VGR



Russian State of Fashion

2021 – 2026

The largest retail re-organisation in recent history.

Executive Summary

Russian fashion had been **growing for six consecutive years when 2022 arrived**. By the end of 2021, **Western brands accounted for an estimated 25 to 30** percent of total clothing and footwear sales in the country. Zara, H&M, Adidas, Uniqlo and Nike had not only captured a significant share of the market — they had spent a **decade teaching Russian consumers what to expect from fashion retail**: consistent quality, organised stores, transparent pricing, and seasonal collections that renewed on schedule. That education had become the **baseline against which everything else in the market was measured**.

February 2022 ended that baseline in weeks. More than **70 Western brands suspended operations** in Russia simultaneously — no warning, no transition period, no replacement plan. Inditex, which operated Zara and six other brands across 502 stores, stopped trading in March 2022. H&M, Adidas, Nike and Uniqlo followed. It was the **largest simultaneous market exit by international brands in fashion history**. By mid-2022, 16.5 percent of Russia's best-located shopping mall space sat empty. The consumer had not gone anywhere. The brands she had been buying from had.

What followed was **not collapse, but a reconfiguration** — faster, more structural, and more permanent than most observers anticipated. Russia responded quickly. In March 2022 the government **legalised parallel imports** — the practice of bringing genuine branded goods into the country **without the brand's direct approval**, routed through Kazakhstan, Armenia and the UAE. **New supply relationships** formed fast: Turkish garment exports to Russia grew an estimated 25–28 percent annually in 2022 and 2023; China's and Turkey's combined share of Russian fashion imports climbed from 44 percent in 2021 to over 60 percent by 2025. Consumer research showed 46 percent of Russian shoppers wanted Western brands to return — but the majority continued spending at the same price level regardless of that preference. The supply networks, payment routes and re-export operations built after 2022 are now a permanent part of how Russian fashion works.

Amidst the market turmoil, **three forces moved** into the space the departing brands left open. **LIMÉ**, a regional women's brand largely unknown outside its home city at the start of 2022, grew its revenue from ₽10.2 billion that year to an estimated ₽43 billion by 2025 — **more than four times larger in three years**, in a market that barely grew at all in real terms. **Melon Fashion Group**, which operates five brands including befree, ZARINA, Love Republic, Sela and IDOL across 937 stores, grew revenues by roughly a third in both 2023 and 2024 and reached ₽99.8 billion in 2025 — Russia's first domestically owned fashion company at that scale. **Wildberries and Ozon, the country's two dominant online marketplaces**, captured the shopping demand that had previously gone to the departing brands: by 2024 the two platforms handled approximately 57 percent of all online fashion GMV in Russia. A presence on both is no longer a strategic option for brands operating in this market. It is a baseline requirement.

However, the market that has emerged is not recovering evenly — it is splitting. LIMÉ and MFG are growing in real terms. Wildberries and Ozon are expanding into their own branded products and financial services. Below them, the **mid-market** layer that Western brands once anchored **is emptying out**: more than 25 domestic operators closed permanently in 2025, more than in any year since the early 2000s. No Russian brand has yet built the scale and commercial speed needed to fill that gap at the level the market requires. The brands defining the next phase of Russian fashion are not competing for the space left behind — they are pulling further ahead of it.

Inditex still carries €213 million on its 2024 balance sheet as the value of a **contractual right to reactivate its Russian** store **network** under the Zara name. Across four years of market closure, it has not written the asset down. That accounting decision communicates that Inditex **expects the conditions for its return to eventually arrive**. But as those conditions remain absent — prime retail space is fully occupied by domestic brands, Russian consumer habits are shifting toward local alternatives, and the commercial expertise that once sat inside Zara Russia now runs LIMÉ and MFG — the window for any returning brand to find the market it left is narrowing with each passing season.

Autumn Winter 26 is the **season where the real distance between market leaders and the rest** of the field starts to register in the numbers — and from that season forward, the gap does not close. The K-shaped market growth and the uncertainty of real market growth for the AW26-SS27 period, creates **strong incentive for brand concentration,** while still exist **white spaces in the market** not appropriately fulfilled.

The Russian State of Fashion explains the evolution since 2022 until today and describes the key priorities for executives managing the domestic brands for the next years to come.

The window is measured in seasons, not in years.

Contributors



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More than 16 years in international fashion commercial leadership at the headquarters of Zara and Mango — connecting the dots across the full commercial strategy, from planning and buying through distribution, store operations and team development, across 80+ markets.

Founder of VGR, advising founders and CEOs on commercial transformation and retail best practice. For three years, he has been strategic advisor to a leading Russian fashion brand on its path to market leadership adding the headquarters' mindset to the winning equation — the direct operational experience that grounds the analysis in this report.

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VGR

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Very Good Retail (VGR) is a boutique fashion consultancy founded in Barcelona in 2021. VGR provides data-driven strategic advisory to CEOs, founders, private equity sponsors, and executive committees. The firm advises in commercial transformation, market entry strategy, and competitive intelligence in fashion markets, bringing unique headquarters mindset that cannot be sourced locally.

Research for this report was conducted over 3 years, combining quantitative data from public company filings, official statistics and other public information from consulting peers, together with primary interviews drawn from VGR's proprietary network of senior retail executives.

This report is built on three years of research conducted between 2021 and 2024 — spanning the 2022 baseline, the February 2022 shock, and the subsequent restructuring period. The analysis combines two complementary layers: a quantitative foundation drawn from official Russian statistical series (Rosstat, CBR, RSBU company filings via SPARK and audit-it.ru, the Fedresurs.ru bankruptcy register, and HeadHunter salary indices), cross-referenced against other outstanding reports from Fashion Consulting Group annual reviews and Euromonitor and Statista international series; and a qualitative layer built on VGR's proprietary interview programme — senior retail executives, brand founders, and supply chain managers, conducted under Chatham House Rule. Direct advisory involvement with a leading Russian fashion brand between 2021 and 2024 provides operational context that secondary data cannot replicate.

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01

Market Reset

Nominal recovery, real stagnation — and a new wave of closures.

+3.6%

real market growth 2021–2024 after 28.4% cumulative clothing inflation

“

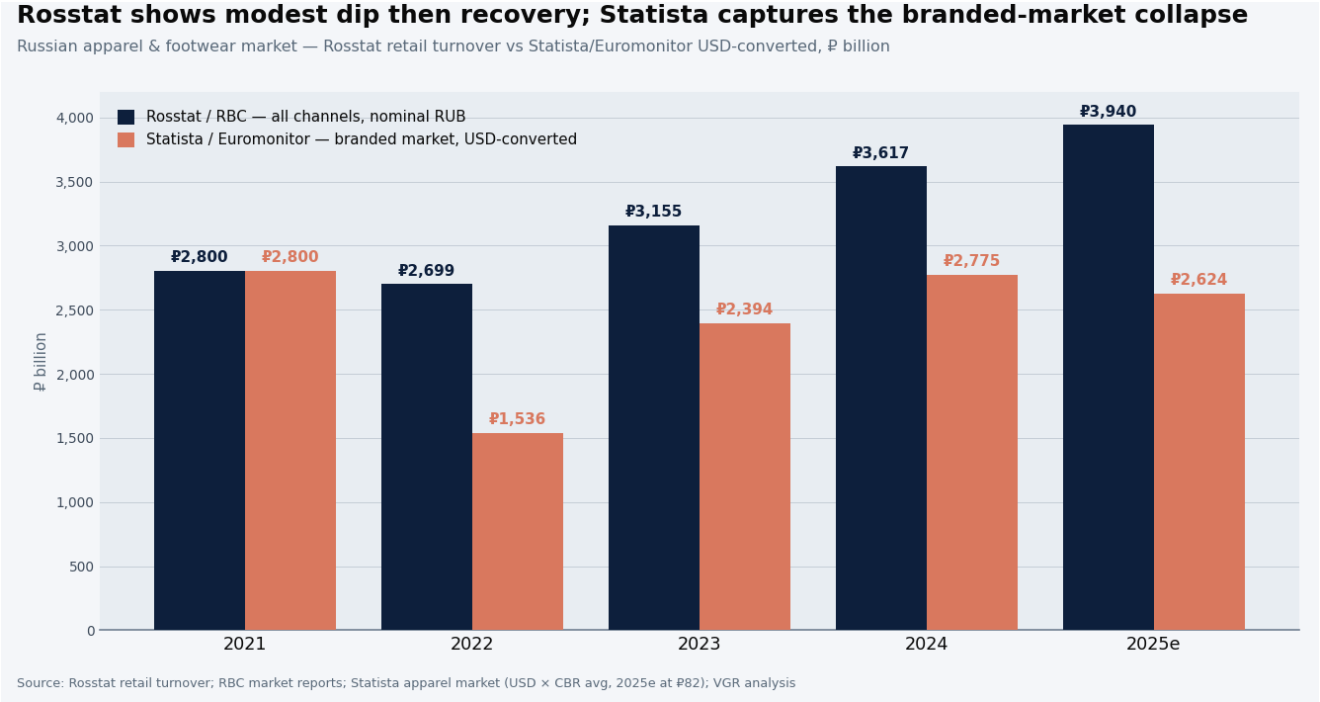
The largest coordinated retail withdrawal in fashion history created the most significant domestic market opportunity in a generation.

Russian State of Fashion 2021-2026

Two methodologies, two very different stories

Russian apparel & footwear market — Rosstat retail turnover vs Statista/Euromonitor USD-converted, ₽ billion

Rosstat (all channels, nominal RUB) vs Statista / Euromonitor — branded market, USD-converted. Divergence is partly methodological, partly currency: RUB depreciated ₽73→₽82/USD (2021→2025; CBR avg ₽82).



Source: Rosstat retail turnover (clothing + footwear); RBC market reports; Statista apparel market (USD× CBR avg rate); VGR analysis. Statista 2025e based on Statista 2025 projection ($32bn) at ₽82 avg (CBR 2025 annual avg). Market perimeter note: the Rosstat ₽3.94tn figure covers all clothing and footwear retail across all channels, including unbranded and informal trade. The organised branded segment is approximately 60–65% of this total (~₽2.4–2.6tn). The addressable competitive market for mid-to-premium brands — excluding budget, informal, and unbranded goods — is estimated at ~₽1.1tn (see Glossary: TAM).

Two sources, two stories — and the ruble as amplifier

2022 broke a run of uninterrupted market growth. Nominal recovery followed — but deflated by the clothing CPI, real unit volume didn’t grow at the same pace.

For measuring the evolution of the market, two main sources exist:

- **Official Rosstat and RBC** capture total domestic retail sales across all channels — organised brands, unbranded goods and informal trade — denominated **in rubles**. Because ruble depreciation inflates nominal turnover, this series shows a shallower 2022 contraction and a faster nominal recovery than the underlying volume story warrants.

- **Statista and Euromonitor** track only the organised branded segment and report in **US dollars**. Dollar denomination means ruble weakness reads directly as market shrinkage: the same ruble-value sales become fewer dollars as the exchange rate softens. This series captures both the exit of Western brands and the currency-driven compression of purchasing power — producing a steeper decline and a more muted recovery.

Rosstat real volume (CPI-deflated, 2021=100): 2021→100.0 · 2022→96.8 · 2023→98.0 · 2024→103.6 · 2025e→109.1 | Clothing CPI cumulative: +28.4% through 2025. Note: the 109.1 index reflects the Rosstat unit volume series (more units transacted, at lower real spending per unit); narrative references to the market trading 'below the 2021 baseline' refer to the organised branded segment's real spending, consistent with consumer down-trading to unbranded and informal channels.

Five models of market exit — and what each preserved

How Western fashion brands structured their departures, and the commercial optionality each model retains. Full brand detail in Exhibits.

DE-ACTIVATION

Suspended. Entity intact.

Re-entry: HIGH

All commercial activity halted. Russian legal entity retained with assets in situ — cash earns interest at Russia's 16–21% key rate. No employees. No stores. Full optionality for re-entry without legal reconstruction. Additionally, in the case of Adidas, re-leasing the old stores to lamoda.

UNIQLO adidas

TOTAL EXIT

Wound down. Presence: zero.

Re-entry: NONE

Brand closes all stores, liquidates inventory, terminates Russian entities. No retained presence, no contractual foothold. Re-entry requires full market rebuild from scratch — entity, leases, staff, supply chain.

H&M DECATHLON

FRANCHISING

Partners operate. Brand steps back.

Re-entry: MODERATE

Brand closes own-operated stores but sells operations to franchise partners that continue trading under the brand name. Brand earns royalties, retains nominal presence, and preserves network for potential re-entry.

MANGO

SURROGATE FRANCHISING

Third-party holds the store. Brand holds the option.

Re-entry: HIGH

Operations transferred to a licensed intermediary. Parent retains a contractual right to reclaim the network upon the easing of trade restrictions. In Inditex's case: €213M balance-sheet intangible retained — a legal structure, not a commercial exit.

INDITEX LPP

GREY MARKET

Not a choice. A supply chain reality.

Re-entry: MODERATE

Brand has no official Russia presence but products enter via Government Resolution No. 506 + MinPromTorg Order No. 1532 (trademark exhaustion / parallel import). Products reach TsUM, GUM, and multi-brand stores via EAEU routing — Kazakhstan, Armenia, UAE.

LVMH HERMÈS CHANEL



MANGO – Riviera Mall, Moscow · Photo: VGR Field visit 2024

Government Resolution No. 506: Russia Legalises Parallel Imports

How Moscow's trademark exhaustion decree restructured the competitive architecture for every international fashion brand — present or absent — in the Russian market

COMBINED EFFECT

Parallel imports of genuine branded goods into Russia: legal, enforceable, and permanent.

The legal architecture: On 29 March 2022 — in the weeks following the February 2022 geopolitical disruption — the Russian Government enacted Resolution No. 506, suspending the principle of regional trademark exhaustion and authorising international **exhaustion of intellectual property rights across a list of designated goods**. On 19 April 2022, the Ministry of Industry and Trade (MinPromTorg) followed with Order No. 1532 — the operative goods list — which covered **all clothing and footwear** categories without brand-specific restriction. Together, the two instruments made parallel imports of genuine branded goods into Russia legal, enforceable, and permanent.

The commercial consequence: Resellers in the UAE, Turkey, Kazakhstan, and Armenia established dedicated **routing operations** to supply Russian multibrand retailers, department stores, and marketplaces with goods that brands had refused to sell directly. TSUM, GUM, and Wildberries reported that supply chains for major luxury and mid-market brands stabilised within months of the decree. For brands that had suspended Russian operations, their products were back **on Russian shelves within a single quarter** — at prices they could not set, through channels they could not monitor, in transactions that generated no direct revenue.



FOUR STRUCTURAL CONSEQUENCES

01 — Exit has not meant absence

Goods continue flowing via Resolution 506 routing regardless of a brand's official position. Political departure and commercial reality have been structurally decoupled.

02 — Desirability preserved, access compressed

Grey-market pricing at 20–40% above last RRP compresses accessibility while preserving — sometimes enhancing — aspirational desirability perception.

03 — Legal recourse eliminated

Russian courts will not adjudicate trademark infringement claims on goods covered by the resolution. No enforceable legal remedy exists within Russian jurisdiction.

04 — A new supply-chain layer, permanent

The EAEU re-exporter is now a structural layer in Russia's fashion supply chain — operating at scale through Kazakhstan, Armenia, and UAE corridors.

Current status (2025): Resolution 506 has been refined since 2022. MinPromTorg Order No. 2701 (July 2023) superseded the original goods list, amended further by Orders 3028 (July 2024) and 4611 (October 2024). By 2025, specific fashion brand names explicitly listed for parallel import include: Stone Island, Stradivarius, TOPSHOP, OYSHO, and Paco Rabanne. Clothing and footwear categories at large remain without brand-specific restrictions — any genuine garment or shoe may enter Russia from any third country without the trademark holder's consent.

Source: Government Resolution No. 506 (29 March 2022) · MinPromTorg Order No. 1532 (19 April 2022) · Order No. 2701 (23 July 2023) · Morgan Lewis; DLA Piper; Gorodissky legal analyses, 2022–2025



BOSS — Europeiskii Moscow mall · Photo: VGR Field visit 2025



Tezenis, Europeiskii Moscow mall— still open · Photo: VGR Field visit 2025

Inditex's €213 million Russian option

€213M

Intangible asset on Inditex balance sheet — contractual right to convert MAAG network into a Zara franchise operation
Four years of Russian market uncertainty — and Inditex has not impaired the asset. That is a deliberate accounting decision, not an oversight.

Source: Inditex Annual Report 2024 — intangible assets note



When Inditex transferred its Russian operations to MAAG Retail Systems — a Dubai International Financial Centre-registered entity controlled by Lebanon's Daher Group — in 2022, it did not simply exit. It **structured a holding position**. The €213 million recorded as an intangible asset on Inditex's 2024 balance sheet is the **carrying value of a contractual option**: the **right to convert** MAAG's 245-store network **into a Zara-branded franchise operation** at a pre-agreed set of conditions **once trade restrictions are eased**.

This is not a speculative interpretation. Inditex's own financial disclosures reference this asset explicitly under the intangibles note. The asset has not been impaired despite four years of Russian market uncertainty — **a deliberate accounting and strategic choice**. Impairment would signal that Inditex has written off the option value; **retaining it at full carrying value** signals the opposite.

MAAG's own commercial trajectory supports the option's value. After two loss years (₽5.4 billion in 2023, ₽664 million in 2024), MAAG generated ₽31.2 billion in 2025 revenue and ₽1.72 billion in net profit — approximately 60% of Inditex's nominal pre-2022 run-rate (or approaching half in real, inflation-adjusted EUR terms). The stores that were Zara Russia are now MAAG stores. The customer still goes there. The operational infrastructure is intact. Inditex is positioned to be the fashion group that would take less time to recover a relevant market position.

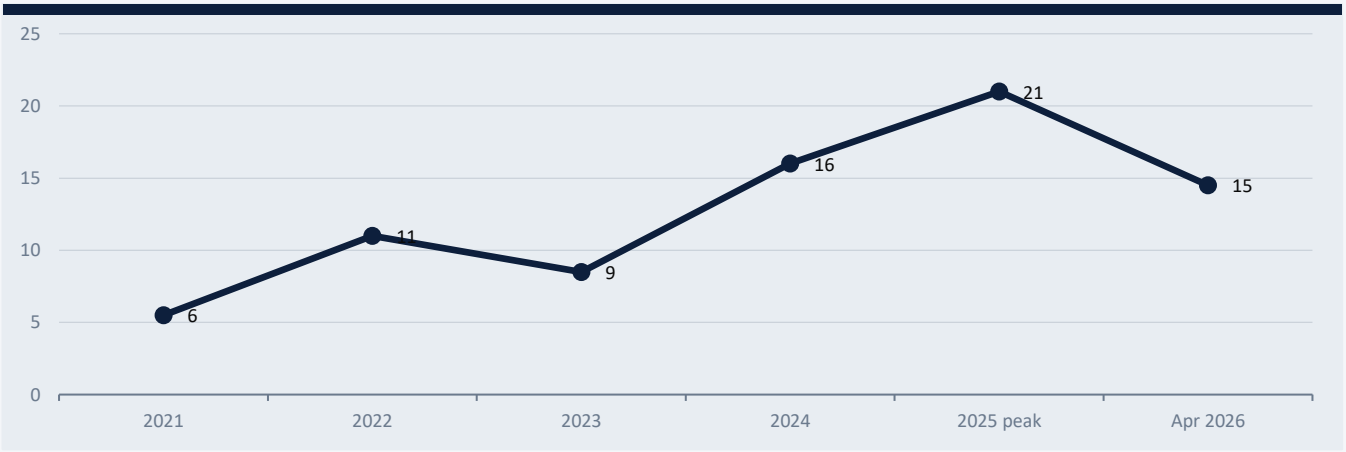
The strategic logic is transparent. Inditex has retained at least a full commercial season of re-entry runway — the contractual framework, store network handback protocol, and brand continuity infrastructure to reactivate 245 stores the moment the regulatory environment permits after any geopolitical change. The €213 million buys the right to that runway. In a market that generated €600+ million annually for Inditex before 2022, the option is rationally priced. The fact that it has not been exercised is not evidence of indifference; it is evidence of discipline. Inditex is not rebuilding in Russia. **It is waiting**, at cost, for the moment it can.

Three forces shaped the market trajectory: 2021–2025

CBR key rate (cost of capital), clothing CPI (real price pressure), and RUB/USD monthly 2025

CBR key rate — the cost of capital that constrained every expansion decision

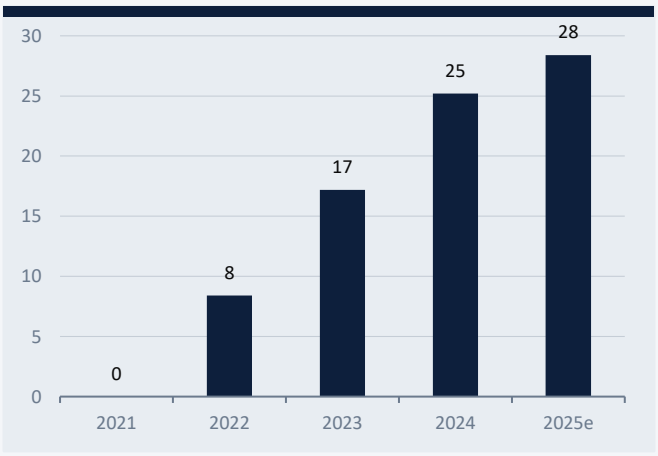
%, annual average



Source: Central Bank of Russia (CBR)

Clothing CPI — cumulative since 2021

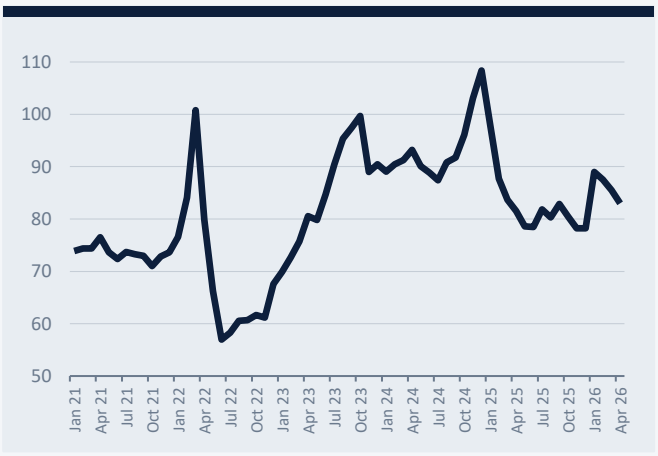
%, cumulative index, 2021=0



Source: Rosstat CPI sub-index; CBR CPD (non-food 3.2% in 2025); VGR estimate

RUB/USD — January 2021 to April 2026

Rubles per dollar, monthly average



Source: CBR official daily rate series (cbr.ru). Jan 2021–Apr 2026. Peak: Mar 2022 (100.8) · Trough: Jun 2022 (57.0) · Dec 2024 high: 108.4 · Ruble recovered ~28% Jan–Dec 2025.

The three forces above are causally linked, not merely concurrent. The RUB/USD shock of March 2022 — **peak ₽100.8 per dollar** — was the supply-side trigger: **fashion merchandise** priced in USD or EUR became **instantaneously 40–50% more expensive** for importers holding ruble revenues against foreign-currency obligations. The Central Bank's **emergency rate hike to 20%** on 28 February 2022 arrested the freefall within weeks — the ruble recovered to ₽55–60 by June 2022 — but at a structural cost: credit for store roll-outs, inventory financing, and working capital dried up at rates that made conventional retail expansion unworkable.

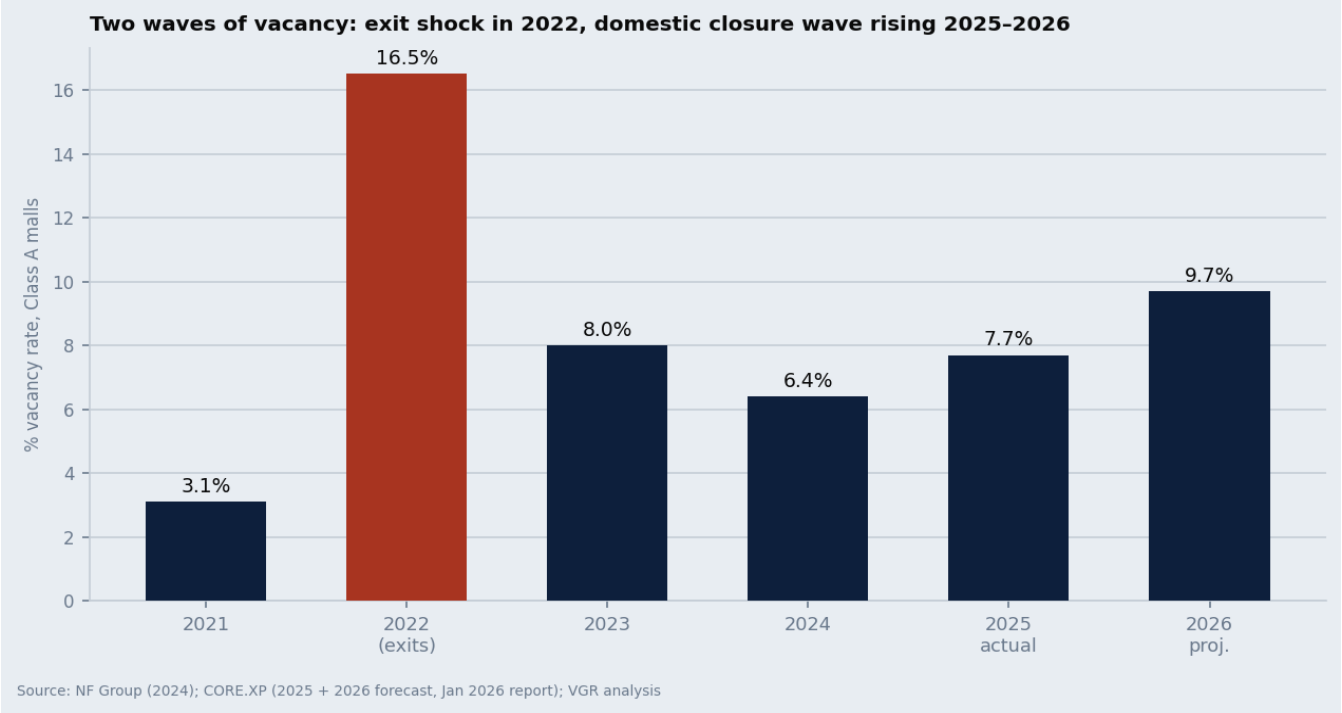
Brands and importers that survived the ruble crisis passed costs to consumers: cumulative clothing CPI from 2021 to 2025 ran well above general headline inflation — 28.4% against approximately 20% overall — as brands rebuilt margins across three years rather than in a single price pass-through. GDP growth of 3.6% in 2023 and 3.9% in 2024 sustained fashion expenditure in nominal terms, but real household purchasing-power gains were far narrower — compressing unit volumes even as prices climbed.

Class A retail space: two waves of vacancy

Class A shopping mall vacancy rate, Russia — 2021 to 2026 projection

Vacancy spiked to 16.5% in 2022 (Western brand exits), partially recovered, now rising again toward crisis territory

%, class A malls; 2026 is CORE.XP projection (January 2026)



In 2022, +70 Western brands **simultaneously vacated prime mall positions** — no single event has created this volume of simultaneous vacancy in Russian retail history. The **power dynamic** between retailers and landlords **inverted** within a quarter: AFIMALL City, Metropolis, Aviapark, Atrium moved to rent-free periods of 6–12 months, shifted leases to revenue-share models, and offered fit-out contributions to attract any creditworthy tenant. The largest single consequence was the Inditex → MAAG handover: 245 stores spanning seven fascias transferred to UAE-registered MAAG LLC (Daher Group), with each lease renegotiated individually — 11 premium Moscow locations alone required separate landlord approval. **Domestic brands that had previously been priced out of prime** anchor positions were suddenly being courted on **terms that would have been unthinkable** before February 2022.

MFG and LIMÉ — the format expansion play: The vacancy crisis created a **once-in-a-generation opportunity** for well-capitalised domestic brands. Melon Fashion Group (befree, Love Republic, ZARINA, Sela, IDOL) and LIMÉ pursued a deliberate format expansion strategy: rather than opening more stores, they **opened significantly larger ones** — LIMÉ replaced typical Western anchor footprints with large-format stores of up to 4,800 sqm, while MFG launched its IDOL concept in a new premium boutique format averaging 500–600 sqm, positioning differently from the volume anchor model. Both brands commanded anchor positions in Russia's top-ten malls.

By **mid-2024**, Russian Class A prime malls had already **surpassed pre-2022 vacancy levels** in prime locations. **Fashion's share** of Gross **Leasable Area** (GLA), which had been 55–60% in 2019, **contracted** to 45–50% by 2024 **as F&B and entertainment scaled to compensate,** structurally redrawing the tenant mix of prime Russian retail. A dual-currency lens on rental data is essential for any re-entry analysis: nominal RUB rents recovered +13% over Q1 2022 to Q1 2024, while **USD-equivalent rents fell –9.6%** over the same period — meaning a Western brand re-entering Russia in 2025 faces lower hard-currency rent costs than it paid before February 2022.

The second vacancy wave began in late 2024 and accelerated through 2025, as a series of mid-market domestic operators returned space they had taken during the 2022–2023 expansion rush, unable to sustain operating costs against a **CBR rate of 16–21%.** CORE.XP's January 2026 projection — Class A vacancy rising toward up to 8–13% depending on centre type — confirmed the structural reversal, while placing it well below the 2022 crisis peak of 16.5%.

Executive Priorities

Track real volume — not nominal rubles, and not GMV

At **28.4% cumulative clothing inflation** through 2025, a brand showing 25% revenue growth over four years has lost volume. **Build a parallel internal deflator** using Rosstat's clothing CPI sub-index and **report real volume growth as the primary KPI**. The risk is not just analytical: brands that report nominal growth to boards while real volumes are flat or declining will fund inventory levels based on false growth assumptions. Over-buying creates **excess stock**, lower sell-through, higher working capital tied up in outstanding inventory, stock obsolescence, and shrinkage. In a market defined by margin compression, **inventory discipline is a balance-sheet question**, not a commercial one.

Do not mistake vacancy for opportunity — negotiate, do not expand

Class A mall vacancy rising toward 8–13% depending on centre type (CORE.XP, January 2026) is a negotiating opportunity, not an expansion signal. The correct move is to extend lease terms on existing high-productivity stores at below-market rates, extract fit-out contributions from landlords, and acquire key competitor locations vacated selectively, not broadly. Any new store opened in 2025–2026 competes with a structurally weaker consumer. The CBR rate at 14.5% (April 2026) makes most format NPVs marginal. Open only when landlords cover fit-out costs entirely.

Treat purchase plans as a risk document, not a growth document

With **real volume flat** or declining and **marketplace pricing** discipline compressing average selling prices, any **purchase expansion in units** requires explicit evidence that **market share is being gained** — not that the market is growing. The default assumption should be that forward buys hold flat or reduce in units. Every incremental unit ordered above the previous season's sell-through baseline represents a risk of excess inventory, markdown pressure, and working capital deterioration. Demand signals from Ozon and Wildberries sell-through data — not from nominal GMV figures — should be the primary input to buying decisions.

02

A New Competitive Landscape

Who filled the vacuum, how fast, and what each of them actually built.

₽99.8bn

Melon Fashion Group 2025 revenue — Russia's first domestically owned fashion group at nine-figure scale

The domestic competitive field — 2025

Russian and surviving international operators by 2025 revenue tier. Full competitive table in Exhibits.

TIER 1 — National Champions

▲ **Melon Fashion Group (MFG)**
Befree · ZARINA · Love Republic · Sela · IDOL — 937 stores
₽99.8bn

▲ ▲ **LIMÉ**
Russia's highest-growth domestic operator. ~95 stores Russia. Intl: KZ, BY, UAE, AM, BH. Former LIMÉ Top Executive Anton Letushev is now CEO of MFG.
₽43bn†

TIER 2 — Champions in decline

▼ ▼ **Gloria Jeans**
Peak ₽78bn (2023); –26% in 2024. Near-zero net profit (₽29m on peak revenue). 574 stores (−136 from peak). Factory complex sold to Kalashnikov Group.
₽49.9bn

▼ **O'stin**
Sportsmaster subsidiary. −13% YoY. 62 net store closures in 2024. Budget segment pressure.
₽49.9bn

TIER 3 — Challengers

▲ **MAAG (Daher Group)**
Inditex option vehicle. ₽1.72bn net profit 2025. After ₽5.4bn loss in 2023. 245 stores. Arteixo retains €213M intangible — conversion right.
₽31.2bn

TIER 4 — Other relevant players

→ **12 Storeez**
TIER 4 — Other relevant players. Premium confirmed segment leader. Own stores + Ozon flagship.
₽12bn

→ **Henderson**
Men's suits market leader. Stable.
₽12bn

→ **LC Waikiki (Turkey)**
37 stores. Maintained presence — cautious. Difficulties in logistics and stocks on volume growth
₽18bn

▲▲ = strong growth ▲ = growing → = stable ▼ = declining ▼▼ = strong decline | † VGR est. based on Style Trade RSBU | Sources: RSBU filings; Retail.ru; Interfax; ECDB; VGR estimates. Full table in Exhibits.

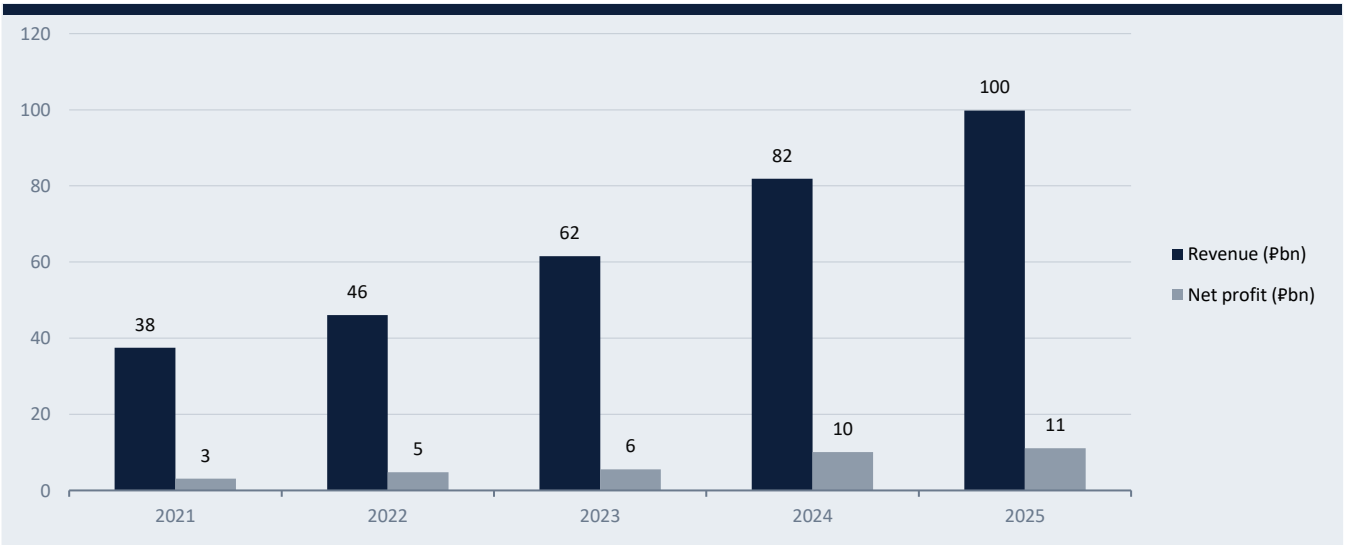
> **Who filled the vacuum matters less than how they filled it. Four operators built real commercial architecture. The rest absorbed windfall revenue from the Western exit — and did not reinvest it.**

Melon Fashion Group — the conglomerate question

MFG revenue and net profit, 2021–2025 (₽ billion)

Revenue grew 2.7× 2021–2025; net profit outpaced revenue growth

₽ billion



Source: MFG RSBU filings; Annual Report 2024; VGR analysis

Melon Fashion Group closed 2025 with ₽99.8 billion in revenue and ₽11.1 billion in net profit — a 11.1% net margin. It operates 937 stores (767 corporate + 170 franchise) across five brands:

Brand portfolio

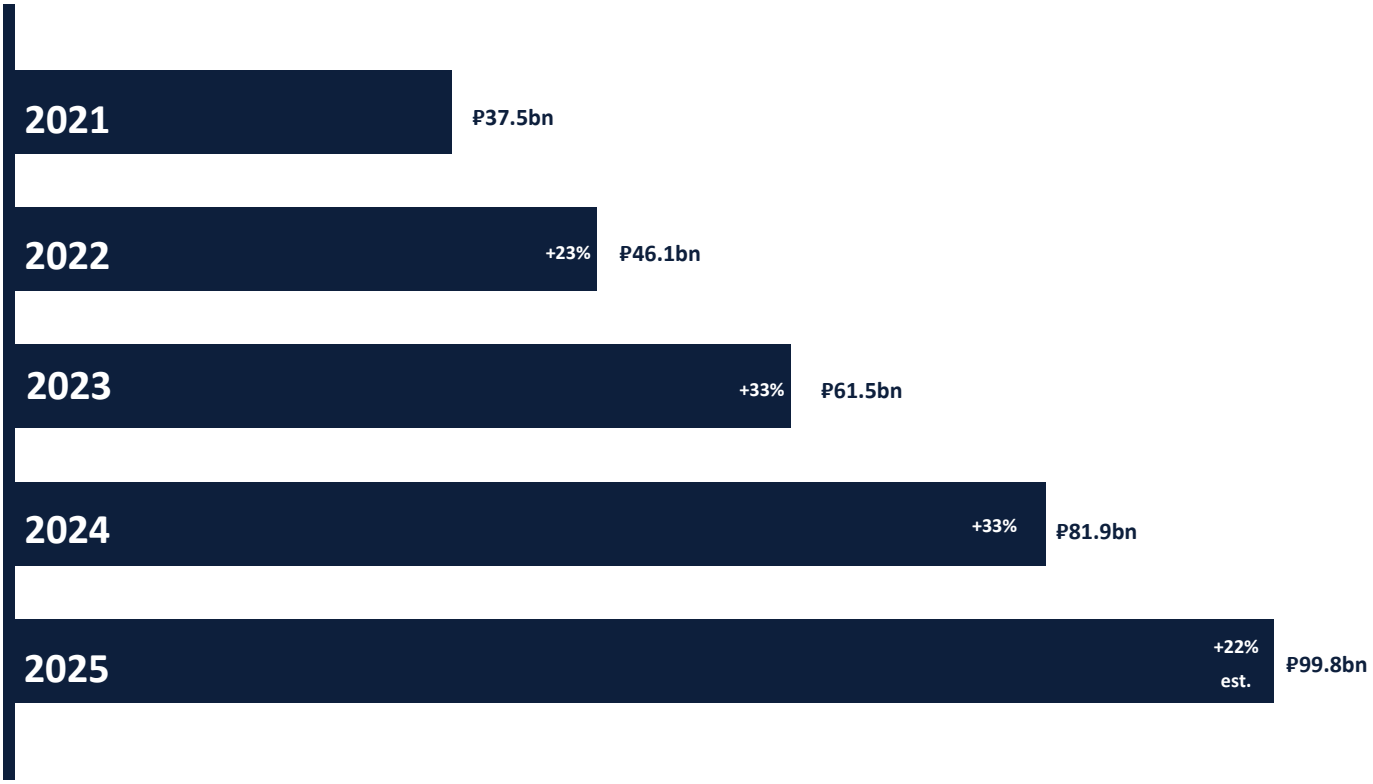
Brand	Western equivalent	Positioning	Target customer
ZARINA	Mango / Reserved	Contemporary womenswear	Women 30–45, accessible mid-market
Befree	H&M / Pull&Bear	Youth casual, 18–28, trend-led	Young urban women
LOVE REPUBLIC	Zara Woman	Occasion / work womenswear, 28–40	Mid-premium women; fashion-forward
sela.	Gap / United Colors	Family casual: men, women, children	Full household; accessible family brand
IDOL	Massimo Dutti / COS	Premium womenswear; 30–45	Mid-to-upper income women; brand-aware

Melon Fashion Group: +33% compounding across two consecutive years (2023–2024)

The +33% compounding across two consecutive years (2023–2024) is the most statistically significant operational signal in the domestic market. It is a **structural growth** rate sustained across materially different macro conditions (Western exit shock; market stabilisation; 21% CBR rates). The consistency suggests Melon is executing a playbook.

The shareholder structure changed fundamentally in 2022. Kismet Capital Group — Ivan Tavrin's vehicle — acquired the controlling stake from the founding Urzhumtsev family. The 2024 **dividend** of ₽24,590 million (₽77.28/share) — approximately **2.5 times that year's net profit** — signals capital extraction by new PE owners rather than long-term reinvestment.

Revenue trajectory



Revenue (₽ billion) · MFG consolidated · Source: RSBU; tek.fm; VGR estimates

IDOL, launched to capture the Massimo Dutti and COS vacuum, reached 37 confirmed stores by early 2026 — well short of the 60–70 projected by end-2025. Its price ceiling (₽49,990 outerwear) now overlaps with Massimo Dutti parallel import (₽30,000–₽55,000 via CosMarket). The premium positioning is intact; the scale is not.

Anton Letushev's September 2025 appointment as CEO creates the market's most watched executive test: whether one of the leaders who was key to build LIMÉ's single-brand machine **can run a multi-brand holding company**. The organisational challenges — five brands, five commercial teams, five buying calendars, five VM briefs — are **structurally different from the single-brand clarity** that drove LIMÉ's transformation. The product portfolio risk is also real: all five MFG brands serve overlapping demographics in adjacent price tiers. At full network scale, **cannibalisation pressure is structural**.



Lamoda Sport Paveletska Plaza· Photo: VGR field visit 2024

LIMÉ — From Regional Label to Russia's Defining Fashion Brand

LIMÉ (Style Trade LLC) entered 2022 as a regional mid-market women's brand and emerged three years later as the **most commercially significant domestic fashion** story in Russia's recorded retail history. Revenue grew from ₽10.2bn in 2022 to ₽20.7bn in 2023 (+103%), ₽34.4bn in 2024 (+66%), and an estimated ₽43bn in 2025 — a 4.2× increase over three years, achieved in a total market that grew at low single digits in real terms. No domestic Russian fashion brand has compounded at this rate across a sustained period.

₽10.2bn
revenue 2022

₽43bn
revenue est. 2025

4,800sqm
Aviapark flagship

5
UAE stores (Apr 2026)

2023
men's + kids launched

The trajectory was not a passive beneficiary play. LIMÉ made **four structurally aggressive bets simultaneously**, at a moment when **most domestic operators were absorbing** windfall revenue without reinvesting it.

- First, **format scale**: the Aviapark flagship — 4,800 sqm, the largest single-brand store opened by a domestic fashion brand during the post-2022 restructuring period — opened in 2023, establishing LIMÉ as the only domestic brand willing to occupy the anchor retail space vacated by Zara.
- Second, **category extension**: in September 2023 LIMÉ launched men's and children's clothing simultaneously, completing the transformation from mono-category label to full family format. The new **Family Store** format — 2,000+ sqm — created the floor area necessary to carry the expanded SKU count, counter-cycling against the industry trend of smaller-format retail at a moment of punishing CBR-rate capex costs.
- Third, **product velocity**: **weekly drops** in store and on eCommerce matched the replenishment frequency that only Zara had achieved in the Russian market before 2022 — **converting LIMÉ into a destination** rather than an occasion.
- Fourth, **brand investment**: **photo shoots** produced globally, **art direction** and visual merchandising benchmarked against international reference brands, and a marketing output at a **level of consistency** that built the largest brand equity of any domestic Russian fashion label by 2025 — confirmed by the **#1 ranking** in the Russian fashion **brand consumer** survey that year.

Store network — 107

Russia: 95 stores
Kazakhstan: 4 stores (Almaty · Astana)
Belarus: 1 stores (Minsk)
UAE: 5 stores (Dubai · Abu Dhabi · Al Ain)
Bahrein: 1 store
Armenia : 1 stores

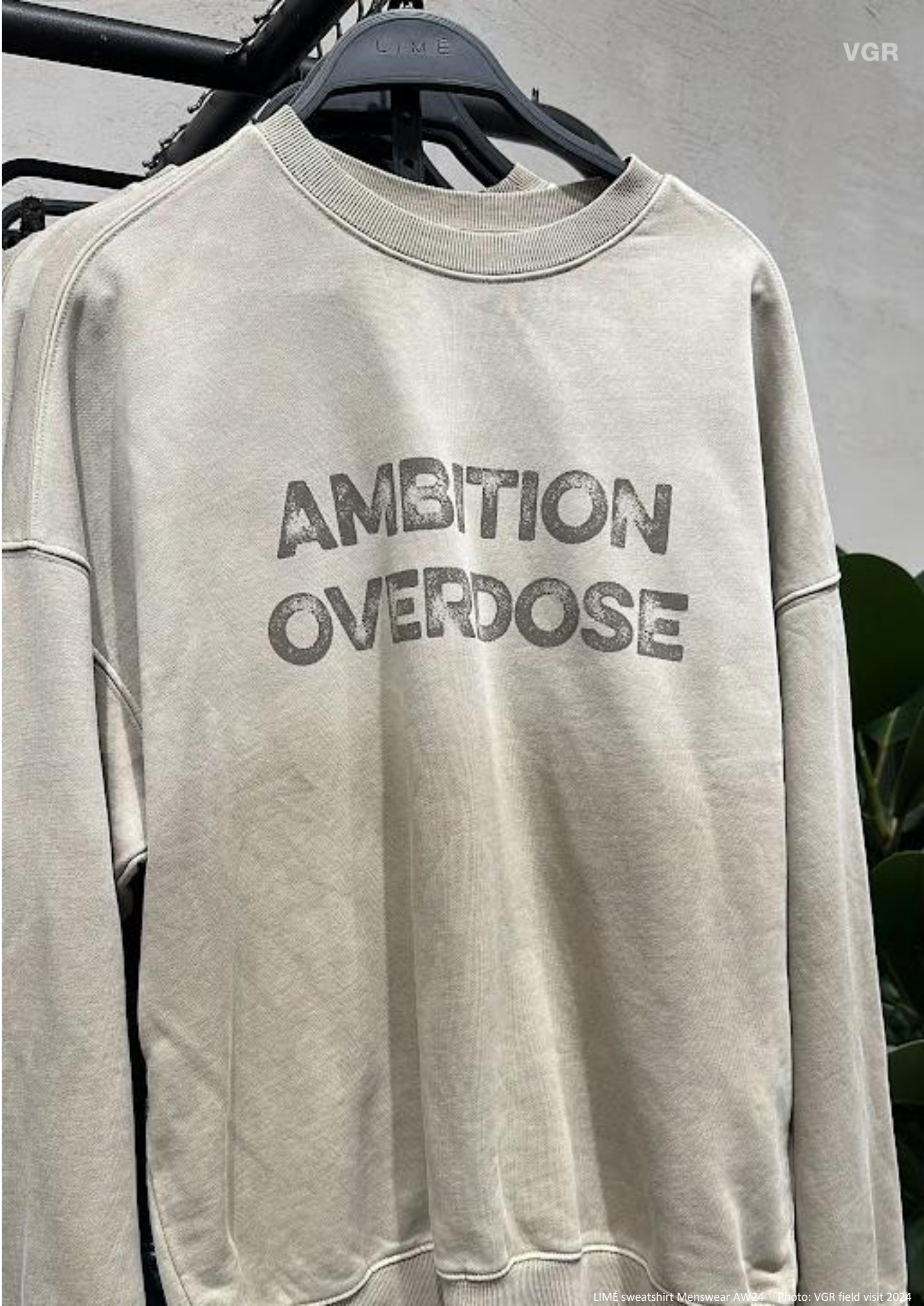
Average order value is expected to have reached ₽9,490, placing LIMÉ materially above the Wildberries average and at the accessible-premium tier previously occupied by Mango. Net margin reached 6.0% in 2024 (₽2.05bn on ₽34.4bn revenue) — structurally thin, reflecting **deliberate reinvestment in format expansion** rather than underlying weakness in unit economics.

International expansion followed domestic consolidation. By early 2026 LIMÉ operated 107 stores across six markets: 95 in Russia, 5 in the UAE (Dubai Hills, Palm Jumeirah, Mirdiff City, Abu Dhabi Yas Mall, Al Ain), 4 in Kazakhstan, and single stores in Belarus, Armenia, and Bahrain. The **UAE** geography is **not incidental**: Dubai concentrates the **Russian consumer** diaspora, the h**igh-net-worth** spending that **proxy-purchasing routes** back into Russia, and the talent **pool of Russian fashion professionals** who relocated after February 2022.

LIMÉ's 2025 **deceleration** to +25% is **structurally expected** and does not alter the strategic reading. In a market growing at low single digits, +25% still constitutes **real volume share gain**. The more consequential **question** is whether the international platform **converts into durable brand equity** before Western brands re-establish themselves as the global accessible-premium reference — and before geopolitical conditions constrain Russian brand internationalisation further. LIMÉ is **racing a different clock** from its domestic competitors.



LIMÉ flagship, Atrium Moscow · Photo: VGR field visit 2025

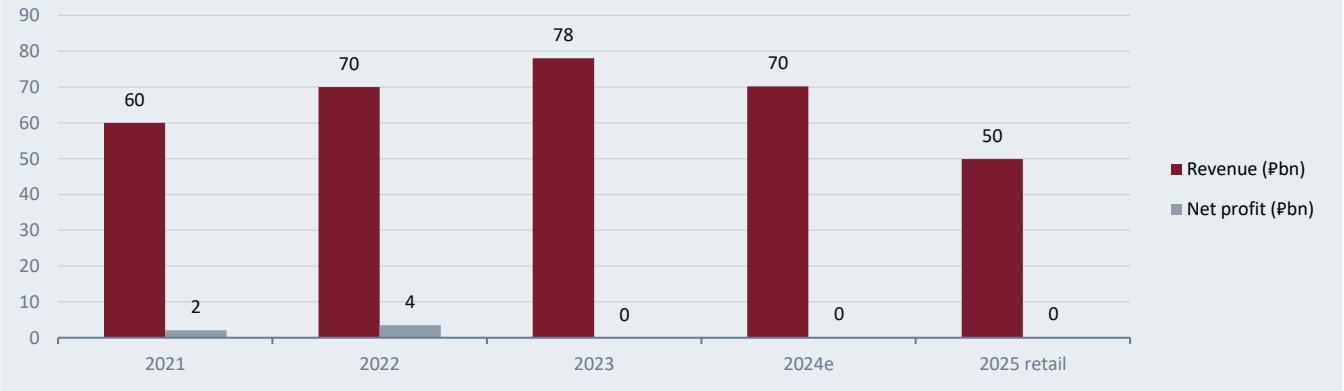


LIMÉ sweatshirt Menswear AW24 · Photo: VGR field visit 2024

Gloria Jeans — the scale that hid the margin erosion

Gloria Jeans: revenue and net profit

₽ billion



Source: RSBU; TAdviser. 2025 = retail entity only (factories divested to Kalashnikov Group)

Gloria Jeans entered the post-2022 restructuring as Russia's largest fashion retailer by store count and emerged as its most instructive cautionary case. The brand was the **clear short-term winner of the Western exit**: with 710 stores already operational at the moment of disruption, an established domestic supply chain, and a price point aligned with the budget consumer trading down from mid-market brands, Gloria Jeans **absorbed vacated retail sites aggressively and grew revenue** from ₽70bn in 2022 to a ₽78bn peak in 2023. What the headline number concealed was the **structural damage** already accumulating underneath it — net profit of ₽29m on ₽78bn revenue, a 0.04% margin that reflected neither pricing power nor operational leverage, but a brand expanding into locations it could not profitably fill.

The 2024 reversal exposed the mechanics. **Revenue fell** 26% to ₽57.6bn as the **two structural vulnerabilities** that had been masked by the post-exit consumer surge became simultaneously visible.

- The first was **category concentration**: Gloria Jeans' commercial architecture was built around denim and circular wardrobe categories — precisely the segments that **budget consumers began deprioritising** as real incomes stagnated and discretionary spending shifted to lower-commitment, higher-frequency fashion.
- The second was **digital capability**: in a distribution environment now dominated by Wildberries and Ozon, Gloria Jeans lacked the marketplace infrastructure, algorithmic discoverability, and digital merchandising capacity to compete for the consumer who had migrated online. Days of inventory rose sharply, unsold stock compounded margin pressure, and the network that had looked like competitive scale in 2022 became a fixed-cost liability by 2024.

Estate rationalisation followed at pace. The Moscow Tverskaya flagship — 5,000 sqm, ₽168–204m per year in rent, **~0.25% of peak revenue consumed by a single location** — announced closure / lease renegotiation in September 2025, the first of what is expected to be a structural reduction from the 710-store peak. The store count stood at 574 by end-2025. The more significant divestment came from the supply chain: founder Vladimir Melnikov sold the Rostov-on-Don factory complex to the Kalashnikov Group for military uniform production. The ₽49.9bn 2025 revenue figure reflects the retail entity only, post-divestment, making year-on-year comparison with the ₽78bn peak structurally misleading.

Against that backdrop, the **strategic pivot announced** under incoming CEO Maria Ostrovskaya is the most consequential signal for Gloria Jeans' medium-term trajectory. Ostrovskaya has initiated a talent-acquisition programme in the UAE, assembling a **commercial pool of ex-Inditex professionals in Dubai** — trying to emulate the Inditex processes, systems and culture that LIMÉ created.

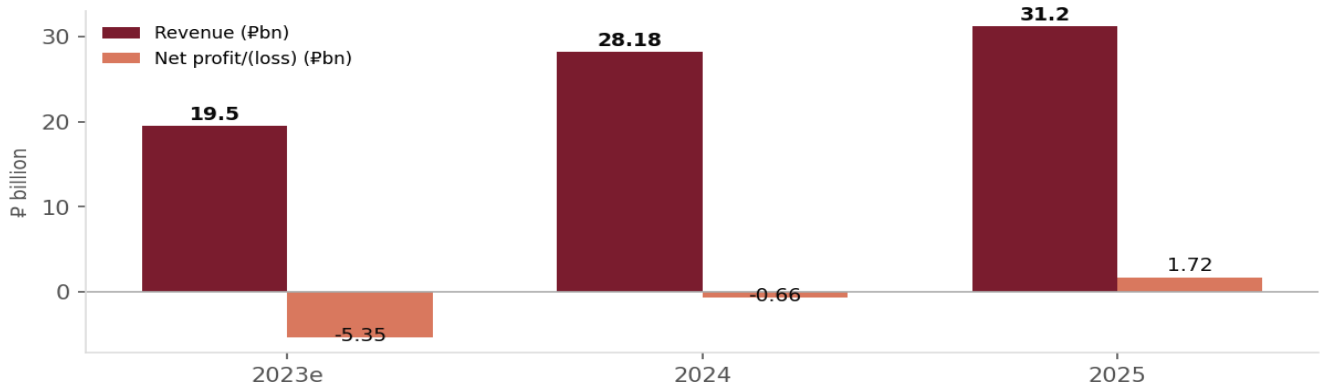


GLORIA JEANS flagship, Europeisky Moscow · Photo: VGR field visit 2025

MAAG — Inditex's Russian position, operated by Daher

MAAG (AO Novaya Moda): revenue and P&L

₽ billion



Source: RSBU (INN 7707099460)

When Inditex suspended Russian operations in March 2022 — removing Zara, Zara Home, Bershka, Stradivarius, Massimo Dutti, Pull&Bear, and Oysho from 502 stores simultaneously — the **question was not whether the locations would be reoccupied, but by whom and on what terms.** The answer arrived seven months later, in October 2022: the UAE-based Daher Group agreed to acquire 245 of the 502 stores. The remaining 257 closed outright. Russian authorities approved the transfer in April 2023 (operational handover began March 2023).

The Daher transaction is consistently misread as a franchise extension. It was not. The **Daher family** — Lebanese-origin, Dubai-based since 1990 — controls **two distinct vehicles**: **Azadea Group**, their established retail franchise operating arm with Inditex brand rights across **14 MENA markets**, and the **separate entity used for the Russia** acquisition. The distinction is structural: Azadea's Inditex franchise agreements are geographically restricted to MENA and explicitly exclude trade-restricted markets. The Russia deal was a one-time asset transfer by the same family through a different instrument — an arrangement that preserved Inditex's plausible distance from Russian operations while keeping the network within a controlled orbit.

Daher **launched four replacement brands** across the inherited estate. Zara became MAAG. Pull&Bear became DUB. Bershka became Ecru. Stradivarius became Vilet. Massimo Dutti, Zara Home and Oysho received no replacement — all these legal entities were liquidated in February 2024. The rebranding was confirmed by TASS, with first store openings at Aviapark Moscow in 2023. The **Inditex connection**, meanwhile, was **never fully severed** in operational practice. Industry Telegram channels populated by former Inditex Russia professionals documented direct contact between MAAG store managers and Arteixo — sourcing queries, VM briefs, and product planning conversations that a theoretically independent entity should not require.





VILET Riviera Mall, Moscow · Photo: VGR field visit 2024

The market's verdict on the first iteration was unambiguous. Zara closed in March 2022; MAAG opened mid-2023 — a 15–18 month gap (March 2022 to mid-to-late 2023) during which prime locations sat dark or sub-let. **The fit-out was minimal**: existing Zara infrastructure **with surface-level rebranding and little capital investment** in the physical environment. Product at launch was described across industry press as **materially below Zara's** final Russian collection — fewer SKUs, **lower trend-responsiveness**, significantly **lower fabric quality**. The Russian Retail Council named MAAG "Disappointment of the Year" in 2023. First-season trading confirmed it: heavy discounting, low footfall, a ₽5.4bn loss.

The structural explanation was the talent gap and the **time pressure**. Inditex Russia had employed approximately 9,000 people; Daher retained ~4,200 for store operations. Russian professionals who had been Zara's **retail engine** — store managers with deep retail instincts — were **suddenly required to become buyers**, VM directors, and product selectors: **functions that Arteixo had always performed centrally**. Years of receiving buying decisions without owning them left teams structurally unprepared. A group of Spanish Inditex buyers were hired in the new Dubai purchasing office to provide interim support and the leading structure— the clearest possible indicator of how far MAAG was from genuine operational independence at launch.

By 2024–2025, the buying team had learned. Product selection improved materially. Revenue recovered to ₽31.2bn with ₽1.72bn net profit in 2025 — genuine operational improvement by any measure. But the customer relationship has been permanently reset. **MAAG shoppers today buy on product merit**, location convenience, and price. The loyal Zara customer who queued for collection drops has not returned.



MAAG Kuzinetsky Most, Moscow · Photo: VGR field visit 2025

LPP and Adidas — the two most commercially significant post-exit structures

LPP S.A. (Poland) — Reserved, Cropp, House, Mohito, Sinsay

LPP formally exited Russia in 2022, **closing all 553 stores and terminating** its Russian legal entities. Within 18 months, 320+ stores were **operating under the same fascias** — Reserved, Cropp, House, Mohito, Sinsay — through Far East Services FZCO, a Dubai-registered intermediary.

The ultimate beneficial **ownership of FES has not been publicly confirmed**; LPP states it has no commercial relationship with FES and receives no revenues.

FES reported USD 94.8 million in payment obligations in 2025, suggesting material commercial scale. The re-entry mechanism — complete with original brand names, product, and store network — represents the most commercially significant post-exit structure in the Russian market.

⚠ Bankruptcy petition filed against RE Trading by creditor Koryukov (March 2026) — FES contests claim; outcome pending

Adidas AG — De-activation: the optionality play

Adidas closed all Russian stores and **suspended commercial operations** in March 2022. Unlike most brands, Adidas **did not liquidate its Russian legal entities**.

The Russian Adidas entity was reclassified from retail operations (OKVED 47) to real estate (OKVED 68) and property management. As of 2024, the entity holds ₽25.6 billion in assets — primarily cash deposits (generating ₽2.9bn in annual interest at CBR rates) and the former retail real estate portfolio — and generated ₽2.9 billion in interest income in 2025 from deposits held at Russian banks at the CBR key rate (16–21% range). No stores. No employees. Positive cash flow. This is the most commercially sophisticated form of De-activation in this market.

Source: LPP SA investor disclosures (2022–2025); FES FZCO filings (Dubai DED); Adidas AG annual reports 2022–2025; Rosaccreditation entity database; VGR analysis.

While the national champions scaled, the mid-market casualties mounted — 25+ brands closed in 2025

25+

brands fully closed in 2025 (vs 4 in 2024)

clothing purchases shifting to online channels — accelerating driver of offline collapse (no single verified figure currently available for the clothing category specifically)

BRAND / OPERATOR	SEGMENT	STATUS	YEAR
Incity / Deseo (Fashion Continent)	Mid-market women's	Bankrupt	Apr 2025
Modis	Casual / menswear	Bankruptcy petition	2025
Orby	Children's wear	Bankrupt	2025
Loloclo	Online women's fashion	Bankrupt	2025
Second Friend Store	Luxury resale	Self-bankruptcy	2025
I Am Studio	Contemporary premium	Retail ops ceased	2025
Go!	Youth casual	All stores closed	2025
Zenden (Сезонная Коллекция)	Mass footwear chain	FNS claim ₽4.6bn;	Nov 2025
Ralf Ringer	Premium footwear	FNS tax claims;	2025–26
FES Retail / RE Trading (former LPP Russia)	Mass-market, 320+ stores	insolvency risk Bankruptcy petition by creditor	Mar 2026

Source: Vedomosti Dec 2025; Kommersant Mar 2026; New Retail 2026; Forbes.ru 2025; Moscow Times 2025; Shopper's Media 2026; Fedresurs 2026; VGR analysis

Three compounding forces drove the collapse of mid-market offline operators in 2025: marketplace duopoly concentrated a dominant and rapidly growing share of fashion purchases on Wildberries/Ozon; Federal Tax Service enforcement actions targeted underpaid VAT in fashion chains; and commercial rents remained elevated while consumer spending power compressed. Winners (LIMÉ, MFG) shared one trait: strong own-brand identity that platforms could not easily replicate.


LACOSTE
ARTICOLI

Executive Priorities

Choose your archetype — four positions remain commercially viable

The competitive field has stratified into four viable positions:

- **National-scale** group with real **digital capability** (Melon Fashion Group, LIMÉ).
- **Niche premium operator** with a genuinely differentiated product and direct customer relationship (Henderson). White spaces still exist in current market portfolio.
- **Marketplace** squeezing the margins of middle market players (Wildberries and Ozon).
- The ₽500–₽1,500 **disposable fashion segment that Shein served** at scale — banned under Russia's cross-border e-commerce rules in January 2025 — has no domestic replacement.

Rest of mid-market operators are structurally exposed. There is no viable middle ground in 2026 for operators **without national scale, digital capability, and a differentiated brand moat**. MFG survives precisely because it has national scale; the structural risk applies to operators below its threshold. Either build the marketplace engine or build the brand moat. The K-shaped market divergence, presented in Chapter 7, explains the structural dynamics behind this stratification — the four positions above are the commercial positionings that could be on the upper leg of the K.

Do not build product portfolios that cannibalise each other

Given the cannibalisation structure documented in the MFG commercial analysis, any operator expanding across price tiers or brand names needs to define **clear customer separation criteria** before committing to product architecture, especially macroeconomic in the current environment. The risk is measurable: where two brands occupy the same mall and the same customer demographic, combined sell-through and ASP data will reveal the margin compression before it appears in aggregate P&L. Monitor it brand-to-brand, store-by-store.

Build the organisation deliberately — inherited talent does not transfer inherited capability

Hiring former Inditex, H&M, or Uniqlo professionals **does not import the systems, decision-making** rhythms, or institutional **culture** that made those organisations effective. MAAG's first two seasons demonstrated this precisely: retaining ~4,000 former Inditex store staff did not reconstitute a buying function, a VM discipline, or a product velocity engine — because those capabilities lived in Arteixo, not in the stores. The brands that won in the post-2022 restructuring — LIMÉ above all — did so by building organisational structures on purpose: defining who owns the buying decision, who owns the VM brief, who owns the weekly drop calendar, and how those functions connect. **Treat the talent as raw material, not as a finished structure.** The org chart, the cadence, the accountability model — these must be designed from scratch, even when the people filling them carry institutional memory from somewhere else.

03

The Budget Shift

How the affordable tier became the structural default — and what survives above it.

₽2,774

average consumer spend on women's jeans (Rosstat / CEIC, 2024) — below the entry price of every genuine mid-market brand in Russia

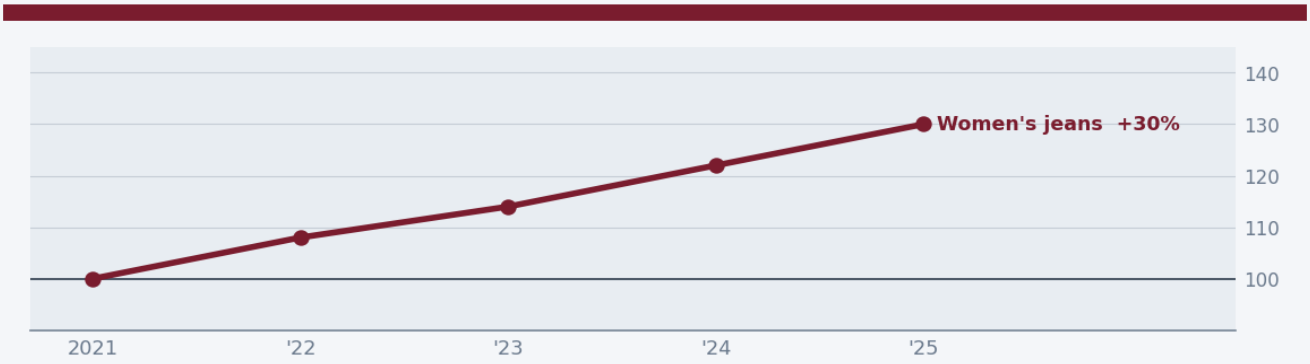
The consumer pivot: what the data confirms, and what it cannot explain

Between 2021 and 2025, Russian **clothing prices rose 28.4% in cumulative terms** while real fashion consumption in the organised branded segment ended the period at approximately 99% of its 2021 baseline (the Rosstat aggregate unit volume series, which includes unbranded and informal trade, recovered to index 109.1). The **nominal market recovered to 122%** of its 2021 level, **but deflated by the clothing CPI index, real unit volumes were flat to negative**. Russians were **spending more per garment and buying fewer** of them — not expanding fashion appetite but contracting it.

What drove the contraction is less straightforward than segment-share estimates imply. The dominant explanation — consumer income collapse — is only partially supported by data. **Real disposable incomes fell sharply** in 2022 **but recovered faster than the fashion market**. By 2024, real wages grew 9.2% — the strongest pace since 2008 — and the average Russian worker needed ~3.0 days of wages to buy a mid-market outfit versus ~3.7 days in 2021: a 19% real purchasing power gain. The market moved down not because Russians became poorer, but because the brands that trained them to spend at the ₽3,000–₽8,000 tier — Zara, H&M, Uniqlo — disappeared overnight, and no domestic equivalent at that positioning was ready to absorb the available spending.

Evolution of the Average Selling Price of a Pair Of Jeans

(2021=100)



Source: CEIC / Rosstat. Price index Jan 2021 = 100. Women's jeans: CEIC average consumer price series for women's jeans, Russia.

A secondary driver: the **relocation of Russia's most affluent urban consumers**. In the twelve months following February 2022, an estimated 500,000 to one million Russians — disproportionately young, educated, Moscow and St. Petersburg-based — relocated abroad. This cohort was the **primary buyer** of the **mid-to-premium tier**. Their departure did not show up immediately in aggregate statistics; it showed up as the permanent disappearance of a specific price-tier demand that has not been replaced.

A third mechanism: the Wildberries and Ozon effect. As **online penetration has grown significantly** in recent years — surpassing Western market norms — price transparency and algorithmic ranking pushed brands toward **margin-destroying discounting**. Mid-market brands on these platforms compete on price, not brand.

Six surveys, four years: the sentiment arc from shock to adaptation

Cross-survey consumer sentiment on fashion spending and brand attitude, Russia 2022–2026.

2022

SHOCK

SberIndex / Sberbank

Fashion spend fell 18–22% in real terms in Q2 2022 immediately post-exit announcements. **Recovery to 95%** of pre-2022 nominal levels by Q4 2022, driven by **panic buying** of stockpiled goods and parallel imports.

2022–23

NOSTALGIA

NAFI (n=1,600 representative)

46% of consumers expressed **preference for Western brand** return. 18% had found a domestic brand they 'loved' as a replacement. The desire–behaviour gap was at its widest: nostalgia did not translate to premium spend behaviour.

2024 Q1

MEMORY

ROMIR / Yakov & Partners

Adidas topped unaided brand preference at 9.8% **despite zero official presence** — an absent brand outperforming all domestic competitors in unaided recall. 63–69% of Gen Z reported acutely feeling the departure of Western brands.

2024 Q2

ADAPTATION

Ipsos / Fashion Consulting Group

68% willing to pay a premium for physical try-on and immediate pickup. **Behavioural shift toward service** quality as a differentiator, not brand name. Domestic omnichannel operators gaining genuine attitudinal share.

2025

RESILIENCE

ROMIR longitudinal receipt tracking

53% of consumers who stated intent to **reduce premium spending continued purchasing at premium tier.** Fashion spending is emotionally inelastic even in stated-austerity households. Nostalgia premium persists for quality anchors.

2026 proj.

NORMALISATION

VGR primary interviews (n=30+)

Consumers increasingly distinguish between 'missing the brand' and 'needing the brand'. **LIMÉ** is the first domestic operator cited as **a genuine substitute** rather than an affordable alternative. In Kazakhstan it now competes directly with Inditex's Zara and Massimo Dutti.

The Happiness Paradox: three stages of consumer recalibration

Why Russian consumers are spending less on fashion per transaction but reporting stable or rising satisfaction with their wardrobes.

01

Forced Festival Shopping

2022 — early 2023

The initial post-exit period created a 'forced festival' dynamic: consumers bought **opportunistically from closing-sale inventory**, then from parallel import channels, then from domestic brands with inherited Western-format stores. Purchase **frequency dropped sharply** but basket **size per transaction rose** as consumers **stockpiled** familiar products. The average number of shopping trips fell from approximately 28 per year (2021) to 19 per year (2022). Units per trip rose from 1.8 to 2.7. Happiness metrics held because consumers were not yet managing a perceived quality deficit — they were managing availability.

02

The Discount Economy

2023 — 2024

As parallel import premium faded and **marketplace discounting normalised**, the market entered a **structural discount economy**. Wildberries and Ozon's algorithmic ranking penalises brands that maintain full-price discipline — products with fewer ratings and reviews fall in search results, increasing pressure to offer promotional prices to drive initial volume. This created a market in which **perceived value** (quality per ruble) **rose, because prices fell**. Consumer satisfaction with their spending held because they were obtaining more discount depth per purchase — 31.3% average platform discount on Lamoda (Lamoda 2024 data — note: WB/Ozon promotional depth typically runs higher, meaning the Lamoda figure understates actual market-wide discount pressure). The happiness metric was being sustained by the discount, not by the product.

03

The Service Premium

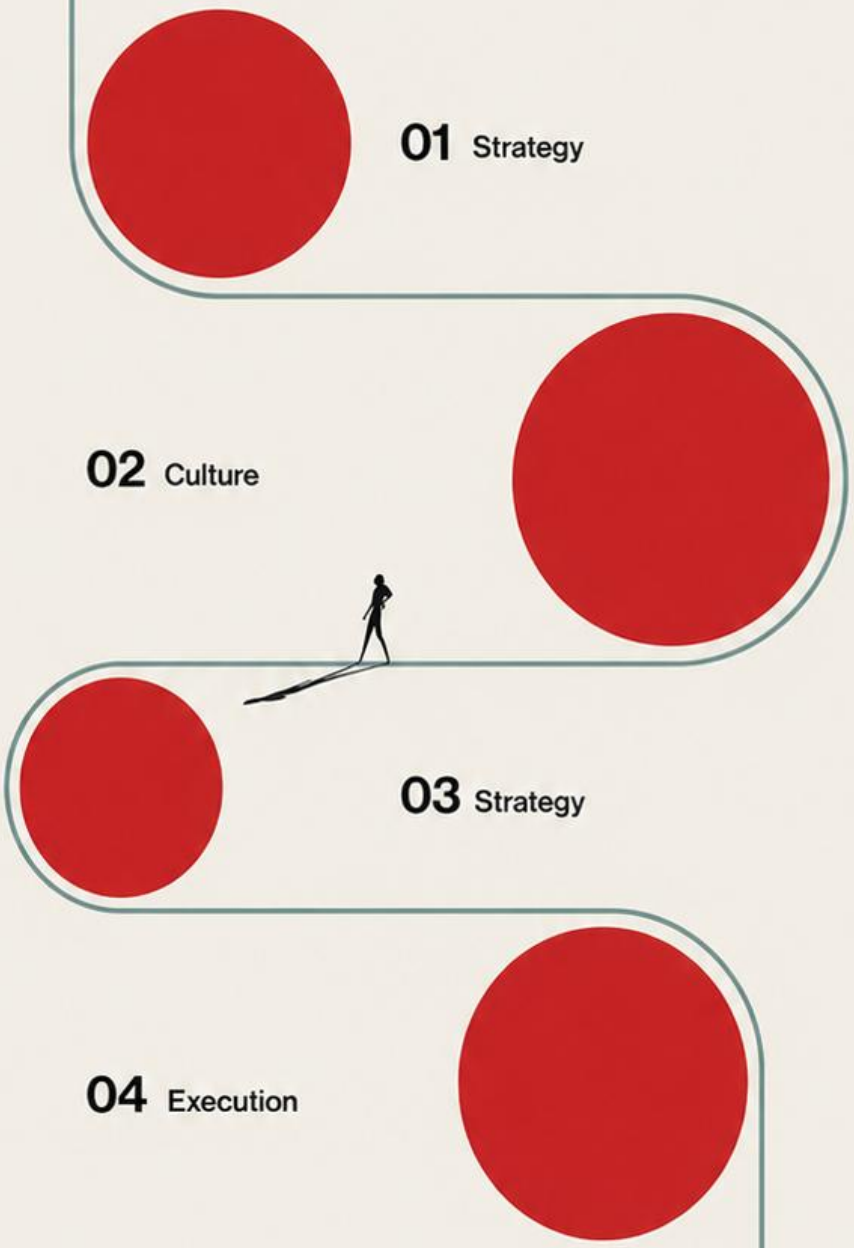
2025 — present

Stage 3 is the current condition — and the first phase in which a brand premium above marketplace pricing is commercially achievable. Consumers who have adapted to the post-Western landscape **now distinguish between 'good enough'** (marketplace basics, private label, fast fashion substitutes) **and 'worth paying more for'** (curated retail, service quality, try-before-you-buy, genuine brand story). The 68% willing to pay a service premium (Ipsos/FCG 2024) is the Stage 3 signal. LIMÉ's pricing power represents the first domestic brand to capture this sentiment commercially.

VGR

Connecting the dots

is the key driver of performance



Understanding price positioning across brands

Early price of women's jeans among leading Russian players

Lowest non-discounted retail price (RRP). Data from May 2026.

RANK	BRAND	SEGMENT	ENTRY PRICE (RRP)	NOTES
1	O'STIN	Mass market	₽1,599	Entry stretch denim; regular sale promotions
2	LC WAIKIKI	Value / mid	₽1,599	37 Russia stores; classic cuts aimed at family segment
3	GLORIA JEANS	Mass market / volume	₽2,499	Entry price classic straight leg; own manufacturing in Russia
4	Befree (MFG)	Mass / Gen Z	₽2,799	Fashion-forward cuts; regular 30–50% discounts on WB
5	ZARINA (MFG)	Mid market / women's	₽2,999	Classic women's denim; mid-price positioning consistent
6	sela (MFG)	Mid market / family	₽3,999	Multi-category family format; 200+ stores nationally; consistent full-price positioning
7	LIMÉ	Accessible premium / mid	₽4,599	Fabric quality and wash variety; direct own-store pricing
8	LOVE REPUBLIC	Mid market / women's	₽5,999	Melon Fashion Group; women's mid-market; strong Wildberries presence
9	12 STOREEZ	Premium	₽9,800	Curated premium denim; limited SKU count, no permanent sales
10	IDOL (MFG)	Accessible premium / women's	₽10,990	MFG premium launch 2023; targets Massimo Dutti / COS vacancy; buying team with international experience requirement

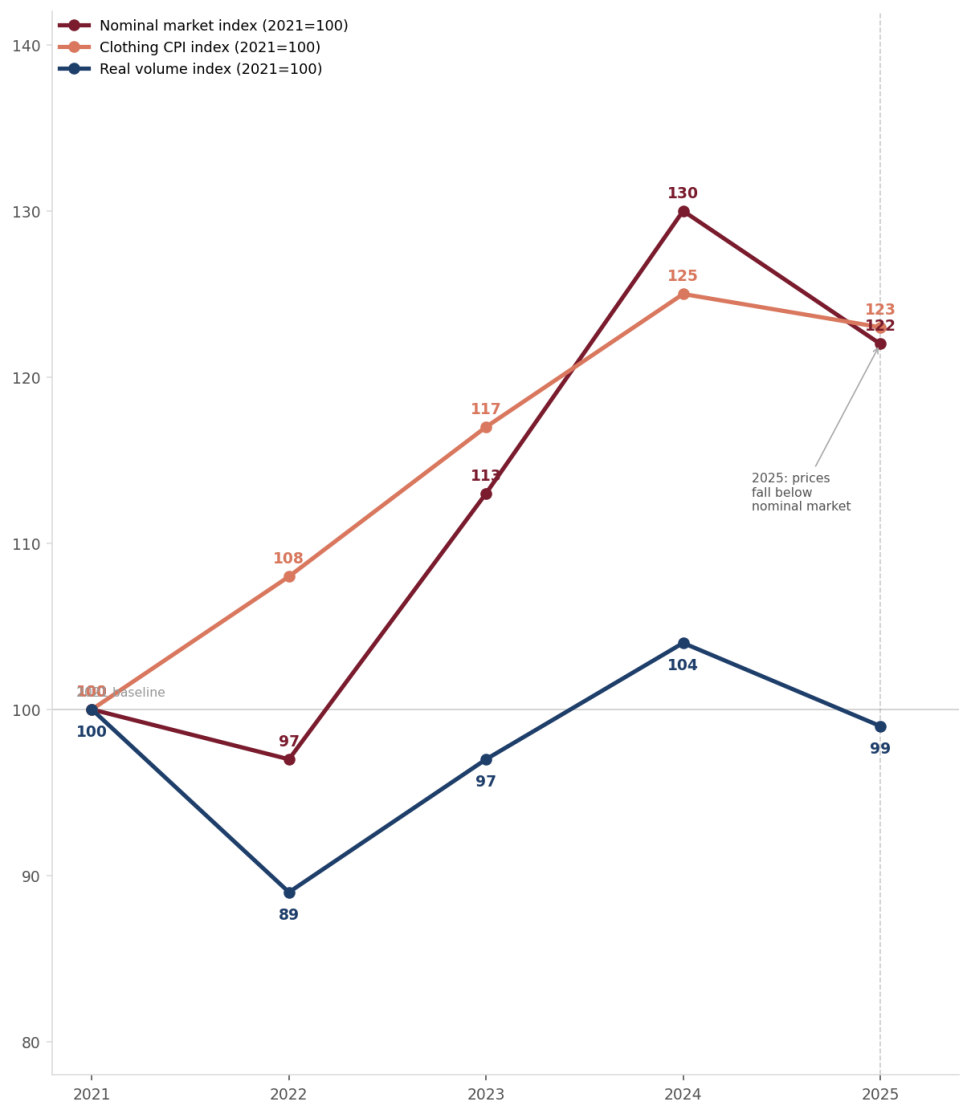
Source: Brand websites and store visits, May 2026.

“

The consumer did not wait for the market to recover. She traded down — and she’ll need more to trade back up.

Average selling prices rose; unit volumes fell — the market spends more per garment, buys fewer

Russian fashion market: nominal index (2021=100) vs clothing CPI index vs real volume index



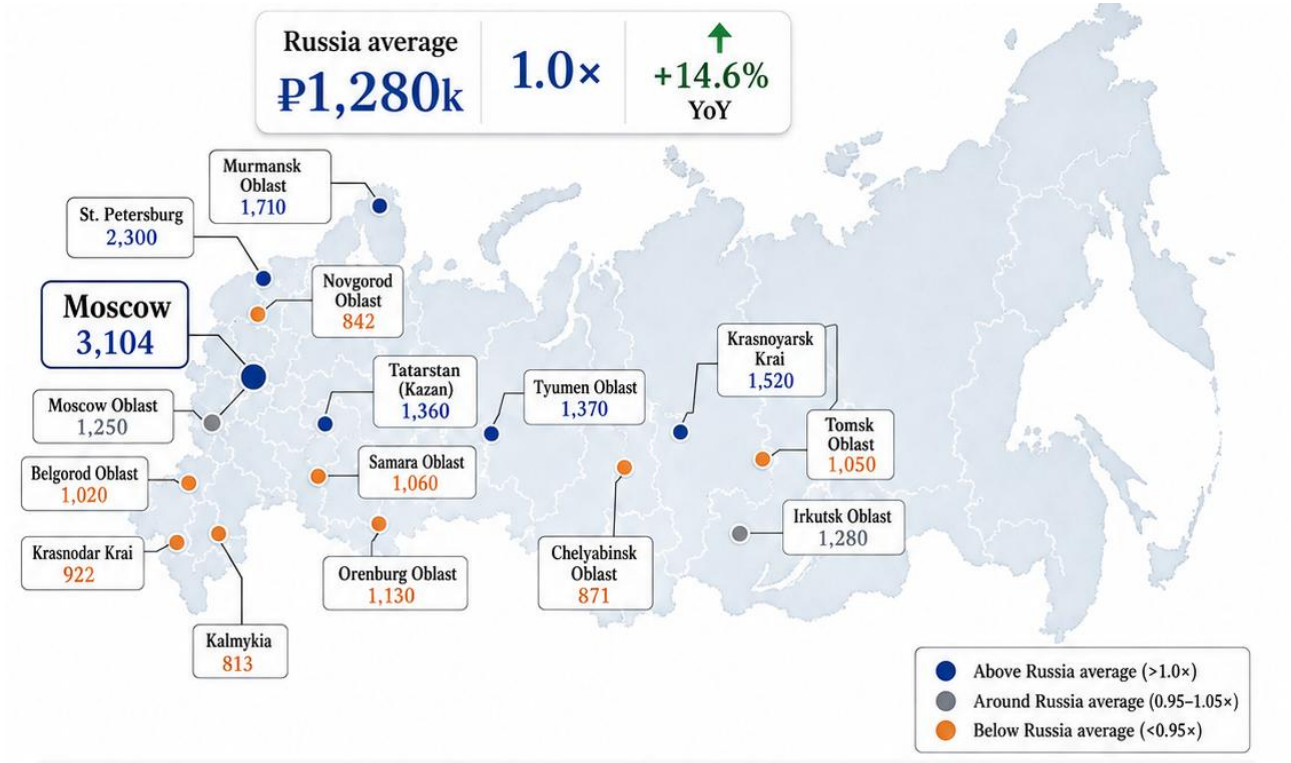
Source: Rosstat; Rosstat CPI sub-index clothing; VGR analysis. Real volume = nominal ÷ CPI index, rebased 2021=100

Real wages grew 9.2% in 2024 — the strongest growth since 2008 — and ~5% in 2025, outpacing clothing inflation every year since 2022. Average monthly wages reached ₽84,000 nationally and ₽162,000 in Moscow. The average Russian worker in 2025 needed ~3.0 days of wages to buy a mid-market outfit versus ~3.7 days in 2021 — a 19% real purchasing power gain. **Wage growth has been concentrated** in defence-sector workers, men, and **Moscow residents, not evenly distributed across the consumer base**. The structural implication for fashion is counterintuitive: despite higher nominal affordability, real unit volumes in the organised branded segment remain below the 2021 baseline (aggregate Rosstat unit volume, including unbranded trade, recovered to index 109.1 by 2025e). Russians can afford more per garment — they are choosing to buy fewer of them. The missing variable is not income; it is the absence of the mid-market brands that trained them to spend at the ₽3,000–₽8,000 tier. Purchasing power without a compelling mid-market destination is not demand recovery.

Moscow earns 2.4× the national average — Russia is not one cohesive fashion market... and the gap is growing

Russia GDP per Capita by Region, 2024

Selected regions, ₽ thousands per person



Source: Rosstat, Gross Regional Product per capita by federal subject, 2024 (statbase.ru, published March 2026). Russia average: ₽1,280k. VGR analysis

Between 2022 and 2024, **Russia's regional income divide widened**. **Moscow's GRDP per capita grew 42%,** from ₽2,183k to ₽3,104k, well above the **33.5% national average** (₽959k to ₽1,280k). That lifted the capital from 2.28 times the national average to 2.42 times, and the gap is still growing.

St. Petersburg moved the other way. The second city grew **just 15%** (₽1,993k to ₽2,300k), and its position relative to the country fell from 2.08 times to 1.80 times. Russia's second fashion capital is now growing more slowly than the country as a whole.

The mid-tier divides into two groups. **Resource-extraction cities** such as Tyumen, Khanty-Mansiysk and Yuzhno-Sakhalinsk, anchored by oil, gas and federal transfers, carry **purchasing power that in some cases exceeds St. Petersburg**, yet they remain badly underpenetrated by organised fashion retail. They are the most underserved high-potential market in the country. The industrial mid-tier (Tatarstan, Krasnoyarsk, Irkutsk) tracked the national average at 28–35% growth, viable markets but without the same per-capita premium. The North Caucasus republics (Ingushetia +28%, Chechnya +67% off a very low base) grew in nominal terms but remain structurally unviable for branded mid-market fashion.

For fashion brands, the implication is direct. The **affluent consumer is more concentrated in Moscow** in 2024 than in 2022. A brand that draws 60–70% of its revenue from the capital is not over-indexed on Moscow; it is reflecting where the money is. Regional expansion stays viable in the mid-tier, but only with pricing, assortment and store economics calibrated to an economy very different from what works inside Moscow's Garden Ring (Садовое кольцо).

Executive Priorities

Price-tier positioning requires a benchmark strategy, not a competitor strategy

In a market without Zara and H&M, there is **no external price anchor** for the ₽3,000–₽6,000 tier. **LIMÉ is now the reference frame**, not absent international brands. Price laddering strategy must be built against live domestic benchmark data, **refreshed each season due to the CPI volatility**.

Track unit volume, not only basket size

The simultaneous appearance of price increases and nominal revenue growth can mask declining unit volume. Build a **unit-level tracking system** — SKUs sold per week vs. prior season, units per transaction — to catch volume declines before they appear in revenue.

Justify product and service according to your price position in the market

The women's jeans entry price is a credible proxy for consumer price-tier perception across all clothing categories. LIMÉ at ₽4,599 sits clearly above the mass market without touching the premium. Any brand pricing jeans below ₽2,500 is competing on price, not brand. Any brand pricing above **₽5,000 requires a service or experience justification that most Russian fashion environments cannot currently deliver**.

Plan for two Russias — capital and regional are not the same market

Moscow's purchasing power (₽3,104k per capita) is **2.4× the national average** and 15.2× that of Ingushetia, Russia's poorest region. A **brand built for Moscow's** mid-market **operates in a fundamentally different economy when it expands regionally**. Assortment architecture, price architecture, and store-network economics must be designed with **two distinct customer realities** in mind — not as a post-hoc regional adaptation, but as a structural operating choice.

04

Supply Chain Rewired

Consumer pressure compressed demand. Sourcing maps were redrawn, payment rails rebuilt, new dependencies emerging.

60%+

of inbound volume now routed via China or Turkey — up from 44% in 2021

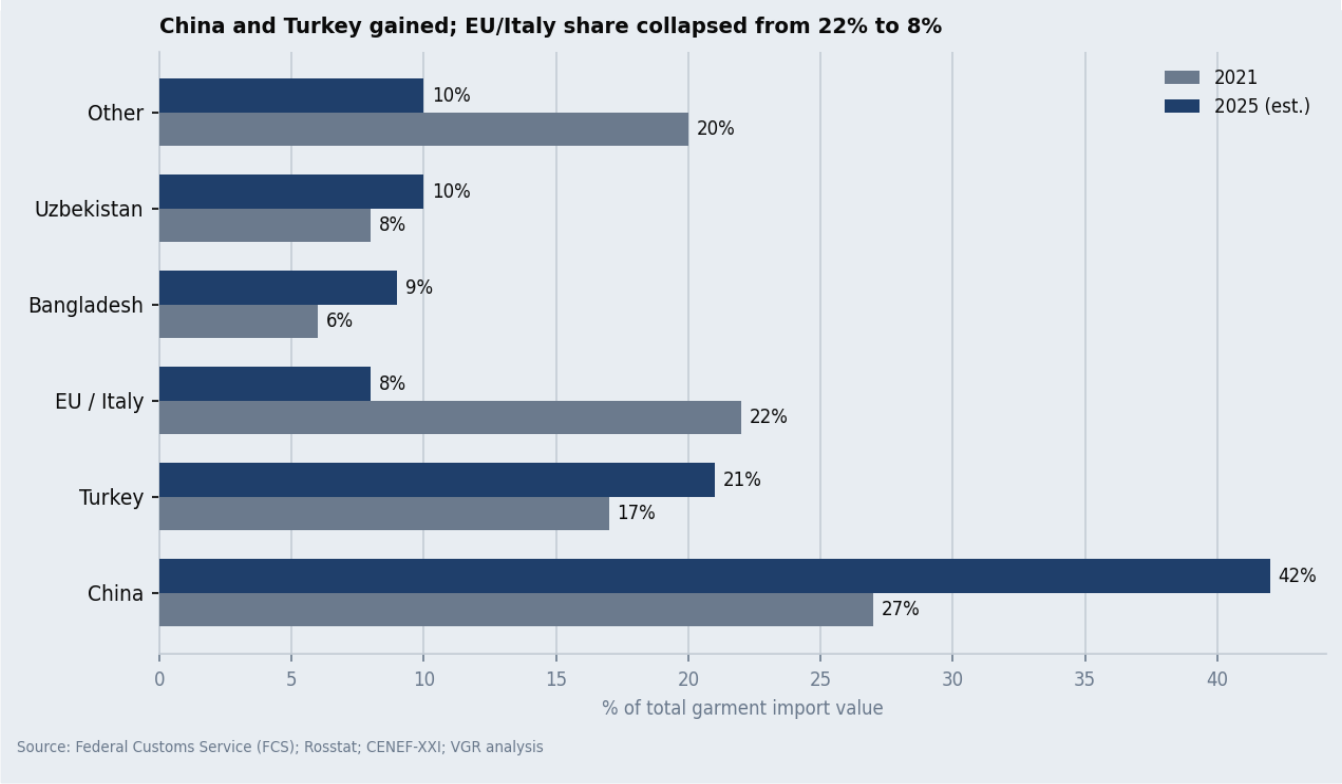
China, Turkey, and Central Asia now define Russian fashion sourcing

The exit of **Western brands exposed not only shelf space but an entire logistics and sourcing architecture**. In 2021, Russia's fashion supply chain retained meaningful links to Southern European manufacturing — Italy, Portugal, and the broader **EU cluster accounted for roughly 22%** of inbound garment volume by value. By 2025 that share had **fallen to an estimated 8%**, with the deficit **absorbed almost entirely by** expanded sourcing from **China** (up to 42% from 27%) **and Turkey** (up to 21% from 17%). Uzbekistan and Bangladesh have each grown modestly, filling demand for lower-cost basics previously satisfied by the mass-market arms of Inditex and H&M.

This shift is not temporary. The supplier relationships, logistics corridors, and bonded-warehouse infrastructure built since 2022 represent fixed investment on both sides. Chinese suppliers have **adapted labelling and certification documentation to Russian customs** requirements. Turkish intermediaries have built dedicated logistics lanes to the Trans-Siberian corridor.

Sourcing origin share by inbound volume value, 2021 vs 2025

% of total garment import value, Russia; estimates based on FCS data and industry interviews



Source: Federal Customs Service (FCS); Rosstat; CENEF-XXI; VGR analysis

Turkey plays three simultaneous roles in Russia's post-2022 supply chain

Each role is structurally distinct and carries different risk and dependency profiles for Russian fashion operators.

01 Production Hub

Direct sourcing of finished garments

Turkish garment manufacturers — particularly the clusters in Istanbul (Laleli, Bağcılar) and the Bursa and Denizli textile hubs — expanded direct exports to Russia significantly post-2022. Turkish finished garment exports to Russia grew at an estimated 25–28% annually in 2022–2023 — a compound trajectory consistent with the cumulative +56% vs 2021 levels recorded by 2024 (see Exhibit 4.2). Russian importers replaced EU-sourced inventory with Turkish alternatives at comparable quality tiers. The Laleli wholesale district, historically a grey-market channel for low-end goods, has been supplemented by direct factory-to-importer arrangements at mid-market price points. Turkish denim (Orta Anadolu, Bossa) is now among the primary sources for mid-market Russian jeans brands.

⚠ Risk: Moderate: Turkey–Russia trade subject to US-led secondary trade enforcement pressure; TurkStat tracks origins.

02 Logistics Hub

Transit routing for trade-restricted goods

Turkish freight forwarders and bonded warehouses in Istanbul and Mersin have become **primary transit nodes for goods that cannot move directly** from EU manufacturers to Russia. The routing: EU manufacturer → Turkish intermediate → re-documentation → Russian buyer. This is **not strictly parallel import** (which applies to branded goods); it is **transit logistics** for components, fabrics, and OEM fashion goods. The Turkish intermediary **adds a documentation layer that changes the country of origin declaration**. Volume through this corridor has grown substantially: Russian customs data shows Turkey as origin for goods that are, by fabric or component content, substantially of EU provenance.

⚠ Risk: High: OFAC / EU have escalated scrutiny of this corridor since late 2023. Turkish freight forwarders face secondary compliance exposure.

03 Grey Channel Hub

Parallel import of Western branded goods

A separate Turkish role operates in the branded goods channel. **Turkish intermediaries source Western branded fashion** (Nike, Adidas, Levi's, Tommy Hilfiger, etc.) **through legitimate EU retail or distributor channels, then re-export** to Russian buyers under **Resolution 506 trademark exhaustion rules**. The EAEU legal framework permits this; the brands cannot prevent it without brand-specific import bans (which Russia has not enacted for most apparel categories).

⚠ Risk: Low-moderate: Legal under Russian law; brand rights enforcement weakened post-2022.

Country risk matrix

Hub	Primary function	Key risk vector
China	Manufacturing, OEM, private label, basics	Secondary sanctions; certification friction
Turkey	Production, transit routing, grey-channel	OFAC scrutiny post-2023; documentation risk
Uzbekistan	Cotton textiles, basics manufacturing	Low; currency and logistics constraints
EU / Italy (residual)	Premium fabrics, components, luxury goods	Sanctions compliance; payment routing
Kazakhstan / EAEU	Parallel import routing, trademark exhaustion	Rosaccreditation revocations (Feb 2026)
UAE / Dubai	Financial clearing, brand ownership structures	OFAC UAE compliance; beneficial ownership
Bangladesh	Woven basics, value-tier garments	SWIFT disconnection casualty — see note

Bangladesh: The SWIFT casualty

Bangladesh's garment export relationship with Russia illustrates **how SWIFT disconnection creates supply chain casualties** at multiple removes. **Bangladesh factories historically invoiced in USD**, received USD payments via **correspondent banking** chains routed through Western financial institutions. When Russian banks were disconnected from SWIFT in March 2022, this **payment chain broke**. Bangladeshi factories — which operate on thin margins and require payment within 30–60 days of shipment — **could not absorb the risk** of CNY settlement or non-standard payment corridors without significant premium. Russian importers who had been sourcing basics and workwear from Dhaka were unable to maintain those relationships without building alternative payment infrastructure.

As a result, Bangladesh's share of Russian fashion imports, approximately 6–8% in 2021, declined to an estimated 3% by 2024. The slack was **absorbed by China** (which already had CNY settlement infrastructure with Russia) and Uzbekistan (which operates inside the EAEU financial system). This pattern — where payment infrastructure, not tariff or quality considerations, determines sourcing — is the defining dynamic of the post-2022 Russian supply chain. Any sourcing strategy that does not account for payment settlement as a primary constraint is analytically incomplete.

Nine structural fragilities in the 2024 Russian fashion supply chain

The supply chain that has emerged since 2022 functions — but it is structurally fragile in nine identifiable ways:

1. Single-corridor **payment dependency**. The effective **settlement currency** for most Russian fashion imports is now **CNY or AED**. Both involve a currency conversion step (CNY/AED → RUB) that **adds 1.5–3% transaction cost above** pre-2022 USD settlement. Any tightening of Chinese bank compliance with US secondary trade enforcement measures could shut the CNY corridor, leaving Russian importers without functional payment infrastructure for their primary sourcing hub.

2. Grey-channel brand exposure. Approximately 15–18% of mid-premium branded goods entering Russia via the parallel import channel rely on EAEU certificate intermediaries in Kazakhstan and Armenia. Rosaccreditation's February 2026 move to revoke certificates on parallel-import Adidas products signals **regulatory intent to constrain this channel** — with uncertain timing and scope.

3. Transit routing opacity. The Turkey–Russia transit corridor operates **on re-documentation practices that are legally grey** under both Russian and EU law. Any tightening of EU enforcement of 'goods of EU origin' tracking would disrupt a significant proportion of non-branded fashion goods transiting through Turkish forwarders.

4. Bangladesh substitution gap. The **decline of Bangladesh** as a sourcing hub leaves Russia **without a cost-competitive low-end basics** supplier that can match Chinese volume. Uzbekistan is growing but constrained by logistics and production capacity.

5. Warehouse concentration risk. Russian **bonded warehouses** and fashion **distribution hubs** are geographically **concentrated in Moscow** Oblast (Elektrostal, Khimki, Podolsk). A single operational disruption — regulatory, logistical, or other — would affect a disproportionate share of national fashion inventory.

6. Domestic **sewing capacity**. Fashion Consulting Group estimated a 25% deficit in sewing workforce capacity in September 2023. Domestic production capability cannot absorb import disruption at scale.

7. **Labelling compliance** creep. Russian customs and Rospotrebnadzor have progressively tightened labelling requirements (EAEU Technical Regulations, Chestny ZNAK marking system). Compliance overhead is rising.

8. Loyalty of Chinese partners. **Chinese suppliers currently prioritise Russian clients**; this preference is commercially rational while the Russian market is underserved. If Western brands resume sourcing from the same Chinese factories, allocation competition resumes and Russian buyers revert to marginal-client status.

9. **Currency risk**. The RUB/USD rate (₽82 average in 2025) has increased import costs by approximately 11% vs 2021 levels in USD terms. Further RUB depreciation — possible given trade restriction pressure and commodity price cycles — would compress import margins further without a corresponding increase in consumer prices.

Executive Priorities

Audit payment settlement infrastructure as a primary supply chain risk

The Bangladesh SWIFT casualty demonstrates that **payment infrastructure failure, not tariffs or quality issues, is the primary supply chain disruption** mechanism in the post-2022 environment. For every sourcing corridor, document the payment settlement route explicitly: currency, correspondent bank, clearing mechanism, and the trade compliance profile of each intermediary. Any corridor with a single-bank dependency is fragile. Build redundancy into payment routing before the disruption event.

Map the Turkey transit exposure before regulators do it for you

EU enforcement of origin-tracking rules for transit goods through Turkey is tightening. The window to restructure affected supply chains before enforcement escalation is 12–18 months at most. Identify which SKU categories rely on Turkish transit routing, what proportion of those goods are of EU-component or EU-fabric origin, and whether alternative sourcing is available at comparable cost and quality. Brands that self-assess and migrate proactively will have better options than those caught in an enforcement action.

Consider Uzbekistan and Vietnam as the resilient diversification alternatives

Uzbekistan's garment export **capacity is growing**, operates within the EAEU financial system (eliminating payment route risk), and is **geographically close** to Russian distribution hubs. Vietnam's capacity is expanding and has **neutral geopolitical** standing with both Russia and the West. Both represent lower-risk alternatives to the Turkey transit corridor and a partial hedge against Chinese supply allocation risk. The investment required is supplier relationship development (12–18 months) and logistics route establishment — not manufacturing investment.

05

Digital Playground

Supply routes stabilised. Wildberries and Ozon became the operating system of Russian fashion.

3-7%

Contribution margin is the average for marketplace operations

Wildberries and Ozon absorbed the demand vacuum faster than any other channel

The displacement of Western brands created a consumer search behaviour shift that Yandex data captures precisely. In early 2022, searches for Zara, H&M, Mango, and Massimo Dutti collapsed within 60 days of brand exit announcements. The **search volume** did not disappear — it **redistributed**. **Wildberries and Ozon were the primary beneficiaries**, with Yandex search interest for both platforms rising 35–45% in the 12 months following the mass exits.

By 2024, the two platforms together account for approximately 57% of total online fashion GMV (source: Data Insight 2024) — broadly consistent with their combined 56.7% share of total Russian e-commerce revenue (**Data Insight 2024; Moneyplace/Kontur**). Wildberries alone held 36% of the online fashion market as early as 2019 (**RBC/GidMarket**), before Ozon's fashion segment scaled significantly. Fashion also generates the highest SKU count on both platforms: over 54% of active Wildberries sellers list in clothing, footwear, and accessories.

A GENERAL MERCHANDISE ECOSYSTEM — WHERE FASHION MUST COMPETE FOR ALGORITHMIC SPACE

Wildberries and Ozon are not fashion platforms that happened to expand — they are general merchandise ecosystems where fashion is the leading category but competes for visibility against every other vertical. Wildberries' top revenue families are **women's apparel, footwear, household goods, electronics, and children's clothing**. On On Ozon, the mix skews differently — and the company does not publish a category-by-GMV split, so any precise share attributed to it should be treated with caution. Third-party panel data (Moneyplace, end-2024) ranks **apparel and footwear as Ozon's largest category**, ahead of electronics, home and garden, and appliances, with food and grocery only a mid-tier category. Fashion was Ozon's fastest-growing category, with turnover up 86% year on year, lifting Ozon to the country's second-largest apparel retailer, while electronics — its legacy anchor — continued to lose relative share as FMCG (via Ozon Fresh) and fashion accelerated.

THE ALGORITHM PUNISHES FULL-PRICE SELLING

The algorithmic environment on both **platforms structurally disadvantages price discipline**. Search ranking on Wildberries and Ozon is **driven by conversion rate, review velocity, and promotional** participation. A product priced at full price (RRP) converts at a lower rate than the same product carrying a 20–30% discount badge — the algorithm reads lower conversion as lower relevance and **progressively deprioritises the listing**. Sellers who participate in platform-initiated promotional events (Wildberries' regular '11.11' and 'Black Friday' campaigns, Ozon's additional promos like 'Big Clothes Sale') receive boosted placement in exchange for guaranteed discount depth of 20–40%. Brands that opt out receive no algorithmic reward for price integrity. The practical result: maintaining a recommended retail price on a marketplace **is commercially viable only for brands with extremely high organic demand**. For everyone else, the platform imposes a permanent promotional toll. Thus, heavily affecting the contribution margin.

FOR MANY DOMESTIC BRANDS, THESE TWO PLATFORMS NOW REPRESENT UP TO HALF OF TOTAL REVENUES

For the mid-market domestic brands that scaled aggressively through the 2022–2024 period on the back of Western brand exits, Wildberries and Ozon now account for an estimated **40–50% of total revenues** — and for some brands the figure has exceeded 60% during peak promotional seasons. It is a structural dependency, not a channel strategy. Brands at this concentration level have, in effect, ceded **pricing authority, customer data ownership, and promotional calendar control** to the platforms.


OZON
OZON
WB
WILDBERRIES
WILDBERR

Lamoda: the curated alternative — ₽187bn GMV, of which fashion accounts for 90%, and a customer who spends 3× more per order

A FASHION-FIRST PLATFORM IN A MARKETPLACE-FIRST MARKET

Lamoda occupies a **structurally distinct position** in Russian fashion e-commerce. Where Wildberries and Ozon are general merchandise platforms where fashion competes for algorithmic space against food, electronics, and auto parts, Lamoda is built **entirely around fashion and lifestyle**. **Fashion, footwear, accessories, and beauty account for 89% of platform GMV**. In 2024, GMV reached ₽187 billion (+37% year-on-year), with revenue of ₽103 billion (+39%). The platform hosts over 4,000 global and local brands and close to 700.000 products— a breadth that, while far smaller than WB/Ozon by transaction volume, is curated in a way that mass marketplaces structurally cannot be.

HIGHER SPEND, MORE FREQUENT PURCHASE, AND A RETURNS MODEL DESIGNED FOR FULL PRICE

The customer Lamoda attracts is fundamentally different from the WB/Ozon average. An estimated **Average Order Value is ₽5,676** — approximately 2.5–3× the WB/Ozon equivalent. Customers placed an average of 5.8 orders per year in 2024, generating estimated per-customer annual spend of approximately ₽33,000. A Lamoda customer returns via **scheduled courier pickup from home**, **eliminating the last remaining friction** in online fashion purchase for considered, full-price buying.

PREMIUM GROWING FASTER THAN THE PLATFORM AVERAGE

Lamoda's premium segment grew **45% in 2024**, with the number of premium customers up 38%. New brand arrivals included Marina Rinaldi, Yuzefi, Nanushka, Inuikii, and Mother of Pearl — an **international brand profile that no other Russian digital platform can match**. Of the 800+ new brands that joined the platform in 2024, approximately 60% were local Russian brands, reflecting a dual positioning: accessible enough for emerging domestic labels, credible enough for international premium. The app had approximately 200,000 monthly downloads on the App Store and 100,000 on Google Play — a smaller but more fashion-engaged user base than the WB/Ozon mass audience.

A MORE HOSPITABLE ENVIRONMENT FOR FULL-PRICE SELLING — BY DESIGN

The algorithmic and commercial environment on Lamoda is meaningfully **more compatible with full-price** brand strategy than Wildberries or Ozon. Ranking is influenced by **editorial curation, brand tier, and customer rating** rather than purely by conversion rate and discount depth. The platform does not run the aggressive platform-wide promotional events that WB and Ozon deploy to drive seasonal volume — the commercial model is closer to a **curated multi-brand retailer** than a marketplace clearance engine. Assortment **refresh cadence** is faster than traditional retail, functioning as a **discovery mechanism for engaged fashion consumers** rather than a promotional clearance channel.


Lamoda
best delivery
Lamoda

At the top: TSUM and the structurally underserved luxury segment

At the highest end of the market, **TSUM** holds a position that Lamoda does not compete for. As Russia's **primary luxury fashion destination** — physical and online at tsum.ru — it operates at an AOV above ₽20,000 and distributes Gucci, Prada, Balenciaga, Saint Laurent, and comparable brands. In 2024, TSUM launched a **resale platform for pre-owned luxury goods**, extending its position within the luxury ecosystem. The structural gap is significant: with Farfetch having exited and Net-a-Porter never having established Russian operations, TSUM.ru remains the **only credible luxury-dedicated online** fashion destination in Russia. No domestic platform has filled this vacancy at scale, and the post-2022 purchasing power concentration in Moscow creates a consumer base that can sustain a serious luxury digital offer.



The marketplace P&L: economics that compress mid-market margins by 5–10 points

P&L line	Own channel	Marketplace (WB / Ozon)	Delta
Revenue base	100%	100%	—
Platform commission	0%	15–35%	**−15 to −35 pts**
Fulfilment / logistics	~8–12% (own)	Comparable or +3–5%	Neutral / worse
Sponsored placement required for visibility	Discretionary	~3–8% effective spend	**−3 to −8 pts**
Returns cost return-rate differential	~10–15% rate	~25–30% rate	**−3 to −5 pts**
Consumer data ownership	Full CRM	Zero — platform owns	Non-quantifiable
Contribution margin range	**8–15%** historical	**3–7%** mid-market	**−5 to −10 pts**

Source: Illustrative fashion-brand P&L on Russian marketplaces; commission and return rates vary by category, logistics model and seller tier. VGR analysis.
Directional conclusion — marketplace economics compress contribution margins by 5–10 points vs direct retail — is supported by the structure of published fee schedules.

Effective revenue base is below 100%.

As described previously, the algorithmic environment on both platforms structurally penalises full-price selling, **compressing the effective revenue base** before any commission is applied. A second structural distortion compounds this further: the **majority of marketplace sales in fashion occur during promotional** events, meaning the actual average selling price is materially below the listed price. When a brand prices at ₽2,000 and sells 50% of volume at –30% during platform sales, the **effective revenue base is not ₽2,000 but approximately ₽1,700** — a 15% reduction before any commission, logistics, or return cost is applied. Net margin calculations built on listed price rather than realised ASP systematically overstate channel profitability. The true contribution margin on marketplace fashion is narrower than most P&L models reflect.

Why Ozon's ₽40bn EBITDA is not a fashion story

Metric	Wildberries	Ozon	Lamoda	Yandex Market	TSUM
GMV / GMV equivalent	**~₽3,320bn+**	**~₽2,800bn+**	₽187bn	~₽220bn	n/d (luxury)
Fashion as % GMV	~35–40%	~25–30%	**89%**	~15%	**~100%**
Average order value	~₽1,800–2,200	~₽2,000–2,500	₽5,676	~₽3,500	**₽20,000+**
Logistics model	51,000+ PVZ	FBO / FBS / PVZ	Courier + PVZ	Yandex couriers	Own stores
Returns policy	14–30 days	14–30 days	**365 days free**	7–30 days	14 days
Private label fashion	Growing (WB Brand)	800+ SKUs (Ozon Brands)	No	No	No
FAS antitrust recognition	Jan 2024 ✓	Jan 2024 ✓	N/A	N/A	N/A

Source: Company disclosures, FAS Russia and analyst estimates; GMV figures are latest-year approximations, not directly comparable across reporting standards. VGR analysis.
n/d = not disclosed. PVZ = pick-up point; FBO / FBS = fulfilled by operator / by seller. Fashion share and AOV are VGR estimates where official figures are unavailable.

VGR

Ozon reported adjusted EBITDA of ₽40.1bn in 2024 — healthy numbers that require context. The profitability is **fintech-driven**, not fashion-driven: Ozon Bank processed ~₽4.9tn in 2024 (₽9.8tn in 2025, doubled year-on-year), and **financial services generate margins that fashion GMV structurally cannot**. The platform is economically viable because of its bank. Brands selling fashion on Ozon are feeding an ecosystem whose profits originate elsewhere — a dependency that gives the platform every incentive to extract more from sellers over time. For fashion brands, this distinction matters: the commission structure, logistics fees, and promotional placement costs they absorb are not subsidised by Ozon's profitability. They are the mechanism by which the marketplace funds everything else.

The regulatory environment is beginning to catch up. In January 2024, the **Federal Antimonopoly Service** formally **recognised Wildberries and Ozon as dominant marketplace operators**, establishing the legal basis for future intervention. It is the first official acknowledgement that marketplace pricing power has become an **antitrust concern** in Russia. In comparable markets — the EU's treatment of Amazon, South Korea's action against Coupang, China's 2021 intervention in Alibaba's exclusivity practices — the trajectory from formal recognition to active enforcement has typically taken three to five years. Russia is at the beginning of that curve.

The cost structure of selling through these platforms is not fixed. **Brands that have built their distribution** model **around current commission rates and logistics terms** are carrying a regulatory and **commercial risk** that does not yet appear on their P&L. The platforms have every structural incentive to raise extraction rates before regulation constrains them — and the data suggests they already are. Average seller commission rates on Wildberries increased by an estimated 2–4 percentage points between 2022 and 2024. For a fashion brand operating on 50–55% gross margins, that compression is not marginal. It is the difference between a viable wholesale-equivalent channel and one that destroys brand economics at scale.

“

The marketplace duopoly rewrote brand economics permanently. Wildberries and Ozon are now infrastructure, not a channel.

The PVZ moat: tens of thousands of pick-up points built over a decade — and impossible to quickly replicate

Wildberries operates an extensive network of **pick-up points** (PVZ) across Russia — a logistics infrastructure that is the platform's **real competitive asset**, more durable than any commission structure or assortment advantage. No fashion brand, domestic or international, can replicate it. It explains **why return rates on Wildberries** (estimated at 28–35% across fashion categories) are **commercially tolerable**: the friction of returning to a nearby **pick-up point** is low enough that **consumers use it as a fitting room**. The physical network has effectively subsidised a consumer behaviour — browse online, try at the PVZ, return what doesn't fit — that fundamentally changes some purchase fashion. Sizing uncertainty, historically one of the primary barriers to online fashion adoption, has been largely **dissolved by proximity**.

Regional nuance matters here. The PVZ density **advantage is most significant in cities of 100,000–500,000 population**, where Wildberries and Ozon have systematically outbuilt traditional retail over the past four years. In these cities, the marketplace **pick-up point is often closer to the consumer than any branded store**, any multi-brand retailer, and in many cases any shopping centre. Lamoda's announced expansion into 20+ city pick-up and try-on points (Interfax, 2024) signals that the curated end of the market is also moving toward hybrid physical presence — but starting from a base that is orders of magnitude smaller. The competitive dynamic in medium-sized Russian cities increasingly resembles an archipelago: islands of WB and Ozon PVZ density surrounded by sparse traditional retail and almost no mid-market own-store presence. For a brand considering regional expansion, opening a store in a city of 300,000 people means competing not just with other stores, but with a logistics network that already has fifteen locations within walking distance of most residents.

The payment infrastructure after VISA and Mastercard

Payment infrastructure has evolved in parallel with logistics, and the two shifts are structurally connected. **Mir and SBP** (Faster Payments System) now account for approximately **65% of online fashion transactions** by value as of 2024, up from under 10% in 2021 — a compression driven by restriction-driven card network departures and active government promotion of domestic payment rails. Apple Pay and Google Pay are absent. For any brand building direct-to-consumer e-commerce outside the marketplace ecosystem, Mir integration is non-negotiable, and SBP compatibility is rapidly becoming the same. The brands that assumed Western payment infrastructure would return have lost three years of DTC investment capacity.

Cash-on-delivery has declined from roughly 35% of orders in 2019 **to under 15%** in 2024, reflecting **rising consumer confidence in digital payments** and an increasing proportion of repeat buyers with stored payment credentials. This shift carries a secondary implication that is often overlooked: as cash-on-delivery declines, the consumer data advantage of the platforms deepens.


WILDBERRIES
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OZON
OZON

Ozon's private label expansion and Chinese platform entry are converging threats to mid-market brands

Ozon launched its **private label fashion programme** — Ozon Brands — in 2023, initially targeting basics and athleisure. By Q3 2024 the programme had expanded to **over 800 SKUs across seven house brands**, sourced **directly from Chinese** and Turkish manufacturers at input costs below any equivalent third-party offering on the platform. The trajectory is structurally familiar: **Amazon followed an identical path in apparel**, using marketplace sales data to **identify high-volume**, **low-differentiation categories** before entering them with own-label product at **aggressive price points**. Ozon has the same **data advantage** and is exercising it in the same sequence.

The strategic implication for brands selling on the platform is one of the most uncomfortable in Russian fashion right now: **Ozon is simultaneously** the **largest accessible distribution channel** for mid-market brands and a direct, **algorithmically-advantaged competitor within it**. The brands most exposed are those operating in the ₽800–2,500 range for basics — jersey, knitwear, underwear, simple outerwear — precisely the segment where Ozon Brands is concentrating its SKU expansion. A brand in this tier is not just paying commissions to access Ozon's consumer base; it is funding the platform's understanding of what to make next.

Chinese cross-border platforms introduced a separate competitive layer. Poizon and Shein both maintained active Russian operations through 2024, with Shein processing an estimated 18–22 million parcels annually into Russia via EAEU grey-import corridors. The structural asymmetry was regulatory as much as commercial: under EAEU threshold rules, goods under EUR 200 enter duty-free on a per-parcel basis, meaning Chinese cross-border operators avoided the VAT and customs duties that Russian brands pay on imported fabric and finished product. The playing field was not level. It was engineered to favour volume cross-border shipment over domestic manufacturing and brand investment.

The disrupted cross-border disruptor

Shein was banned in January 2025, removing the primary ultra-fast, ultra-low-price operator from the ₽500–₽1,500 disposable fashion segment. **The vacancy is real** and, as of mid-2025, unfilled at comparable price-volume economics by any domestic player. Whether a Russian operator can build the supply chain speed and SKU breadth to occupy that space — or whether a different Chinese platform fills it through a compliant structure — remains the most open competitive question in the lower end of the Russian fashion market. A related uncertainty sits in the **social commerce layer**.

The social networks dilemma

Russian social networks — VKontakte and Telegram — **still need to evolve commercially** to reach the functionality of their Western counterparts, Instagram primarily. Whether VK develops into a genuine fashion commerce platform, or whether TikTok eventually establishes a compliant Russian operation, remains an open question. Brands should build for adaptability: whichever social platform achieves critical mass, the brands with established content infrastructure and creator relationships will be positioned to activate quickly.

App downloads as a demand signal: who is capturing attention in May 2025

Monthly app downloads they measure **new acquisition momentum**. In May 2025, 11 brands tracked across iOS App Store and Google Play (Russia, Shopping category) reveal a demand hierarchy that maps almost perfectly onto the competitive architecture of the market.

Total Installs — May 2025		iOS	Android	Total
1 Wildberries	*Marketplace*	360K	950K	1,310K
2 Ozon	*Marketplace*	368K	820K	1,188K
3 Lamoda	*Fashion platform*	110K	190K	300K
4 Sportsmaster	*Sport retailer*	120K	150K	270K
5 Gloria Jeans	*Fashion brand*		150K	210K
6 LIMÉ	*Fashion brand*			65K
7 Henderson	*Fashion brand*			45K
8 Love Republic	*Fashion brand*			40K
9 Zarina	*Fashion brand*			40K
10 SELA	*Fashion brand*			35K
11 TSUM	*Luxury*			35K
All 11 brands — total				

iOS share as a demographic proxy

Higher iOS skew signals a more affluent, urban user mix.

Market average	LIMÉ	Love Republic	Zarina	SELA	TSUM
33%	54%	50%	50%	57%	57%
Weighted avg 11 brands	*Fashion brand highest skew*	*Fashion brand*	*Fashion brand*	*Fashion brand*	*Luxury*

The marketplace **duopoly extends to mobile**. Wildberries and Ozon captured 2.5 million new app installs in May alone — 79% of total downloads across the 11 brands tracked. The **nine remaining brands combined acquired fewer new users than Wildberries** did on its own. Fashion brands operate at a different order of magnitude: Gloria Jeans, the strongest domestic brand by downloads, drew 210K installs; LIMÉ registered 65K. The gap is structural — consumers download WB and Ozon because the infrastructure demands it; they download brand apps because they have made an active choice.

The most strategically significant figure is **LIMÉ's iOS share: 54%, against a market average of ~33%**. LIMÉ is acquiring disproportionately on Apple devices — the device **most correlated with higher disposable income** and urban concentration in Russia. SELA and TSUM register an identical skew at 57%, consistent with their premium positioning. For brands targeting mid-to-upper cohorts, iOS share in app acquisition is a clean demographic proxy — one that requires no survey data to read.

Source: AppMagic / Sensor Tower — iOS App Store & Google Play, Russia, Shopping, May 2025. Monthly downloads; not installed base.

Executive Priorities

Build a marketplace economics model before building marketplace presence

The cost-to-serve on WB and Ozon runs at 38–45% of GMV before COGS. Brands entering without a **detailed unit economics** model systematically underestimate the **margin compression**. At what sell-through rate and average selling price **does the channel become profitable**? Calibrate against your COGS and SGA structure. Consider commercially **what merchandise you deliver to the marketplaces**: same as your stores, only underperformers, only basics, only during end of season sales? Many brands discover the answer is 'only at scale' — meaning the first 12–18 months of marketplace presence are deliberate investment, not a revenue line.

Treat Mir and SBP as mandatory infrastructure, not an afterthought

Any direct-to-consumer channel launched without Mir and SBP QR-code integration excludes approximately 65% of Russian online fashion consumers from transacting. The technical integration is straightforward; the CBR compliance requirement (KYC, AML) takes longer. Build this infrastructure into the DTC roadmap from day one, not as a retrofit after launch.

Assess your private label exposure on each platform — and resolve the data dependency question

For every brand operating on Ozon in the ₽800–2,500 basics tier, a private label encroachment analysis is overdue. **Map the SKUs where Ozon Brands now competes directly**. Separately: identify which commercial data assets are critically important, which can only exist on-platform, and which should be replicated in an owned environment. Every brand building commercial intelligence on WB/Ozon infrastructure owns data it cannot export. Draw the dependency boundary explicitly before the platform uses that intelligence against you.

06

The Talent Gap

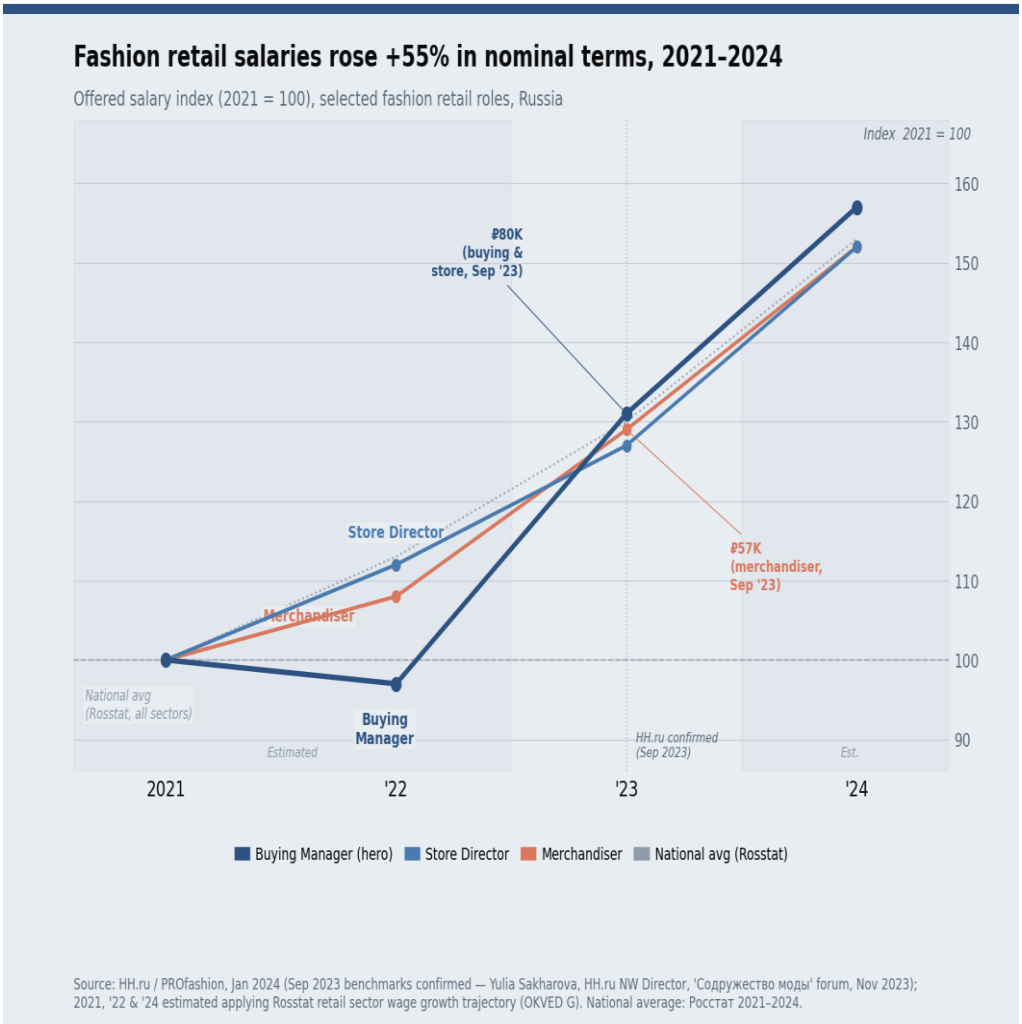
The market infrastructure is built. The people to operate it have been redistributed. Who built on that knowledge determines the next decade.

~24,000

retail employees displaced by Western brand exits — primarily store-operations staff, the majority of whom struggled to place in equivalent roles in the short term

Salary inflation is permanent — and pre-dated the fashion talent crisis

Russia's labour market entered **structural shortage** well before the pressure reached fashion specifically. By end-2023, the national job vacancy rate reached approximately 7% — versus 2–3% in prior years. The total worker shortage reached 4.8 million across the economy. The HeadHunter CEO's, Dmitry Sergienko, observation in September 24 — 'there will never be cheap labour in our country again' — is directly applicable to fashion retail.



Fashion is doubly exposed. **Senior retail** professionals are among **the scarcest profiles** in the Russian labour market. Simultaneously, the industry is **missing** approximately 25% of its production-level **sewing workforce** (FashionNetwork, September 2023) and competing for a **shrinking pool of commercial talent** with the defence industry, **technology** sector, and the **marketplaces** themselves — all of which offer **compensation structures that traditional retail chains cannot match**.

Real wages grew 8.2% in 2023 and 9.2% in 2024 nationally. The **fashion retail senior cohort experienced higher compression**, with **buying managers and merchandising directors seeing 60–70% nominal salary increases** since 2021 — well above general wage inflation of ~35% over the same period. This is not a market correction that will normalise when labour supply recovers. The structural driver — mass departure of a consumer cohort that would have entered the labour force in major cities — is not likely to be **reversible on a 3–5 year** horizon.

The training pipeline has collapsed — and the HQ mindset gap compounds it

This chapter addresses a different dimension of the talent question from Chapter 02: not who was hired, but what institutional infrastructure enabled them to perform. **Western fashion brands in Russia were not just employers** — they were the **primary training institutions** for Russian retail methodology. Zara Russia, H&M Russia, Adidas Russia, and their peers ran structured processes with local buying programmes, merchandising academies, and management training tracks that **produced a steady cohort of commercially trained professionals each year**. These **pipelines ended** in 2022. The 10,000 who are currently embedded in domestic brands will not be replaced by a comparable generation **unless alternative training infrastructure is built**.

Of the remaining ~14,000 from the initial pool of displaced workers, three destination patterns are observable: a significant cohort **emigrated**, taking Russian-market expertise abroad; many redirected to **adjacent sectors** such as logistics, retail technology, and hospitality; and a portion faced **sustained unemployment** as their store-operations skills found no immediate domestic market match. Just one domestic brand has started developing a training program in the style of those in Inditex. For the rest, **the gap widens every year** that Western brands remain absent.

The second layer of the problem is structural rather than numerical — **a gap between how global brand HQs think about Russia and how their former Russia-based operations actually functioned**. Global brand executives, having exited the market, **tend to perceive Russia as a block**: uniform regulatory risk, uniform consumer profile, uniform competitive landscape. Former Russia-based leadership knows this is wrong. The market is architecturally complex: Moscow is a global city with premium consumer behaviour; the regions are a structurally distinct mass-market with different price sensitivity, logistics requirements, and brand recognition patterns. **The local teams** that operated Zara, H&M, and Uniqlo in Russia **held the institutional knowledge to navigate this complexity**. That knowledge is now embedded in domestic operators — or it has emigrated with its owners.

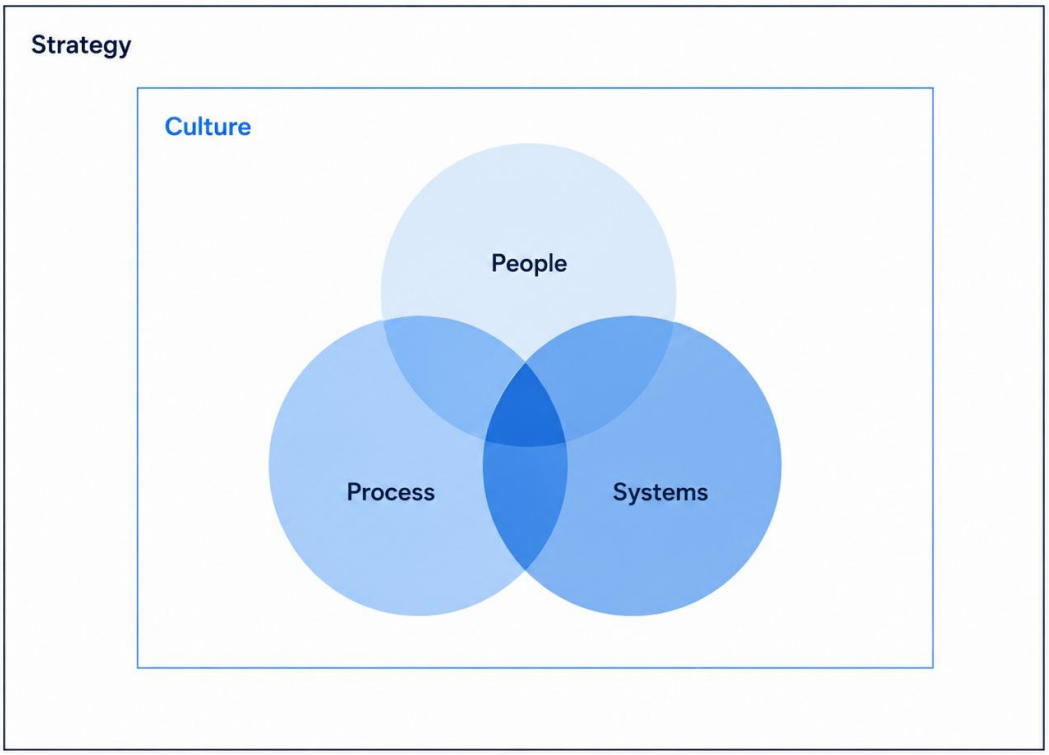
For any Western brand considering a structured return, the most commercially valuable asset they could acquire is not only a store network or a legal entity — it is the **intellectual capital of their former Russia-based leadership team**. The question of how that knowledge is now distributed across the domestic market, and who holds the most commercially actionable version of it, is a due diligence question that no geopolitical trade analyst can answer.



Zarina, Forever yours Saint Valentine's collection. VGR visit 2024

The gap is not people — it is the system those people operate inside

People, Process and Systems define how a fashion company operates. Culture determines whether those systems take hold. Strategy gives them direction. Disconnect any one, and the organisation underperforms regardless of the talent it has hired.



People

Finding **talent is necessary** — but **not sufficient**. After the exit, professionals became available, but the gap most organisations failed to anticipate was between what these people **had done** and what they were asked to do. Operating a retail network's visual merchandising is structurally different from designing its strategy — as many ex-Zara professionals who joined MAAG discovered**. Field skills and headquarters skills are not the same**. Closing that gap has a cost in money and time. Both must be planned for.

Process

Process follows the same logic. **Managing a collection on a store floor is not the same as creating it**. MAAG had to build every commercial process from zero. Other Russian brands faced the inverse problem: their existing teams had internalised a different framework entirely. Ask them to abandon it and they resist; hand them a new one without preparation and they struggle. In both cases, process transfer is a project in its own right**.**

Systems

Systems are the mirror of process: **without data, no manager makes good decisions**. The critical question is not just whether the data exists — it is whether it exists in a form the team knows how to act on. Professionals trained on Zara, H&M or Uniqlo data models have built their commercial instincts on **specific architectures**: particular cadences of stock reporting, specific ownership structures for intake decisions, familiar sell-through metrics with defined thresholds. None of that translates automatically. A buying director who can read a Zara replenishment report in three seconds may take three days to extract the same signal from an unfamiliar system — if the data even exists in a comparable form. Building the data system the process demands is not a technology project. It is a **commercial prerequisite**, and it requires investment before the methodology can function, not alongside it.

Culture

None of these three pillars operates in isolation. They sit inside a corporate culture — and this is where many post-2022 transformations quietly broke down. **Ex-international professionals, accustomed to high autonomy**, **flat hierarchies, and structured feedback cycles**, found themselves inside organisations where **authority was concentrated**, decisions moved slowly upward, and challenge of leadership was read as insubordination. The friction was not a personality issue. It was a structural collision between two entirely different operating cultures. Deliberately designing a culture where both cohorts can perform — not merely coexist — is a leadership decision, not an HR initiative. It requires explicit norms: how decisions get made, how disagreement gets aired, what performance looks like, and who owns what. The only reliable source of calibration for that design is perspectives brought deliberately from outside Russia — because the local default will always reassert itself without a competing reference point.

Strategy

Culture must be activated by a strategy with a clear intention. A commercial strategy that every team member can articulate in one sentence is not a management luxury — it is the mechanism that converts People, Process and Systems from overhead into **compounding advantage**. The strategy does not need to be complex. But it needs to be specific enough that every hire, every process decision, and every systems investment can be tested against it. Brands that attempted transformation without that anchor found themselves with talented people pulling in different directions, processes that optimised for the wrong outcomes, and data that answered questions nobody had decided to ask. Connect all five elements — and you have the architecture of a company that can actually win in the Russian market as it now exists, not as it was before 2022.

Executive Priorities

Audit whether you hired the person or the method

For every Western-brand alumni hired since 2022, **map whether the commercial processes they depended on to be effective have been properly implemented**. A retail manager without the proper data is blind in making shopfloor decisions. If the method has not followed the hire, either redesign the process or accept that you are paying a premium salary for a capability that is dormant.

Design the culture before the org chart designs it for you

International brand alumni and Russian-trained professionals operate from fundamentally **different cultural defaults** — one expects **delegation and empowerment**, the other expects **hierarchy and explicit direction**. Companies that fail to define their operating culture explicitly will find that neither cohort performs at its potential. **Culture design is a commercial decision, not an HR exercise.** Bring in perspectives from outside Russia to calibrate what a hybrid, performance-oriented culture should look like — and institutionalise it before the informal culture of the founding team embeds itself permanently.

Price key talent at tomorrow's rate — and build the long game now

Senior fashion professionals have absorbed 60–70% salary inflation since 2021, and the structural drivers of that pressure are not abating. Brands that benchmark compensation against 2022 norms are already losing ground in the retention market. For the most critical roles — commercial directors, buying leads, digital merchandising heads — model the full retention cost including long-term incentive structures: equity-adjacent schemes, profit participation, deferred bonuses. If Western brands re-enter in meaningful numbers, competition for this talent cohort will intensify rapidly. **An LTI structure** established now is an **insurance policy against that inflection**. The brands that consider it optional are the ones that will fund their competitors' next hiring cycle.

“

The people who built Zara's Russia are still in Moscow. The question is which organisation gave them the tools to work and develop a headquarters’ mindset.

07

The Near Future

A structural opportunity defined by absence is beginning to close. The brands that act in 2025–2026 shape the decade.

AW26

the inflection season— market struggling, regulatory barriers rising, competition hardening, structural vacancy narrowing

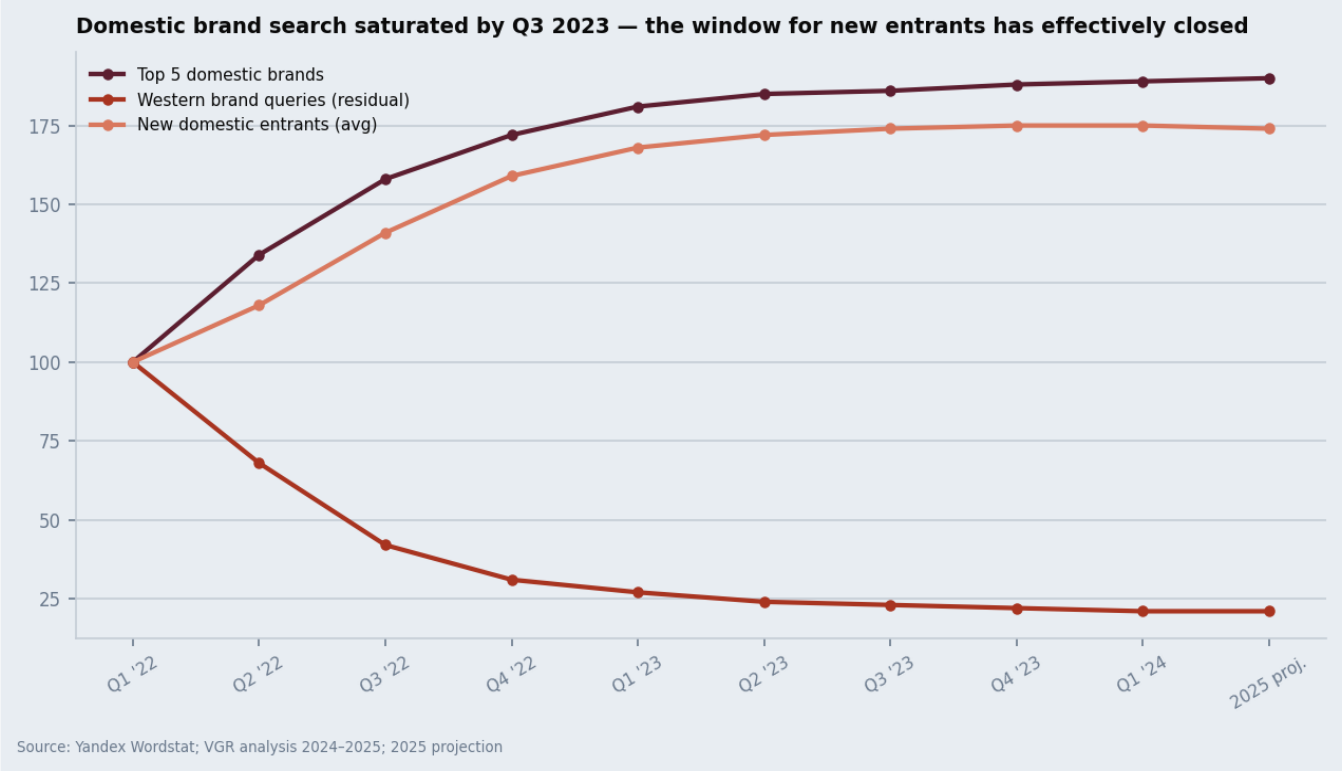
Consumer search behaviour signals a market saturating around domestic challengers

Yandex search **interest data provides a forward-looking indicator** for consumer **brand awareness** that operates on a different logic from sales data or footfall metrics: it captures intent before transaction, and at scale. The pattern visible in 2025–2026 data differs qualitatively from the 2022–2023 post-exit surge: rather than a single dominant spike reflecting crisis reallocation, the 2025 data shows a market in which **domestic brand search interest is plateauing at high levels** while the **incremental interest** generated by each new store opening or campaign is **declining**. This is the signature of market saturation around the current competitive set.

The distinction matters because it marks a structural shift in how awareness is being created. Between 2022 and 2024, domestic brands benefited from a passive awareness mechanism: Western brand absence created **a vacuum that search behaviour filled organically**. Consumers who had previously searched for Zara or H&M began searching for **domestic alternatives**, and the brands present in those searches **gained share without investing proportionally** in brand building. The Yandex data from that period shows steep, fast curves — the shape of captured demand, not earned demand. The 2025–2026 data shows what comes after.

Yandex search interest: domestic brands vs Western queries, 2022–2026

Relative search interest, indexed to Jan 2022=100; quarterly averages; 2026 = Jan-Mar actual



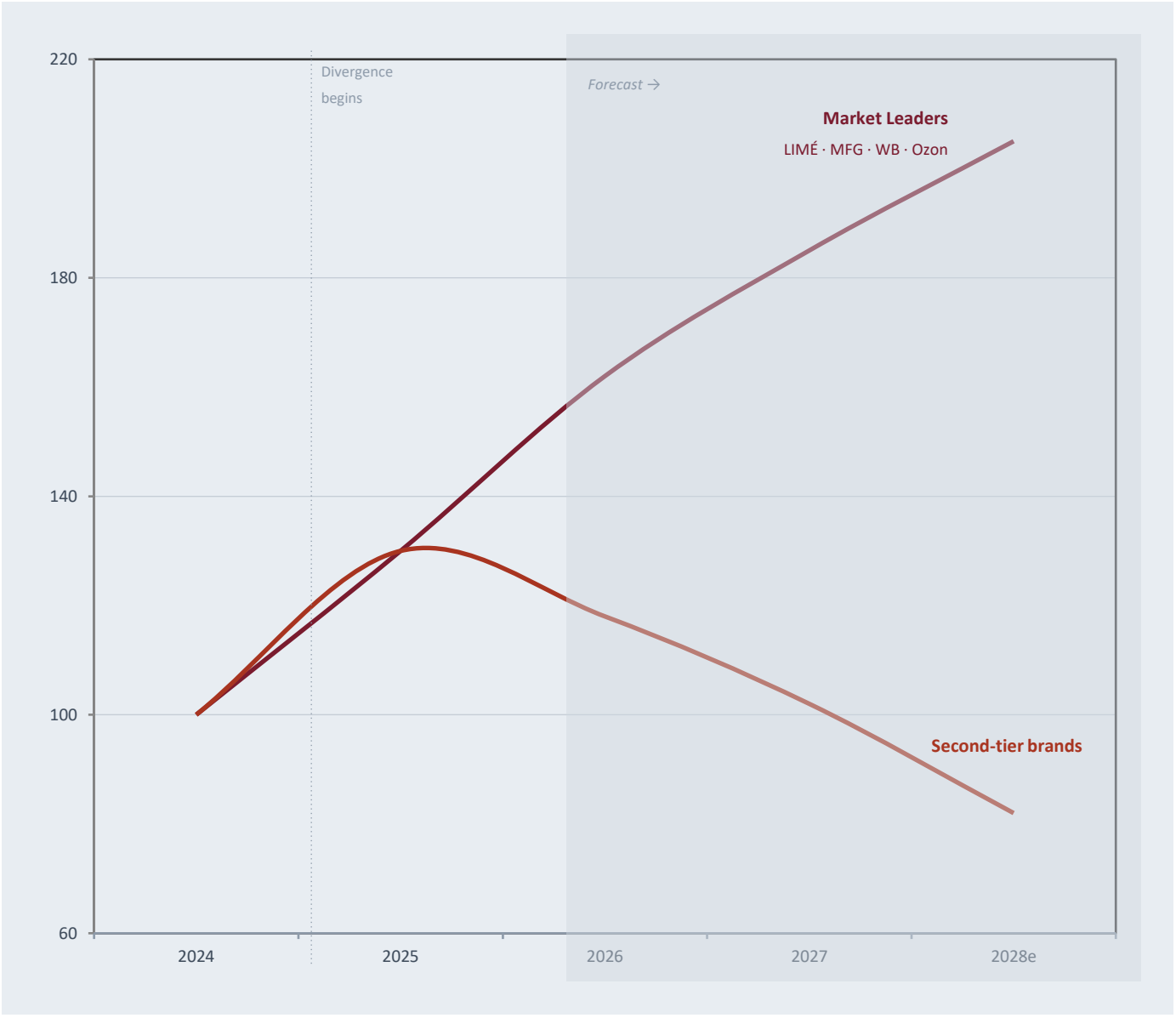
Source: Yandex Wordstat; VGR analysis, 2024–2025; 2025 projection based on H1 trend

The Russian fashion market is splitting in two — and the divergence is accelerating

For LIMÉ and MFG, the **plateau is the natural equilibrium of category leadership** — awareness built through three years of genuine brand investment, not borrowed from a competitor's absence. It is a sign of category maturity, not a warning. For second-tier domestic brands that captured tail-end demand from the Western exit but have not yet built genuine brand equity, the **plateauing search interest signals a harder competitive environment ahead.**

K-shaped growth in the Russian fashion market

Indexed performance, 2024 = 100 · Russian fashion market · 2024–2028



Source: VGR analysis; Wildberries, Ozon, LIMÉ public reports, 2024–2025

Consumer awareness built on search-interest spillover from a competitor's absence is inherently fragile: when the market stabilises, that borrowed awareness decays without the reinforcement of genuine brand preference. The practical consequence is visible in campaign performance data from late 2024 and early 2025. **Brands report diminishing search-lift from new collection drops and promotional events** — the same marketing investment that drove a 22% search spike in 2023 now generates 9–12%. This compression is a brand-equity problem, not a media-efficiency one. The easy growth from absence is exhausted; **growth now requires genuine differentiation**.

The next chapter depends on a variable no brand controls — so savvy operators are building for all three.

Three distinct **macro-scenarios** bracket the plausible range for the Russian fashion market through 2027. Each demands a different operating model. A strategy that does not name which scenario it is built for is not scenario-neutral — it is an unacknowledged bet.

MOST LIKELY · currently unfolding, through 2027

The Trade Restriction Era Continues

The geopolitical framework holds. LIMÉ and MFG **consolidate market leadership** — growing in real terms, but at **high single-digit rates** after three consecutive years of 22–33% compounding. Second-tier domestic operators face structural **volume and margin pressure** with no demand catalyst to offset it. Second tier domestic brands are **subject to acquisitions creating larger and more adapted groups**, requiring significant post-merger costs. The quality and **service premium rises** as consumers who previously bought Inditex now buy LIMÉ, Melon Fashion Group or nothing. Second tier continue to struggle to make their margin in the harsh marketplace environment. Only niche players with a clear customer might remain stable. MFG consolidates scale leadership but faces the harder internal **challenge of brand architecture**: the replication question is about methodology, not market position. **The defining strategic questions of this scenario**: can **MFG become the Russian Inditex?** And **what should LIMÉ become** to continue its **outstanding performance**?

POSSIBLE · 2027–2028 if geopolitical conditions shift

The Managed Opening

Selective re-entry of Western brands through Russian legal entities, **local JV structures**, **or franchise** arrangements. Consumers receive them — but not with the enthusiasm of 2019. Brand loyalty has partially transferred; local operators who built real equity (LIMÉ) and Volume (MFG) during the hiatus hold meaningful ground. **Mid-market domestics face the highest risk**. Speed of adaptation defines survival — those who used the protected years to build genuine capability versus those who coasted.

CONTINGENCY · 2028+

The Full Reset

A geopolitical resolution **fast and deep enough to trigger full Western brand re-entry** on pre-2022 terms. Local brands built for Russian conditions would now compete against global supply chains, global marketing budgets, and global data infrastructure. The **survivable position** requires either a **category niche** no global brand will invest to own, **or** the kind of cultural **brand equity** that can only be earned over time.

The brands that last will not be those with the best product — they will be those with the best team players.

Talent is the scarcest resource in Russian fashion right now — not capital, not product, not supply chain. Bringing executives from domestic legacy Western players has not been enough to capitalise on the once-in-a-generation opportunity that 2023 represented. In Russia's post-2022 restructuring, market share did not follow capital — it followed the speed of commercial decision-making. That could be the case of Gloria Jeans growing temporarily in 2023. **Adaptation requires empowered people with the right tools and the right data** — not too little to be blind, not so much they are paralysed. Russian brands are familiar with both failure modes. The brands that compounded through the disruption are those where decisions were made at the right level, not routed upward for approval..

FASHION BUYERS ARE NOT PRODUCED AT UNIVERSITY

They are **built over years of working with the product across the full organisation** — from store floor to buying office to commercial director. The knowledge that makes a great buyer is **embodied, not transferable** via a job offer. Moving **talent from retail into headquarters** without the right structure and time to absorb the transition wastes the very thing you recruited. The brands building durable commercial capability are the ones treating this **pipeline as a strategic asset**, not a hiring line item.

CULTURE IS NOT ONLY AN INTERNAL MATTER

The leading Western brands are not just managing culture inside their organisations — they are becoming **culture drivers in society**. Zara's collaboration with Bad Bunny is not a marketing campaign. It is a **repositioning of where the brand lives in the cultural conversation**. That kind of relevance is not built through better photography, more exterior shoots, or heavier media spend. It is built by being genuinely present where things are happening — and that requires a different kind of organisational ambition than most Russian fashion operators have been willing to develop.

PERFORMANCE EMBEDDED AT EVERY LEVEL

The brands emerging as leaders are those where **inventory discipline**, margin management, and channel P&L are embedded at every level — **not just in finance**. Culture is the mechanism by which strategy becomes daily habit at scale.

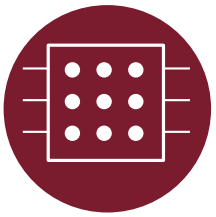
No platform owns fashion interest in Russia



THE INTEREST GAP

No app has replaced the fashion magazine

Lamoda leads on curation — but curation is not interest. There is **no Russian app a consumer opens daily not to buy, but to be inspired.** In Western countries, Zara and SheIn are currently replacing time previously spent on Instagram with their own apps. The question "which app would you open to feel ahead of the curve?" has no convincing answer in 2025. That gap is a category-defining opportunity no domestic player has yet claimed.



AI: REAL BUT NOT YET HERE

Virtual Try-On is the first-mover bet

Most operators are in pilot mode or using **AI as a press release**. **Lamoda** named AI stylist and online fitting tool as 2026 priorities — the onl**y player with a named roadmap**. **Virtual Try-On** is the highest-conviction application: a genuine first-mover advantage if executed at scale before the category normalises it. The only current technology with **capacity to move the needle**. Yet to see how the Russian customer will accept the use of full and synthetic AI generated models that are starting to appear in Western brands like Mango.



THE SOCIAL GRAPH IS BEING REDRAWN

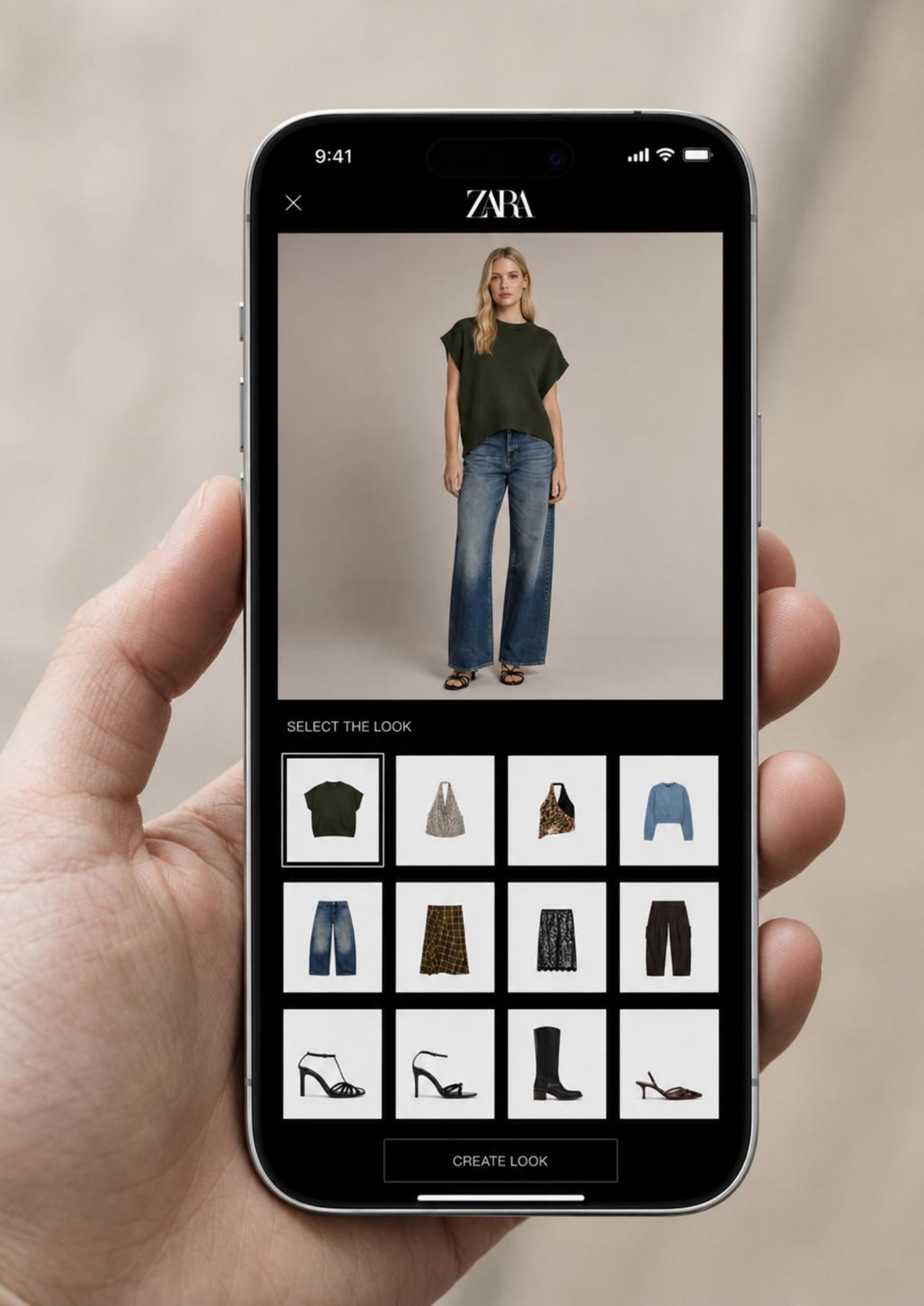
One regulation away from losing your acquisition engine

Domestic social networks continue to be significantly **less interesting** than its Western analogies, both due to traffic and commercial capabilities. Instagram is **blocked**. TikTok operates in a legal grey zone. LLMs like Claude, ChatGPT or Gemini are also blocked for use under the Russian Federation, making AI shopping assistance almost non-existent. **VPN use is under growing pressure**. Brands still dependent on **rented reach** from platforms **they do not control** are structurally exposed.

Source: VGR analysis, 2026

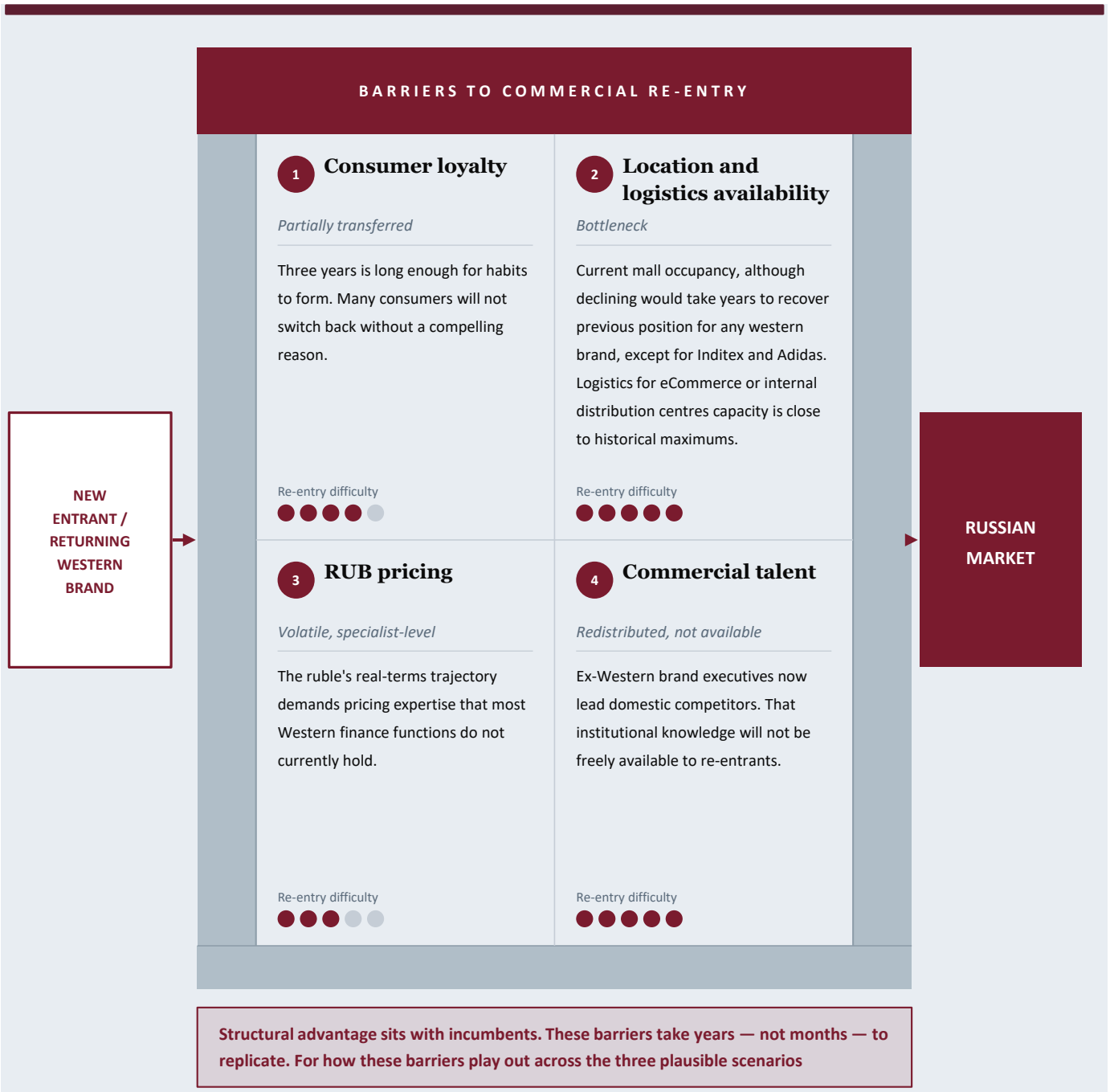
The three gaps above are not separate problems — they are the same problem wearing different clothes. A brand that has not built **a reason for consumers to think about it daily** will not win on AI personalisation, because personalisation without engagement is just a better-targeted irrelevance. A **brand that has not built an owned channel will not survive the next regulation cycle**, because the platforms it depends on are making policy decisions in Moscow and Washington that have nothing to do with fashion.

The Russian digital market is at an **inflection point** that looks deceptively calm from the outside: the marketplaces are growing, the numbers are improving, the crisis narrative is fading. But underneath, the **structural gap between brands that own** their consumer relationship and **those that rent** it is widening every quarter. The brands that treat digital as a **distribution channel rather than a relationship** will find themselves paying more in commission, converting less, and explaining to their boards why the market is growing but their margins are not.


9:41
ZARA
SELECT THE LOOK
CREATE LOOK

Even if the geopolitical window opens, the commercial door will be harder to walk through than it was in 2021

Porter's barriers to re-entry · Russia · 2025



Source: VGR analysis; company public reports, trade press, 2024–2025

The Russian **market has not been waiting**. Three years of disruption have calcified consumer habits, rewired supply chains through Turkey and China, and redistributed the institutional knowledge that once sat inside Western brand offices into the teams now running LIMÉ, MFG, Wildberries and lamoda. A returning brand would **need to rebuild pricing capability** for a volatile ruble, negotiate logistics capacity and location, and win back customers who have largely stopped asking when Zara is coming back. The geopolitical window may open. The commercial one will not open with it automatically.

Executive Priorities

Build the organisation that can compound, not just the one that can survive

The brands that captured 2023 were not the best-funded or the best-known. They were the most adaptive — and **adaptation is not a talent acquisition problem**, it is a structural one. An inventory-light, decentralised organisation where decisions are made close to the market is not a management philosophy, it is a competitive weapon. The VGR 6P model — People, Process, Product, Partners, Philosophy, Profit — offers a framework for diagnosing where your organisation is losing compounding capacity and where it is not. Most Russian fashion brands have optimised for survival. The next phase rewards those that optimise for acceleration. That requires a different internal architecture, and it requires building it before the window opens, not after.

Re-assess your positioning for a market that is splitting, not recovering

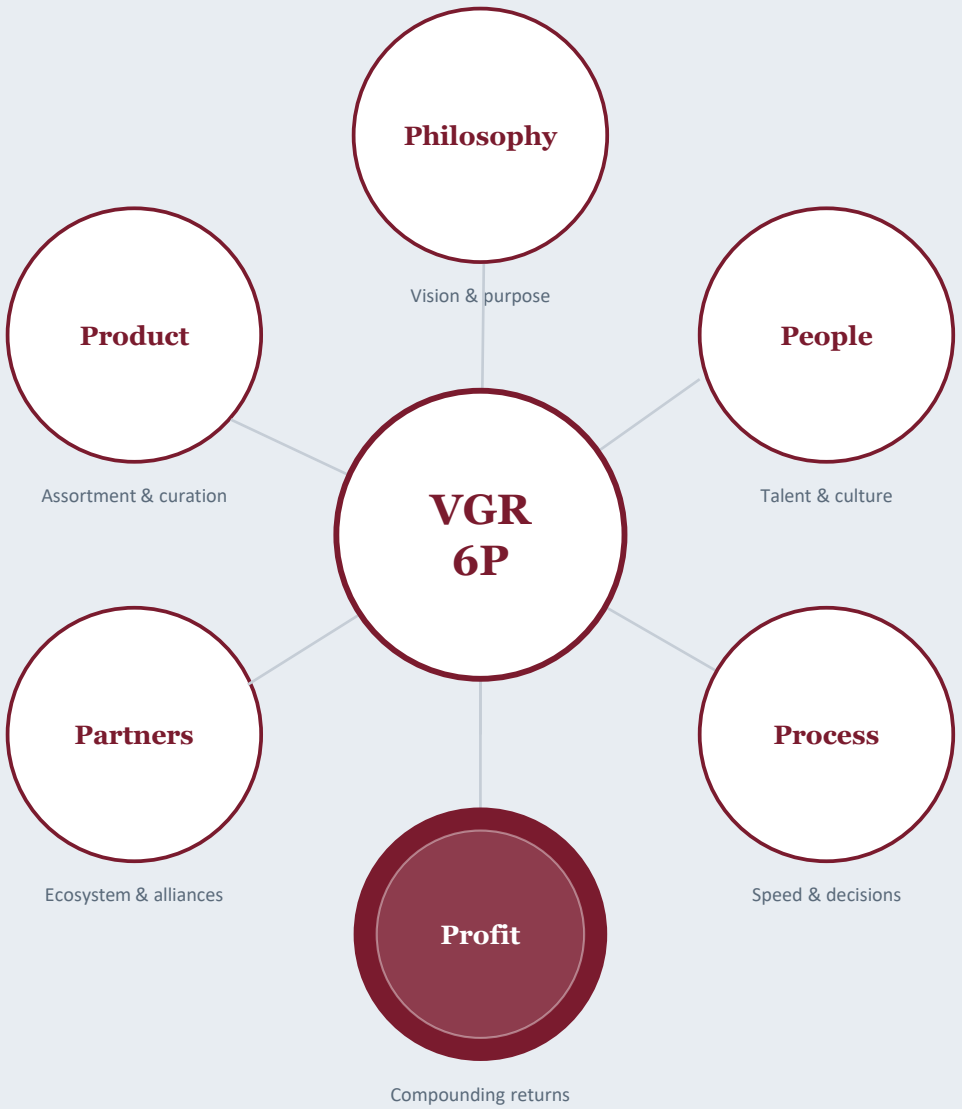
The K-shaped divergence is not a temporary feature of the post-restriction environment — it is the new structure. Growing in this market **means knowing precisely which arm of the K your brand sits on**, and whether that is by design or by default. **The white spaces are still real**. But claiming a white space requires the right commercial proposal, the right price architecture, and a market intelligence capability that most Russian brands have not built. Intuition worked in 2022. In 2025 it is not enough.

Decide your marketplace strategy before the marketplace decides it for you

Wildberries and Ozon are simultaneously the sector's distribution **salvation and its margin trap**. The question is not only whether to be present — it is **on what terms, with what portfolio, and with what relationship to your own channels**. Brands that have migrated fully to marketplace economics have **gained volume and lost pricing power, brand identity**, and consumer data. The brands that will matter in five years are those that use the **marketplaces as acquisition channels**, not as their entire commercial infrastructure. Ask whether your app is generating interest or just processing orders. The answer tells you more about your brand's future than your GMV figure does.

The VGR 6P Model

Six levers of compounding performance · VGR framework · 2025



Choose your position in the AI transition — but choose it consciously

Wait-and-see is a strategy, and in some cases it is the right one. But it needs to be a deliberate decision, not a default. The **AI applications that will create durable competitive advantage** in Russian fashion **are not the ones that automate back-office processes** — those are table stakes. They are the ones that **touch the consumer**: Virtual Try-On, personalised styling, visual search, demand signal processing. The first brand to deploy any of these at meaningful scale in Russia will have a **first-mover advantage that compounds**. The brands that wait for the technology to mature will find the category already owned. Know which game you are playing and resource it accordingly.

The barriers to re-entry are an asset, not a strategy

Consumer loyalty that has partially transferred, supply chains rewired through China and Turkey, institutional talent redistributed into domestic competitors or left the country, and a ruble that requires specialist pricing capability — these are **structural advantages for incumbents**. But they are not self-sustaining. A barrier that you do not actively reinforce is a barrier that erodes. The brands that will benefit from the geopolitical moment, if it comes, are those that have spent the intervening years deepening the moat: stronger consumer relationships, better data, faster product cycles, and an organisation capable of making decisions at the speed the market demands. Do not wait for the window. Use the time.

“

Anti-fragile markets do not reward the strongest entrant — they reward the most adaptive one.

VGR

EX

Exhibits

Supporting data tables and reference material cited in the main report.

Exhibit 1.1 — Western brand exits 2022: status tracker

Exhibit 1.2 — Real vs nominal online fashion market size

Exhibit 2.1 — Competitive field 2021–2025: major players

Exhibit 3.2 — Consumer sentiment arc: four years of survey evidence

Exhibit 4.1 — Moscow Class A mall vacancy and rental rates

Exhibit 4.2 — Bilateral trade: Turkey & Bangladesh apparel exports to Russia

Exhibit 5.2 — Platform economics: Wildberries, Ozon Fashion, Lamoda

Exhibit 7.1 — The window closes: quantified timeline of re-entry barriers

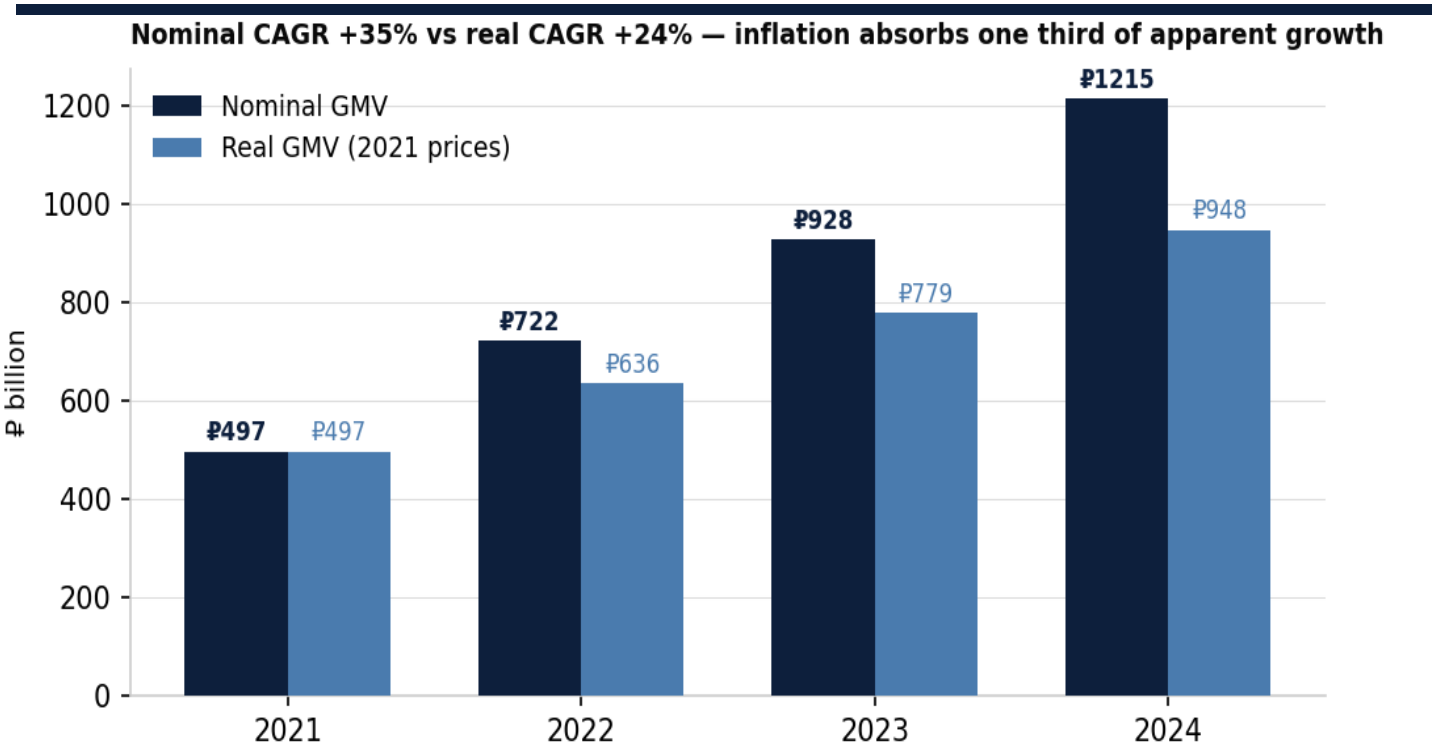
Exhibit 1.1 — Western brand exits 2022: status tracker

Selected major international brands that suspended or terminated Russian operations following February 2022. Universe estimated at 70+ operators. Classified by VGR six-archetype exit taxonomy.

Brand / Group	Category	Est. Russia stores (2021)	Exit mechanism	Status 2025
Inditex (Zara, Bershka, P&B, Stradivarius, MD, Oysho)	Fast fashion / mid-market	502	Transferred to MAAG/Daher Group (DIFC) — Symbiotic Brand Laundering	MAAG: ₽31.2bn revenue, first profit 2025. Zara product re-entering via Disco Club / Tvoe parallel channel.
H&M Group (H&M, COS, Monki, Weekday)	Fast fashion / mid-market	~170	Full exit. Inventory clearance Aug 2022 (SEK 2.1bn exit cost). 6,000 staff released.	Zero official presence. Residual brand equity sustained via marketplace parallel import.
LPP Group (Reserved, Cropp, Mohito, House)	Fast fashion / accessible	~553	Transferred to Far East Services (FES) / Daher Group — Structured Transfer	FES continues Russian operations. LPP books wholesale supply revenue.
Adidas (owned retail)	Sportswear	~500	Transferred to Lamoda Sport (Dec 2023). OOO Adidas Russia reclassified to real estate leasing.	OOO Adidas alive: ₽2.9bn interest income on ₽25.6bn trapped assets. Lamoda Sport subleases 90+ former locations.
Nike	Sportswear	~100	Full Exit	Zero presence. Brand maintained via parallel import ($64M→$198M, 2022→2023 via CIS route).
Uniqlo (Fast Retailing)	Mid / basics	~50	De-activation — suspended but not divested. No re-entry confirmed.	~50 locations dark. Parent confirmed permanent closure. Strategic patience possible.
Mango	Mid / accessible premium	~120 (55 own)	Franchise transferred to local partner — stores remained open. Strategic Patience / Structured Transfer.	Maintained. Franchise model preserved revenue without direct liability.
Levi's	Denim specialist	~70	Full Exit	Zero presence. Product available via parallel import only.
Hugo Boss	Accessible luxury	~50	Structured Transfer → Stockmann Group	Stockmann operates Hugo Boss retail; wholesale supply from Hugo Boss continues.
Tommy Hilfiger / Calvin Klein (PVH)	Mid / lifestyle	~60	Structured Transfer → Retail Excellence (RE Trading). PVH write-down: ~$42M.	RE Trading continues as licensee. PVH earns wholesale margin without direct market presence.
Marks & Spencer	Mid / food-fashion	~50	Full Exit	Zero presence.
Next	Value / mid	~30	Full Exit	Zero presence.
Decathlon	Sports / value	~60	Full Exit	Zero presence. Premium sportswear vacuum not filled by a single dominant operator.
New Balance	Sportswear	~30	Full Exit	Zero presence. 9.8% of consumers still name Adidas first in unaided preference — absent brands outperform present domestic competitors in recall (ROMIR 2024).
Geox / Calzedonia / MaxMara	Mid-premium / footwear / lingerie	Multiple	Strategic Patience — never announced exit. Franchise/wholesale preserved deniability.	Maintained and expanded. Geox opened 80th Russian store post-invasion.
LVMH / Kering / Hermès / Chanel (luxury)	Luxury	Multiple	Announced closure March 2022. Proxy Luxury: Mercury/Bosco proxy purchasing via UAE/Turkey.	GUM/TSUM stocked with current seasonal collections Summer 2025. Revenue maintained via back-channel.
LC Waikiki / DeFacto / Koton (Turkish)	Fast fashion	~300 combined	Never exited — Turkish/neutral status; no sanctions obligation.	Maintained and expanded. Regarded as primary Western-substitute by Russian consumers.

Exhibit 1.2 — Real vs Nominal Online Fashion Market Size

Fashion e-commerce GMV: nominal RUB vs inflation-adjusted (2021 base). Deflator: Rosstat clothing CPI +13.5% (2022), +5.0% (2023), +7.6% (2024).



Year	Nominal GMV	Real GMV (2021₽)	Nominal Growth	Real Growth
2021	₽497bn	₽497bn	Baseline	Baseline
2022	₽722bn	₽636bn	+45%	+28%
2023	₽928bn	₽779bn	+29%	+22%
2024	₽1,215bn	₽950bn	+31%	+22%

Source: AKIT / DataInsight fashion GMV (2021–2024); Rosstat Clothing CPI.

Exhibit 2.1 — Competitive field 2021–2025: major players

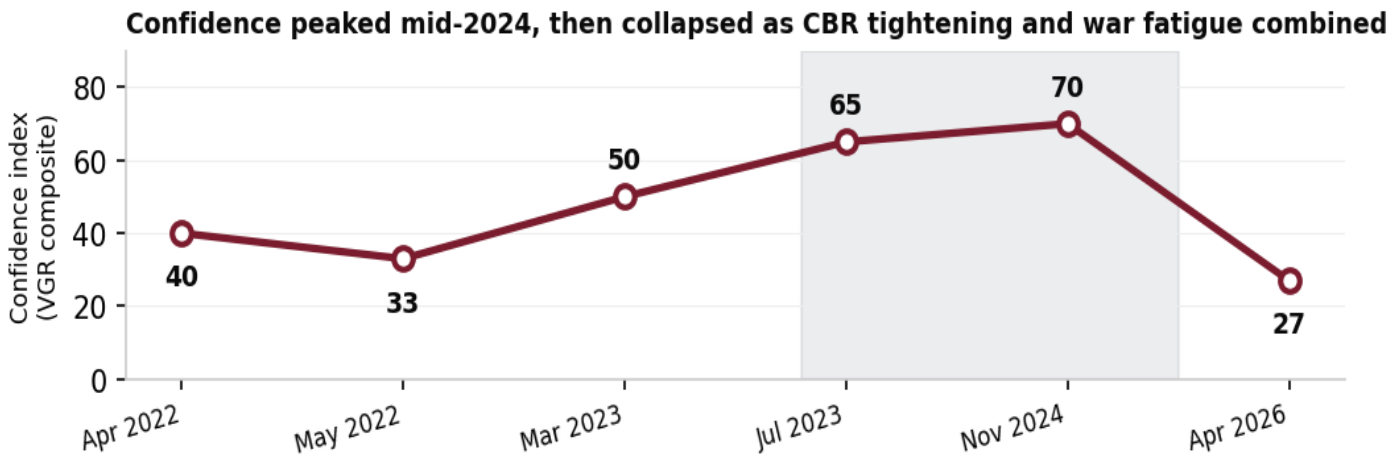
Major players by estimated 2021 Russia revenue — their 2022 response, revenue trajectory, and 2025 status. Revenue figures from RSBU filings where available; estimates for non-public companies from Retail.ru, Interfax, VGR.

Brand / Group	Origin	Est. Russia revenue 2021	2022 response	Revenue trajectory	Status 2025
Melon Fashion Group (Zarina, befree, Love Republic, Sela)	Russia	~₽37.5bn	Aggressive expansion: doubled store formats, +103 stores in 2022	₽37.5bn → ₽46bn → ₽62bn → ₽82bn → ₽99.8bn	Russia's first domestic fashion group at ₽99.8bn. 937 stores. Benchmark structural beneficiary.
Wildberries / Wb.Ru (fashion GMV)	Russia	Marketplace / N/A	Massive platform expansion; parallel import channels from Jun 2022	Multi-trillion GMV; fashion dominant category	57% combined share of Russian online fashion GMV (with Ozon). 51,000+ pickup points. WB = 34.5% commission.
LIMÉ (Style Trade / Stil Treid)	Russia	~₽5–8bn (est.)	Brand repositioning; physical expansion into Zara-vacated slots	~₽5bn → ~₽10bn → ₽20.7bn → ₽34.4bn (+66%)	₽34.4bn (2024). Fastest organic growth rate in dataset. 107 stores across 6 markets (95 Russia + 12 international). LIMÉ = Zara-standard HQ brand.
Lamoda (online + Lamoda Sport)	Russia / Global-E	~₽50–60bn (est.)	Absorbed Adidas store network Dec 2023; marketplace expansion	₽65bn → ₽75bn → ₽103bn	₽103bn (2024). Subleases 90+ former Adidas locations via Lamoda Sport.
Gloria Jeans + MAAG	Russia / UAE-Daher	₽60bn (GJ est.)	GJ: expanded into vacated sites. MAAG: acquired Inditex ops Oct 2022	GJ: ₽70bn (peak 2022) → ₽78bn → ₽57.6bn (–26% 2024). MAAG: ₽–5.4bn loss (2023) → ₽31.2bn rev, +₽1.7bn profit (2025)	GJ declining; MAAG stabilised. GJ factory divested to Kalashnikov Group 2025 — retail entity only from here.
O'STIN / Ostin	Russia / Sportmaster	~₽43.6bn	Expanded 2022–2024; now contracting	₽43.6bn → ₽52.3bn → ₽57.3bn (peak 2024) → ₽49.9bn (2025, est.)	Revenue –13% from peak. Sportmaster Group ownership (Modern Style Pte Ltd, Singapore).
12 Storeez	Russia	~₽3bn (2020)	Premium expansion; Ozon flagship; international ambitions	~₽3bn → ~₽6bn → ₽10.6bn → ₽11.9bn (2024)	Confirmed premium segment leader. UK and UAE presence. ~4× vs 2020.
Henderson	Russia	~₽10–12bn	Continued; stable in men's segment	Stable ~₽12bn	Men's suits market leader. Stable margin profile.
LC Waikiki (Turkey)	Turkey	~₽15–20bn (est.)	Maintained all 37 stores; cautious expansion	~₽18bn stable	37 stores. Primary Western-substitute in mid-market consumer perception.
Colin's (Turkey)	Turkey	~₽12–15bn (est.)	Expanded to 200 stores	~₽14bn stable/growing	200 stores. Rebranding under consideration 2025.
Ozon (fashion GMV)	Russia	Marketplace / N/A	Platform expansion; category-based seller commissions (rising 2024–2026)	Multi-trillion GMV growing	Combined WB+Ozon: 57% of Russian online fashion GMV. Both platforms use category-based commissions; rates rose through 2024–2026.
Sportmaster Group	Russia	~₽45bn	Continued; stable in sports category	~₽45bn stable	Market leader sportswear. Also owns O'STIN/Ostin brand.
Mango (franchise)	Spain / franchise	~₽8–10bn (est.)	Franchise transferred; stores remained open	~₽8bn flat (franchise model)	Maintained. Franchise model preserved without direct liability.
Wildberries Fashion brands (Wink etc.)	Russia	N/A	WB private label expansion	Growing within WB GMV	WB private label occupies low-end; data not disaggregated.

Exhibit 3.2 — Consumer Sentiment Arc — Four Years of Survey Evidence (2022–2026)

Six major surveys tracking Russian consumer attitudes toward brand exits, domestic substitutes, and spending confidence.

Survey	Date	n	Key Finding
VCIOM	Apr 2022	1,600	50% no regret over Western exits. 85% confident in import substitution.
Romir	May 2022	1,000+	51% still waiting for international brands to return.
NAFI	Mar 2023	1,600	85% want new domestic brands. 46% still want intl return. 63% expect more exits.
VCIOM	Jul 2023	1,600	Confidence index 5-year high (45 pts). 30% say good time for major purchases.
Feedback / MediaNation	Nov 2024	1,000+	Top replacements: Gloria Jeans (50%), Zarina (49%), MAAG (43%).
VCIOM	Apr 2026	1,600	Credit confidence 21 pts. 82% economic anxiety. Half say bad time to buy.



Source: VCIOM (2022,2023,2026); Romir (2022); NAFI (2023); Feedback/MediaNation (2024).

Exhibit 4.1 — Moscow Class A mall vacancy and rental rates: RUB and USD

The dual-currency finding: nominal RUB rents recovered +13%; USD-equivalent rents fell –9.6%. The vacancy and rental data in two frames.

Period	Vacancy %	Avg rent ₽/sqm/yr (midpoint)	Avg rent $/sqm/yr (midpoint)	RUB/USD avg for period	Interpretation
Q1 2022 (pre-structural change)	9.5%	₽30,000 (range: ₽25–35k)	$407 (range: $339–475)	73.7 (2021 avg)	Baseline. Western brands in full occupation. Mature negotiated rates.
Q1 2023 (peak vacancy)	15.6%	₽25,000 (range: ₽20–30k)	$293 (range: $243–366)	69.8 (2022 avg, capital controls)	Collapse. Western space cleared. Rent trough –17% vs baseline in RUB; –28% in USD.
Q4 2023 (absorption phase)	8.4%	₽32,000 (range: ₽26–38k)	$374 (range: $304–445)	85.5 (2023 avg)	Rapid backfill. Domestic brands absorbing. RUB rents recovering; USD still –8% vs baseline.
Q1 2024 (new equilibrium)	7.2%	₽34,000 (range: ₽28–40k)	$368 (range: $303–432)	92.5 (2024 avg)	Below pre-2022 vacancy. Nominal RUB +13% vs 2022. In USD: –9.6% vs pre-2022.
End-2025 (latest estimate)	7.7%	₽36,000–40,000 (est.)	$440–490 (est. at ₽82/$)	~82 (2025 avg)	Vacancy rising again. 400–500 store closures 2025. Pressure from domestic contraction, not Western exit.
End-2026 (CORE.XP projection)	9.7%	TBD	TBD	Forward TBD	Projected to return to 2015-cycle levels. Contraction phase — not 2022 exit-driven.

The dual-currency finding

- Nominal RUB recovery (+13% Q1 2022→Q1 2024) is partly an artefact of RUB depreciation: the same physical space costs more rubles because rubles are worth less.
- USD-equivalent rents fell –9.6% over the same period. A Western brand re-entering Russia in 2025 faces lower hard-currency rent costs than it paid before 2022.
- The vacancy structure is the crucial finding: 7.2% in Q1 2024 in prime locations (below the pre-2022 baseline of 9.5% — prime locations having already surpassed pre-2022 performance while broader Class A metrics showed higher vacancy) means there is no distressed space available. Premium locations are occupied by domestic incumbents at above pre-2022 nominal rents.
- The 600–2,500 sqm format band — the exact size of Zara, H&M, and Bershka flagships — was the slowest to be absorbed (Q4 2022). By Q1 2024, this format is fully reoccupied. Apparel accounted for 38% of all Moscow mall closures in Q2 2025 (CORE.XP).
- Re-entry implication: lower hard-currency rents + no distressed availability = a re-entering brand must negotiate with domestic operators who currently hold premium locations. The landlord advantage that returned brands expected does not exist.

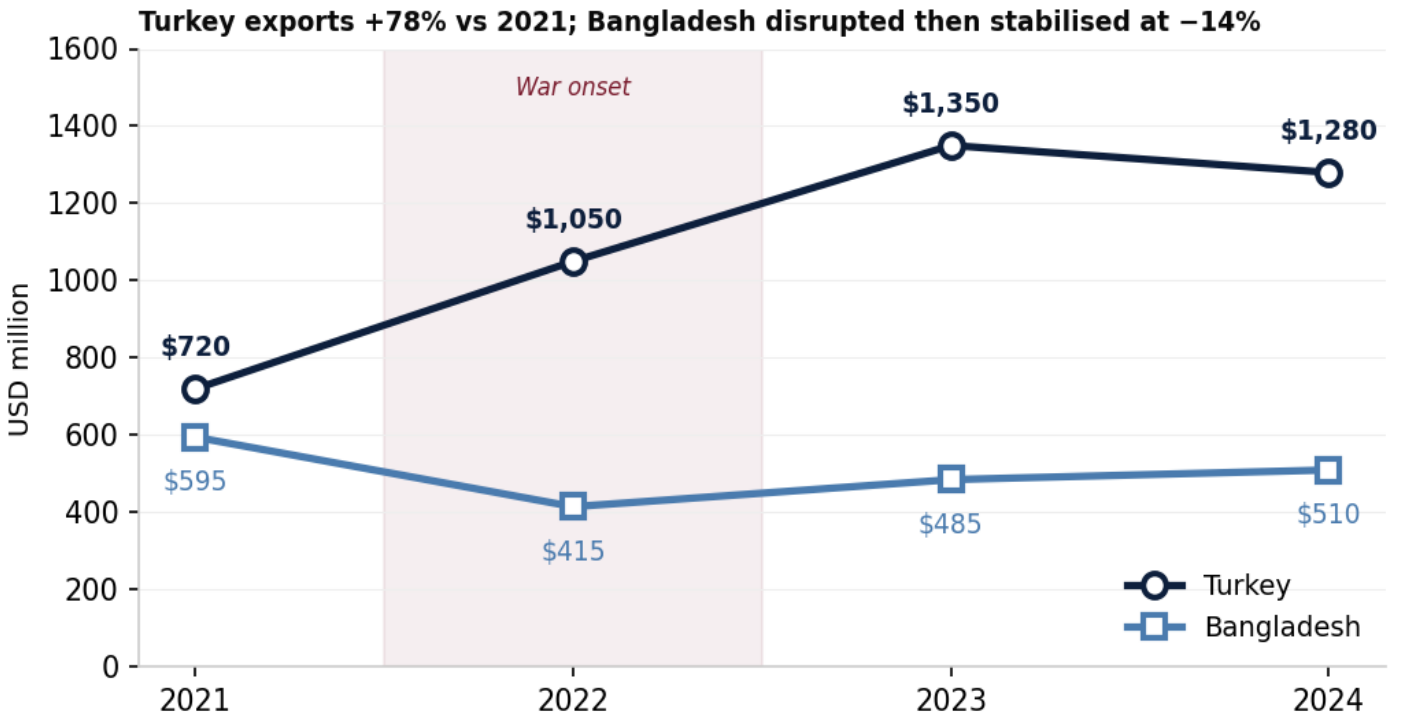
Metric	Q1 2022 (pre-structural)	Q1 2024 (new equilibrium)	Change
Nominal RUB (midpoint)	₽30,000/sqm/yr	₽34,000/sqm/yr	+13.3%
USD equivalent (midpoint)	$407/sqm/yr	$368/sqm/yr	–9.6%
RUB/USD avg rate	73.7	92.5	+25.5% RUB depreciation
Vacancy rate	9.5%	7.2%	–24% (space scarcer)

St. Petersburg followed a parallel trajectory: 6.4% → 12.2% (Q1 2023) → 5.8% (Q1 2024). Note: 2025 RUB/USD average approximately ₽82/$.

Exhibit 4.2 — Bilateral Trade — Apparel Exports to Russia: Turkey & Bangladesh (2021–2024)

Annual apparel export values (USD million). Turkey +56% vs 2021; Bangladesh −14% over same period.

Year	Turkey (USD m)	YoY	Bangladesh (USD m)	YoY	Turkey/Bangladesh ratio
2021	$720m	+12.0%	$595m	+18.5%	1.21×
2022	$922m	+28.0%	$415m	−30.3%	2.22×
2023	$1,180m	+28.0%	$485m	+16.9%	2.43×
2024	$1,120m	−5.1%	$510m	+5.2%	2.20×

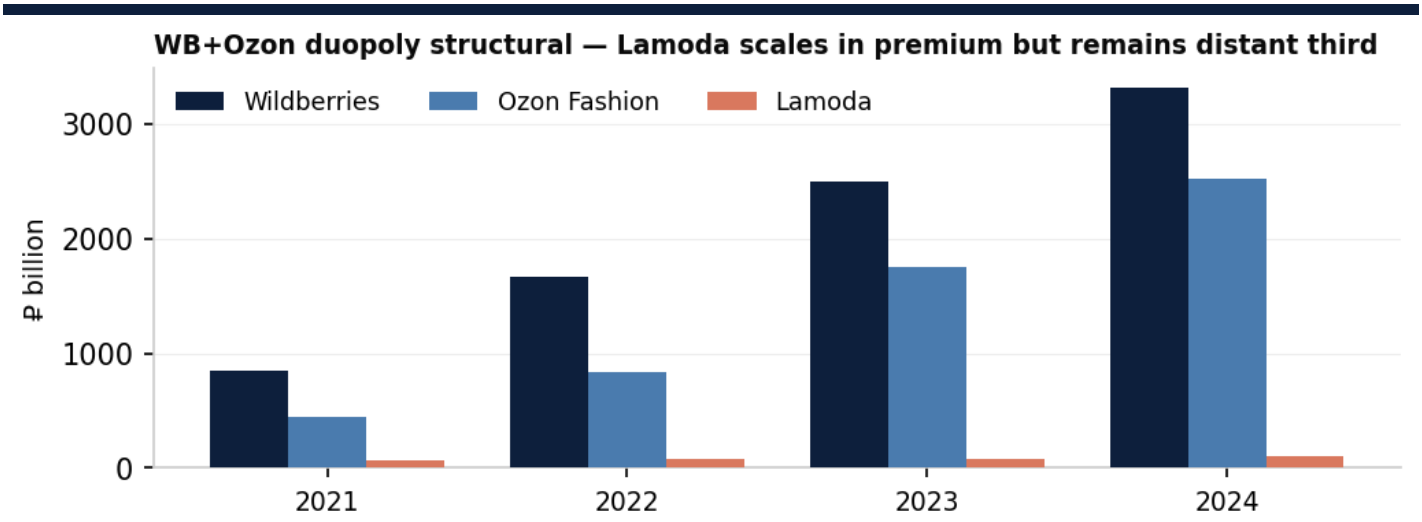


Source: BGMEA; Turkish Clothing Manufacturers Association (TGSD); UN Comtrade.

Exhibit 5.2 — Platform Economics — Wildberries, Ozon Fashion, Lamoda (2021–2024)

GMV and revenue for Russia's three leading fashion e-commerce platforms.

Metric	2021	2022	2023	2024	CAGR '21–'24
Wildberries GMV (₽bn)	₽844	₽1,670	₽2,500	₽3,320 †	+58%
YoY growth	—	+98%	+50%	+33%	—
Ozon Fashion GMV (₽bn)	₽445	₽832	₽1,752	₽2,523	+78%
YoY growth	—	+87%	+111%	+44%	—
Lamoda Net Revenue (₽bn)	₽70	₽74	₽75	₽103	+14%
YoY growth	—	+6%	+1%	+37%	—
Total online fashion GMV (₽bn)	₽497	₽722	₽928	₽1,215	+35%
WB+Ozon share of online fashion	n/a	n/a	n/a	57%	—
Cross-border share of e-comm	13.3%	3.6%	2.8%	3.0%	—
Ozon commission (sellers)	n/a	n/a	n/a	category-based ‡	—

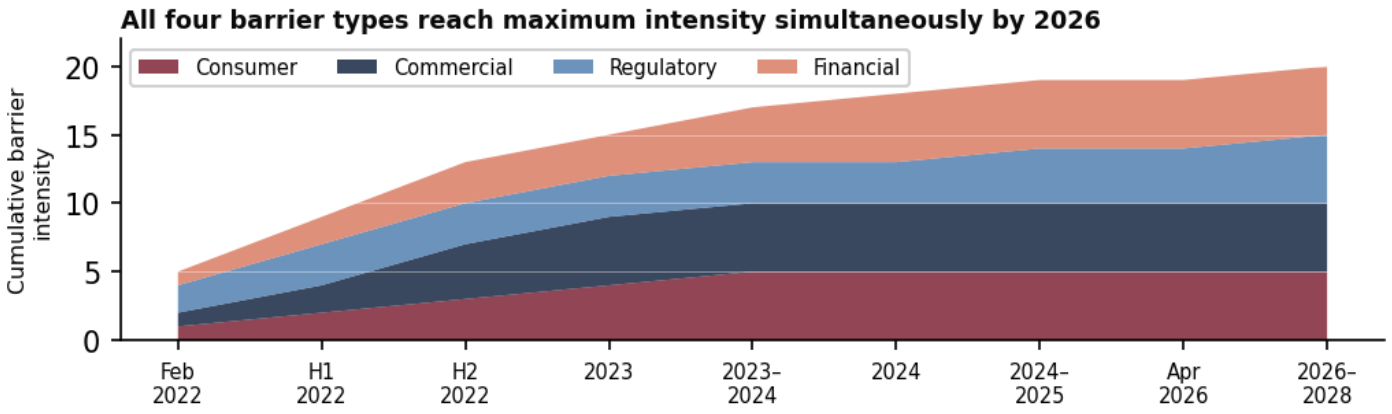


† WB 2024: DataInsight ₽3,320bn (company-reported ₽4,100bn). ‡ Ozon uses category-based commissions; 5% is a category minimum, not a flat rate. Source: Ozon IR; DataInsight 2024; Lamoda RSBU.

Exhibit 7.1 — The Near Future — Quantified Timeline of Re-entry Barriers (2022–2028)

Key events progressively narrowing the re-entry window for Western brands. Barrier intensity: ● = 1pt per dimension (max 5).

Period	Event / Milestone	Barrier type	Intensity	Window status
Feb 2022	Sanctions + voluntary exits. 70+ Western brands suspend operations.	Commercial	●○○○○	OPEN — vacuum large, no domestic alternatives yet
Mar–Jun 2022	Resolution 506: parallel import legalised. Grey market structuralises.	Regulatory	●●○○○	OPEN — informal channels fill gap; pricing chaotic
H2 2022	WB +98%, Ozon +87%. Online fashion absorbs physical retail void.	Commercial	●●●○○	NARROWING — platform duopoly forming
2023	MAAG ~100 stores in former Zara locations. MFG hits ₽61.5bn.	Commercial	●●●●○	NARROWING — domestic brands at scale in premium space
2023–2024	85% consumers prefer domestic brands (NAFI). GJ/Zarina lead.	Consumer	●●●●○	NARROWING — Western brand equity eroding
2024	CBR peaks 21% (Dec 2024). Lending costs surge. Leases in RUB.	Financial	●●●●●	CLOSING — 5–7yr payback unacceptable at peak rates
2024–2025	LIMÉ +66% to ₽34bn. Russian brands beyond "substitute" category.	Commercial	●●●●●	CLOSING — domestic leaders are the market now
Apr 2026	CBR 14.5%. Ozon moves to progressive commission scale. IDOL 37 stores.	Financial/Reg.	●●●●●	CLOSED — re-entry needs local entity + RUB capex pool
2026–2028	All four barrier types at maximum simultaneously.	All dimensions	●●●●●	CLOSED — unaided re-entry structurally unviable



Source: Resolution 506; CBR rate history; Ozon announcements (May 2026); NAFI 2023; VGR analysis.

GL

Glossary of Terms

Definitions of key terms, acronyms, and concepts used throughout this report.

AOV — Average Order Value
Total revenue divided by number of orders. Lamoda AOV (₽5,676) runs ~2.5–3× the WB/Ozon equivalent.

Budget Segment
The lowest price tier in Russian fashion (typically below ₽3,000). Grew to ~72% of the total market by 2023 as Western mid-market brands exited.

CAGR — Compound Annual Growth Rate
Annualised growth rate over multiple years: (end ÷ start)^(1/n)–1. MFG's revenue compounded at roughly +30% a year over 2022–2024.

CBR — Central Bank of Russia
Russia's central monetary authority. Rate rose to 20% in Feb 2022; stayed at 16–21% through 2024–2025, compressing retail lease affordability.

Class A Mall
Top classification of retail mall in Russia — premium locations with the strongest footfall, best anchor tenants, highest rents.

CPI — Consumer Price Index
Inflation measure tracking a basket of goods over time. In this report the Rosstat clothing CPI sub-index deflates nominal revenue into real volume. Cumulative: +28.4% (2021–2025).

DTC — Direct-to-Consumer
Brand sells directly through its own channels (stores, website, app) without third-party retailers. Higher margins but full logistics and acquisition costs.

EAEU — Eurasian Economic Union
Economic bloc: Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan. EAEU international trademark exhaustion is the legal basis for parallel imports in Russia.

EBITDA — Earnings Before Interest, Taxes, Depreciation and Amortisation
Measure of operational profitability stripping out capital structure. Used to compare businesses with different financing.

Fascia
The branded shopfront name under which a store trades. Inditex Russia traded under seven fascias (Zara, Massimo Dutti, Pull&Bear, Bershka, Stradivarius, Oysho, Zara Home).

FES FZCO — Far East Services FZC
Dubai-registered entity through which LPP (Poland) continued Russian operations under new branding (Sinsay, Reserved) after its formal 2022 exit. As of 2025: 320+ stores, USD 94.8M in disclosed obligations.

FNS — Federal Tax Service (ФНС)
Russia's national tax authority. FNS VAT enforcement actions against fashion chains were a primary structural driver of the 2025 mid-market collapse.

GLA — Gross Leasable Area
Total mall floor space available for tenant lease, in sqm. Fashion's GLA share in prime Moscow malls fell from 55–60% (2019) to 45–50% (2024).

GMV — Gross Merchandise Value
Total value of goods sold through a platform before deducting returns or commissions. Headline marketplace metric. WB 2024 GMV: ₽3,320bn (DataInsight).

GRDP — Gross Regional Domestic Product
Total economic output of a region. Moscow's GRDP per capita (₽3,104k in 2024) is 2.4× the national average.

Grey Channel
Unofficial distribution network for branded goods outside the brand owner's authorised system. Includes parallel import, grey-market resellers, cross-border informal trade. ~15 - 18% of mid-to-premium goods in 2024.

K-Shaped Market
A market where different segments diverge simultaneously: top tier accelerates, mid/lower tier contracts. Russian fashion from 2024 exhibits this pattern — LIMÉ and MFG compound growth while 25+ mid-market operators closed in 2025.

KPI — Key Performance Indicator
Specific, measurable metric tracking performance against an objective. Key fashion KPIs: sell-through rate, AOV, revenue per sqm, inventory days, net margin.

LIMÉ
Style Trade LLC — Russia's fastest-growing domestic fashion brand. Revenue ₽10.2bn (2022) → ₽43bn est. (2025), 4.2× in three years. Ranked #1 Russian brand in consumer surveys by 2025. 107 stores across 6 markets.

MAAG
AO Novaya Moda — UAE vehicle of Lebanon's Daher Group. Acquired 245 of Inditex's 502 Russian stores (announced Oct 2022, approved Apr 2023 (operational handover began Mar 2023)). ₽31.2bn revenue, ₽1.72bn net profit in 2025 — approximately 60% of Inditex's nominal pre-2022 run-rate (approaching half in real EUR terms).

MFG — Melon Fashion Group
Russia's largest domestically owned multi-brand fashion group: befree, Love Republic, ZARINA, Sela, IDOL. 937 stores. Revenue ₽99.8bn in 2025 at 11.1% net margin — Russia's first nine-figure domestic fashion group.

Mir
Russia's domestic bank card network, launched 2015. Accounts for ~65% of online fashion transactions by value in 2024, following the exit of Visa and Mastercard.

OKVED — All-Russian Classifier of Economic Activities
National system classifying companies by primary business activity (ОКВЕД), equivalent to SIC/NACE. Adidas Russia's reclassification from OKVED 47 (retail) to 68 (real estate) signalled its non-operational status.

OTB — Open-to-Buy
Buying budget framework defining the maximum inventory value a retailer can purchase in a given period, based on projected sales and current stock levels.

Parallel Import
Legal importation of branded goods by a third party without the brand owner's consent, enabled by EAEU international trademark exhaustion. Formalised by Resolution 506 (March 2022). Typical grey-channel premium: 20–40% above last authorised RRP.

PVZ — Пункт выдачи заказов — Pick-up & Delivery Point
Physical collection counters operated by WB and Ozon where customers collect orders, try items, and return goods. WB's nationwide PVZ network is its primary competitive infrastructure advantage.

Resolution 506
Government Resolution No. 506 of 29 March 2022, authorising parallel imports across a defined list of branded goods. Updated by MinPromTorg Orders 2701 (Jul 2023), 3028 (Jul 2024), 4611 (Oct 2024). The legal foundation of the post-2022 parallel import economy.

RSBU — Russian Accounting Standards
Domestic reporting framework used by Russian companies (РСБУ), analogous to local GAAP. Revenue and profit data in this report are sourced from RSBU filings unless otherwise stated.

RUB — Russian Ruble
Russia's currency. Key milestones: ₽73/USD (2021 avg); peak ₽100.8/USD (Mar 2022); ₽57/USD (Jun 2022); ₽82/USD (2025 avg). Depreciation drives the divergence between Rosstat (RUB) and Statista/Euromonitor (USD) market series.

SBP — Faster Payments System (СБП)
Russia's real-time interbank payment infrastructure. With Mir, now the primary digital payment rail for e-commerce following the departure of Visa and Mastercard.

SKU — Stock Keeping Unit
Unique identifier for each product variant (style × size × colour). Higher SKU counts require proportionally greater buying, logistics, and merchandising complexity.

SWIFT — Society for Worldwide Interbank Financial Telecommunication
Global bank messaging network for cross-border payments. Russian bank disconnection from SWIFT in March 2022 severed the standard import payment chain.

TAM — Total Addressable Market
Total revenue available if a company captured 100% of its defined target market. MFG's TAM is the non-budget mid-to-premium segment (~₽1.10tn in 2025), not the full ₽3.94tn Rosstat total.

Trademark Exhaustion
Legal principle that a brand owner's exclusive rights over a product are extinguished after its first lawful sale. Under EAEU international exhaustion, any first sale anywhere in the world allows re-importation into Russia without brand consent.

VM — Visual Merchandising
The discipline of displaying products and designing store environments to maximise conversion and brand perception. Post-2022, VM capability became a key differentiator as domestic brands occupied Western-standard retail spaces.

VGR



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