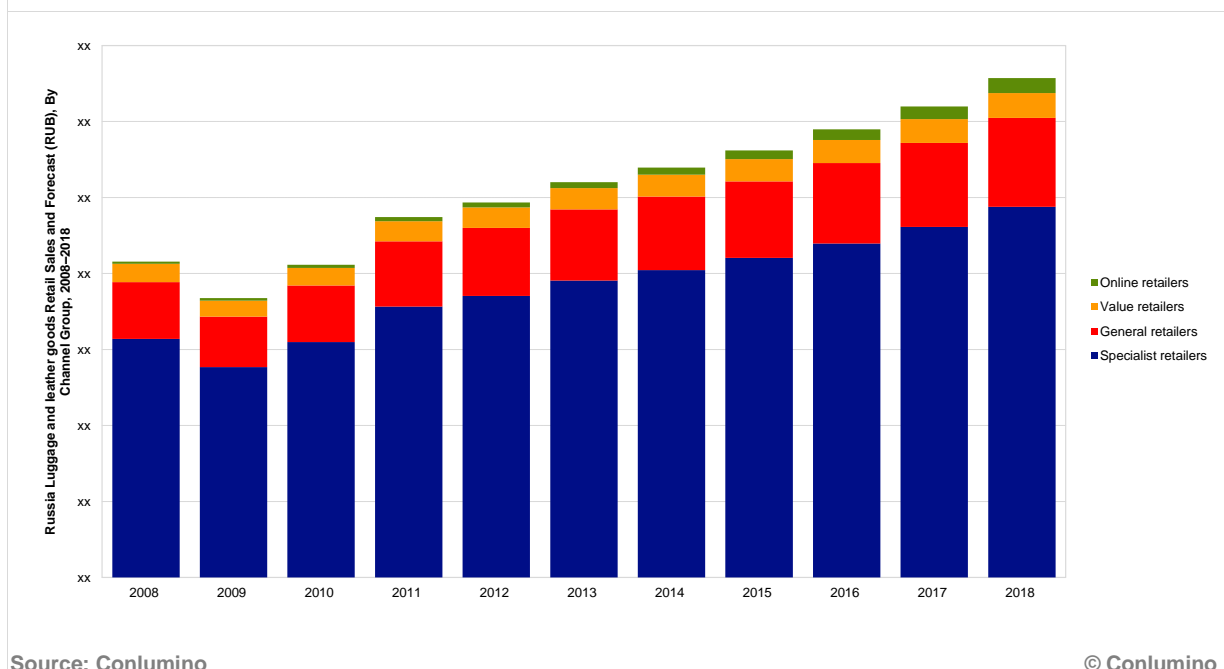


Table 1: Russia Clothing and Footwear Retail Sales (RUB bn), by Channel Group, 2008–2013

Channel group	2008	2009	2010	2011	2012	2013	CAGR (%) 2008 – 2013
Specialist retailers							
General retailers							
Online retailers							
Value retailers							
Overall							
Source: Conlumino							© Conlumino

Table 2: Russia Clothing and Footwear Retail Sales Forecast (RUB bn), by Channel Group, 2013–2018

Channel group	2013	2014	2015	2016	2017	2018	CAGR (%) 2013 – 2018
Specialist retailers							
General retailers							
Online retailers							
Value retailers							
Overall							
Source: Conlumino							© Conlumino

Table 3: Russia Clothing and Footwear Retail Segmentation, by Channel Group, 2008–2018

Channel group	2008	2013	2018
Specialist retailers			
General retailers			
Online retailers			
Value retailers			
Overall			
Source: Conlumino			© Conlumino

1.2 Product Sector Analysis

1.2.1 Clothing

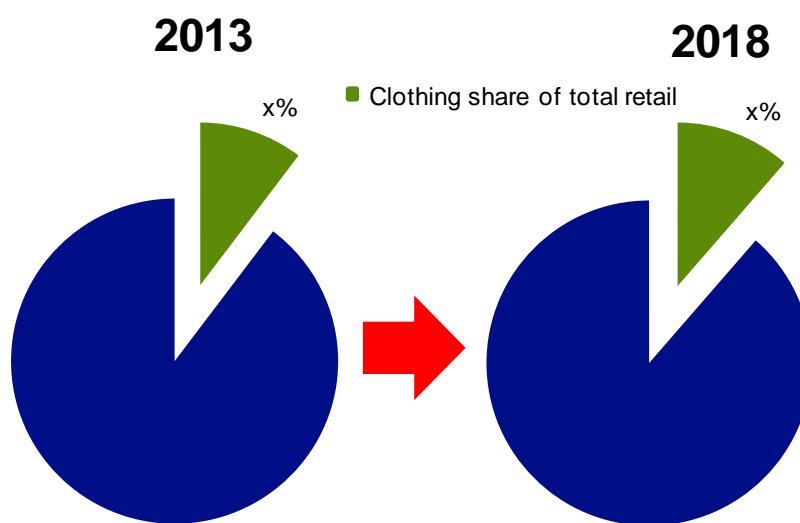
After suffering from the global economic downturn, the Russian clothing market recovered gradually and has grown at a CAGR of xx% from 2008 to 2013. The globalization and accessibility of western outfits have changed the Russian's clothing culture. Most Russian consumers started opting for foreign brands. A number of international brands such as Marks & Spencer, Karen Millen, Zara, American Eagle Outfitters, MAC, Gap, and H&M have a presence in Russia. On the other hand, wealthier Russian's choose domestic designers who combine old traditions with the western influence.

According to research by Fashionbi in 2014, Russian consumers are obsessed by fashion highlighted the fact that Russian's spend xx% of their total household expenditure on clothes and shoes, irrespective of their financial status. The research also states that women's wear accounts for x% of the total sales in the Russian fashion market. Russian men are more selective in their clothing choices and demand higher quality products. Even the children's clothing sector remains attractive in Russia.

Clothing is one of the most demanded categories over the online channel. Total online sales of clothing reached RUBxx billion by the end of 2013. Demand for clothing in Russia has attracted international online players such as the UK's ASOS, which started a Russian language website in 2013, and eBay plans to open its site in 2014.

The Russian clothing market is valued at RUBxx billion and is forecast to grow at a CAGR of xx% throughout 2013-2018. Online spending on clothing is expected to grow at a CAGR of xx% over the next five years surpassing the growth of other retail channels.

Figure 2: Share of Clothing in overall Retail 2013 and 2018



Source: Conlumino

© Conlumino

Figure 3: Retail Sales Value and Growth (RUB Billion, %) of Clothing 2013-2018

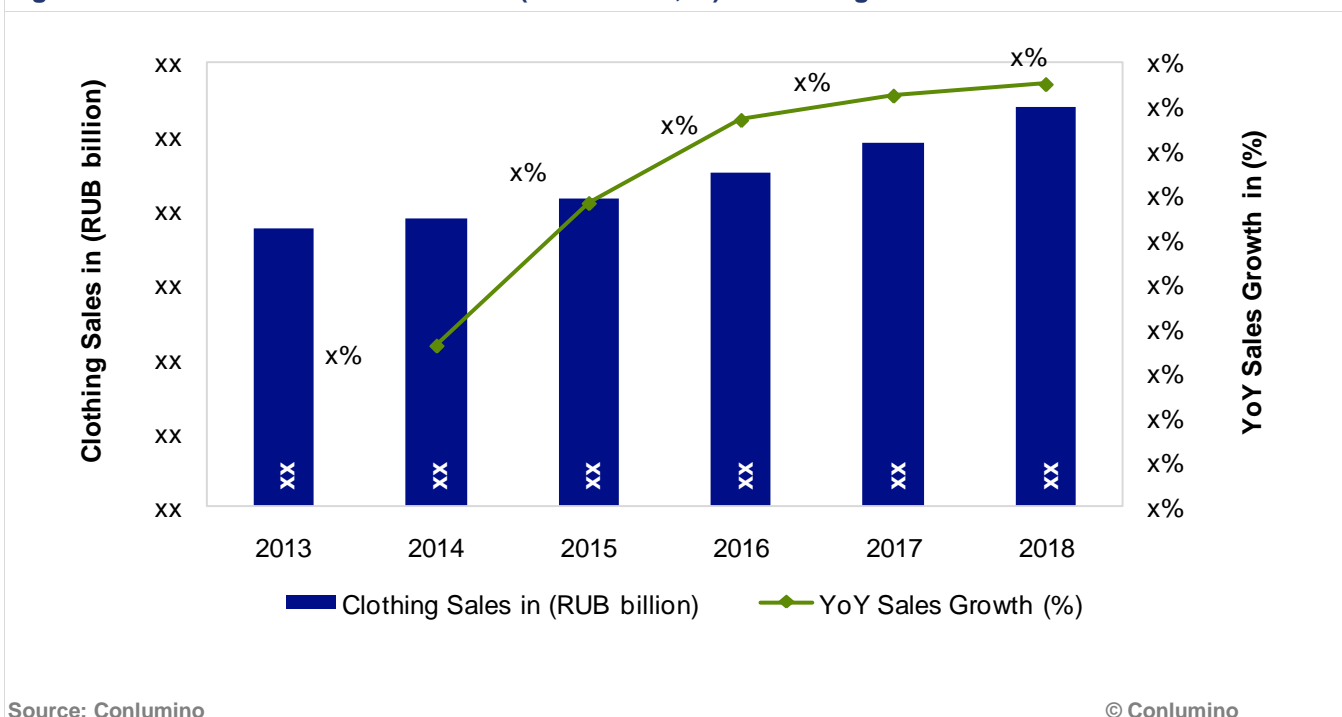


Table 4: Russia Clothing Retail Sales (RUB bn), by Segment, 2008–2013

Segment	2008	2009	2010	2011	2012	2013	CAGR (%) 2008 – 2013
Men's Wear							
Women's Wear							
Children's Wear							
Overall							

Source: Conlumino © Conlumino

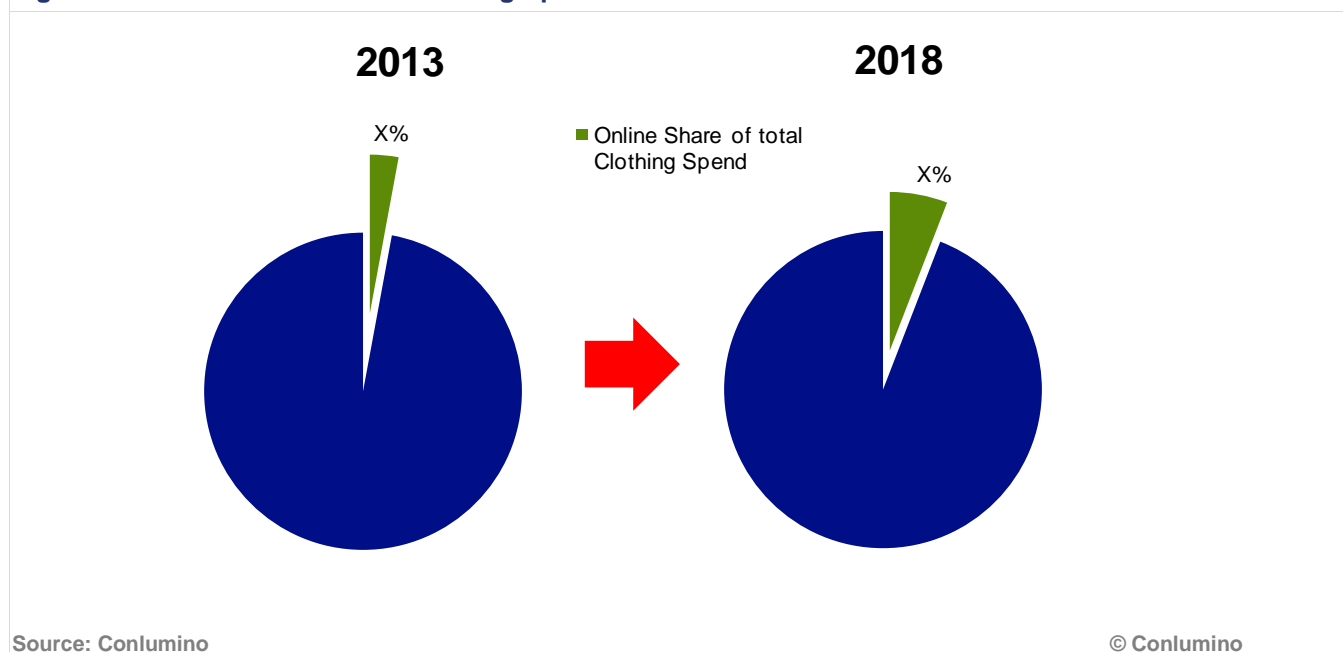
Table 5: Russia Clothing Retail Sales (RUB bn), by Segment, 2013–2018

Segment	2013	2014	2015	2016	2017	2018	CAGR (%) 2013 – 2018
Men's Wear							
Women's Wear							
Children's Wear							
Overall							

Source: Conlumino

© Conlumino

Figure 4: Online Share of Total Clothing Spend 2013 and 2018



Summary Methodology

Overview

All data in this series of retail reports from Conlumino is rigorously sourced using a comprehensive, standardized methodology. This methodology ensures that all data is thoroughly researched and cross-checked against a number of sources and validation processes. At the core of this methodology is a triangulated market sizing approach, which ensures that results from different sources and approaches, including Conlumino's own industry surveys, are compared and a final consensus number between these inputs is derived. In addition, standardized processes and quality controls across the entire data collection, analysis and publication process ensure compliance and cross-checking of the data occurs at each stage of the methodology.

The triangulated market sizing method

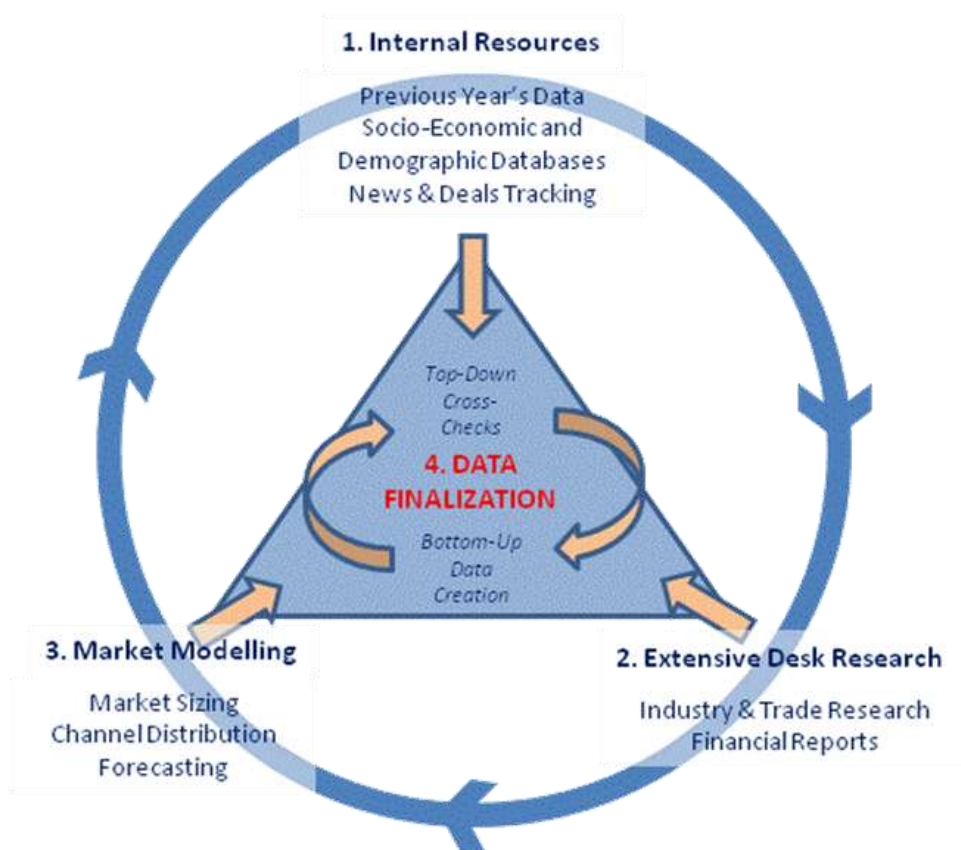
The triangulation method ensures that the results from three distinct phases of the research are brought together and cross-compared before finalized market numbers are derived:

1. **Existing internal resources:** as retail data is compiled using a rolling annual program of industry research, the first stage of producing the data is to review the existing internal information, both from the last major data release, as well as that which has been collected on an ongoing basis throughout the year. This includes inputs about market as well as individual retailer performance. These sources are then reviewed and incorporated into data collection processes and databases before the second intensive phase of desk research.
2. **Extensive desk research:** this phase of the methodology incorporates the main phase of secondary research. This research is initially conducted across a wealth of information sources, as listed below. In addition, the results of any relevant surveys from other Conlumino projects are also fed into data collection sheets. Online industry surveys can include industry opinion surveys of retailers' — and their suppliers' — sentiment and consumer surveys of purchasing and retail behavior. Secondary sources include, but are not limited to, the following:
 - a. Industry surveys
 - b. Industry and trade association research
 - c. Trade portals
 - d. Company filings and analyst presentations
 - e. Broker and investment analyst reports
 - f. International organizations
 - g. Government statistics
 - h. Retail media
 - i. National Press, including both business and consumer titles
3. **Market modeling:** the next stage in the process is to feed the results of the above into market models, which also include drive-based forecasting tools — which analyze drivers such as disposable income, product uptake, macro-economic drivers and market momentum — in order to fill in any gaps in the data and update forecast numbers. At this stage, the market models also look to update channel distribution data sets. For example, information

found at the research and trend monitoring stage on online retail sales would directly affect the channel distribution models.

4. **Data finalization:** the final stage of the process is the true triangulation of all the previous inputs. At this stage data is created using the inputs to hand in a bottom-up fashion, starting with the inputs from each of the previous three stages of the process for each data point to be published. This is done for all the product, channel and country combinations covered in the data. At this stage, therefore, the project analysts are constantly evaluating and deciding upon the relative merits of each of the inputs from the research processes. Once a triangulated set of data has been finalized, these outputs are then thoroughly cross-checked using a series of top-down checks which review the data against a series of reference benchmarking, including known overall retail sizes, growth trends and per-capita spending rates.

Figure 5: The Triangulated Market Sizing Methodology



Source: Conlumino

© Conlumino

Industry surveys in the creation of retail market data

Stage 2 of the above process includes using the outputs of Conlumino's surveys of consumers' packaged goods consumption and industry opinion. Every year Conlumino completes a large scale survey, with over 120,000 responses, covering CPG purchasing and consumption habits in 10 core retail markets around the globe. This major study, cross-referenced against the primary telephone research of product market sizes by country, provides outputs against which relevant retail market data, focusing on the grocery channel and core products in this channel are assessed. It should be noted that overall, this feeds research into 3 of the 25 product categories covered. In addition, any other suitable surveys conducted by Conlumino which also provide information on retail markets are mined for information to be put into the data finalization process.

Quality control and standardized processes

Crucial to the function of the above method is the adoption of strict definitions for all products and channels, and adherence to a standardized process at each and every stage in the methodology. By following this approach all data is made cross-comparable across countries to ensure that analysis adds to the understanding of market dynamics and trends.

The key elements of this approach are:

- **Strict channel definitions:** the definition of each channel is the same in every country;
- **Strict product definitions:** the definition of each product is the same in every country;
- **Standardized processes:**
 - **Data capture** – all data received as part of the research is captured in standardized files and in a standard format. Any workings that analysts carry out on inputs, for example to correct for misalignment in category coverage, are also covered in these sheets
 - **Data creation** – all modeling and forecasting approaches are standardized in order to ensure consistency
 - **Finalization and verification** – systematic methods and approaches are used to finalize data points
- **Country by country research structure:** all research is conducted country by country in order to ensure that market data reflect local market trends and contexts
- **Data checks during “bottom-up” creation:** during the data creation and finalization stage analysts refer back to initial sources and inputs in order to ensure accuracy in the data
- **Top down data audits and cross-checks:** a large series of cross-checks across all the different dimensions of the final data sets are run in order to identify any outliers or trends that do not fit with Conlumino's market understanding, as well as to conduct specific analyses against set proofing criteria, such as abnormal growth rate changes, verifying data at both the overall and detailed level against research inputs and checking per capita spends against other analysis of consumers' spending in a country
- **Hierarchical review processes:** finally, all of the above processes are subject to a hierarchical review process which ensures that not only the core analysts within a team look at the data, but that at each stage data is passed through several management layers in order that queries and data review and sign-off are completed before any final data can be published

Related Reports

Retailing in France – Market Summary & Forecasts

Home and Garden Products Retailing in Russia – Market Summary & Forecasts

Electrical and Electronics Retailing in Russia – Market Summary & Forecasts

Food and Grocery Retailing in Russia – Market Summary & Forecasts

The Future of Retailing in Russia to 2018 - Databook

SAMPLE PAGES

Table of Contents

1. Introduction	6
1.1 What is this Report About?	6
2. Executive Summary & Outlook	7
3. Market Context	9
3.1 A slowing economy with new challenges for retailers	9
3.1.1 Economic downturn hampers the growth of retailing in Russia	9
3.1.2 Household saving rates remains high	13
3.1.3 Agriculture sector remains the dominant sector for employment.....	14
3.1.4 Russia has rising inflation due to new tax laws, policies and sanctions	15
3.1.5 Rising inflation and a weak ruble impact consumer spending	16
3.2 The rising population of urban middle class will fuel retail growth	19
4. Russian Shoppers.....	23
4.1 Demand for organic food products is set to increase with improvements in regulations 23	
4.2 Luxury goods market in Russia grows due to a rise in income	24
4.3 Russian consumers gradually get acquainted to private label products	26
4.4 Increasing popularity of internet access through mobile devices will open doors to mobile shopping	27
4.5 Social media effects young consumers purchasing behaviors	28
4.6 Russian tourism spending is in decline due to sanctions	30
5. Doing Business in Russia	31
5.1 Summary.....	31
5.1.1 Bureaucracy	31
5.1.2 Business culture	32
5.1.3 Geography.....	32
5.1.4 Infrastructure and logistics	32
5.2 Russian government is supporting the growth of local produce	32
5.3 Retail trade law prevents monopoly by limiting the expansion of retail chains in the country	33
5.4 Regulatory challenges on the sales of alcohol and tobacco in Russia	33
5.5 Stricter custom clearance and high import duties on international online retailers	34
6. Retail – Product Sectors	35
6.1 Product Sector Analysis	35

6.1.1	Clothing	35
6.1.2	Footwear.....	43
6.2	Clothing and Footwear Category Overview	51
6.2.1	Clothing and Footwear	51
6.3	Major Retailers	54
6.3.1	Clothing	54
6.3.2	Footwear.....	57
7.	Appendix.....	59
7.1	Definitions	59
7.1.1	This report provides 2013 actual sales; while forecasts are provided for 2013 – 2018.....	59
7.2	Summary Methodology	64
7.2.1	Overview.....	64
7.2.2	The triangulated market sizing method	64
7.2.3	Industry surveys in the creation of retail market data	66
7.2.4	Quality control and standardized processes	66
7.3	About Conlumino.....	67
7.4	Disclaimer	67

List of Figures

Figure 1: GDP Value (US\$ billion), 2007–2013	10
Figure 2: Growth Rate of GDP (US\$ billion, %), 2007–2013.....	11
Figure 3: GDP Value and Growth (RUB billion, %), 2008–2013	12
Figure 4: Forecasts for GDP Value and Growth (RUB billion, %), 2013–2018	12
Figure 5: Household Gross Saving Rate (% of Disposable Household Income), 2003–2013.....	13
Figure 6: Share of Employment by Sector (%), 2003 and 2013E.....	14
Figure 7: Unemployment Rate (%), 2005–2013	15
Figure 8: Inflation Growth Rates (%), 2003–2013.....	16
Figure 9: Household Consumption Expenditure of Russia (RUB billion), 2003 and 2013.....	17
Figure 10: Household Consumption Expenditure of Major Countries (US\$ billion), 2013.....	17
Figure 11: Growth of Household Consumption Expenditure (US\$, %), 2003–2013	18
Figure 12: Rural and Urban Populations (millions) 2003, 2013, and 2018	18
Figure 13: Total Population and Growth Rate (Millions, %), 2003–2018	20
Figure 14: Population Split by Gender (%), 2013 and 2018.....	20
Figure 15: Population Split by Age Group (%), 2013 and 2018.....	21
Figure 16: Per Capita Spend on Retail (RUB), 2005 and 2013.....	21
Figure 17: Per Capita Spend (RUB) and Total Retail Spend by Age Group (%), 2005 and 2013	22
Figure 18: Organic Food Products in Russia	24
Figure 19: Russian consumers shop overseas for luxury brands	25
Figure 20: Russian private label retailers	27
Figure 21: Usage of Mobile Devices in Russia is on Rise.....	28
Figure 22: Russian Social Media Market Insights	29
Figure 23: Key Components of Doing Business in Russia.....	31
Figure 24: Share of Clothing in overall Retail 2013 and 2018.....	36
Figure 25: Retail Sales Value and Growth (RUB billion, %) of Clothing 2013–2018.....	36
Figure 26: Spend per Head on Clothing 2013 and 2018.....	37
Figure 27: Share of Clothing by Women's Wear, Men's Wear and Children's Wear 2013 and 2018.....	37
Figure 28: Women's Wear Sales Value and Growth (RUB billion, %) 2013–2018	39
Figure 29: Men's Wear Sales Value and Growth (RUB billion, %) 2013–2018.....	40
Figure 30: Children's Wear Sales Value and Growth (RUB billion, %), 2013–2018	40
Figure 31: Online Spend in Clothing and Growth (RUB billion, %), 2013–2018	41
Figure 32: Online Share of Total Clothing Spend 2013 and 2018	41
Figure 33: Spending per Channel in Clothing (%) 2013 and 2018	42
Figure 34: Share of Footwear in Total Retail Sales, 2013 and 2018	44
Figure 35: Retail Sales Value and Growth (RUB billion, %) of Footwear, 2013–2018.....	44
Figure 36: Spend per Head on Footwear, 2013 and 2018	45
Figure 37: Share of Footwear by Women's Footwear, Men's Footwear and Children's Footwear 2013	45
Figure 38: Women's Footwear Sales Value and Growth (RUB billion, %), 2013–2018	47
Figure 39: Men's Footwear Sales Value and Growth (RUB billion, %), 2013–2018	48
Figure 40: Children's Footwear Sales Value and Growth (RUB billion, %), 2013–2018.....	48
Figure 41: Online Spend in Footwear and Growth (RUB billion, %), 2013–2018	49
Figure 42: Online Share of Total Footwear Spend, 2013 and 2018	49
Figure 43: Spending per Channel in Footwear (%) 2013 and 2018	50
Figure 44: Russia Clothing and Footwear Retail Sales and Forecast (RUB bn), by Channel Group, 2008–2018.....	51
Figure 45: The Triangulated Market Sizing Methodology.....	65

List of Tables

Table 1: Russia Clothing Retail Sales (RUB billion), by Product Sub-Category, 2008–2013.....	38
Table 2: Russia Clothing Retail Sales (RUB billion), by Product Sub-Category, 2013–2018.....	38
Table 3: Russia Footwear Retail Sales (RUB billion), by Product Sub-Category, 2008–2013.....	46
Table 4: Russia Footwear Retail Sales (RUB billion), by Product Sub-Category, 2013–2018.....	46
Table 5: Russia Clothing and Footwear Retail Sales (RUB bn), by Channel Group, 2008–2013.....	51
Table 6: Russia Clothing and Footwear Retail Sales Forecast (RUB bn), by Channel Group, 2013–2018.....	52
Table 7: Russia Clothing and Footwear Retail Sales (USD bn), by Channel Group, 2008–2013.....	52
Table 8: Russia Clothing and Footwear Retail Sales Forecast (USD bn), by Channel Group, 2013–2018.....	53
Table 9: Russia Clothing and Footwear Retail Segmentation, by Channel Group, 2008–2018.....	53
Table 10: Key Clothing Retailers in Russia.....	55
Table 11: Key Footwear Retailers in Russia.....	57
Table 12: Russia Exchange Rate RUB–USD (Annual Average), 2008–2013.....	59
Table 13: Russia Exchange Rate RUB–USD (Annual Average), 2014–2018 Forecasts.....	59
Table 14: Conlumino Retail Channel Definitions.....	60
Table 15: Conlumino Retail Category Definitions.....	62

About Conlumino

Conlumino Global Retail offers a comprehensive 360° view of the retail landscape. A team of analysts, with more than 200 years of combined experience, help you identify and understand the most current retail trends.

Last year hundreds of retail businesses across the globe used our research to make critical business decisions.

Disclaimer

All Rights Reserved.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher, Conlumino.

The facts of this report are believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions and recommendations that Conlumino delivers will be based on information gathered in good faith from both primary and secondary sources, whose accuracy we are not always in a position to guarantee. As such, Conlumino can accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.

CONTACT US



HEAD OFFICE

John Carpenter House
7 Carmelite Street
London
EC4Y 0BS
UNITED KINGDOM

Telephone: +44 20 7936 6400
Email: info@conlumino.com

SUBSCRIPTION INQUIRIES

To gain access to Conlumino's suite of research products and bespoke services contact our subscription team.

Tel: +44 20 7936 6663
Email: sales@conlumino.com