

Executive Summary & Images Review 09/2017



OPENING OF THE RFRF EXECUTIVE CONFERENCE SESSION AUGUST 31, 2017

The 19th edition of Russian Fashion Retail Forum was held from August 31st to September 1st as part of the fringe-program of COLLECTION PREMIERE MOSCOW at the EXPOCENTR under the title of “Multi-Brand Store 0.2 Generation Next: new assortment policy, shopping area standards, customer communication.”

The event was hosted by IGEDO Düsseldorf, and OOO MESSE DÜSSELDORF MOSCOW under the auspices of OOO EXPOCENTR. The conference was coordinated by ITMM GMBH, International Textile and Fashion Marketing and Management Consultancy, Stuttgart, in close collaboration with FASHION CONSULTING GROUP (FCG), Moscow, PROFashion Media Group, Moscow and MODA.RU, the Russian Internet Fashion Promotion organization. RFRF was inaugurated by **Philipp Kronen**, Managing Partner of IGEDO and **Thomas Stenzel**, CEO of OOO MESSE DÜSSELDORF MOSCOW. In his opening address, Philipp Kronen reiterated the four years of crisis and its negative impact on the whole fashion industry and retail in Russia and its neighboring countries. “However, this period of suffering seems to be over, because more and more economic indicators point in the direction of stabilization of the fashion market and the entry into a new growth-phase”, Kronen said. He also remembered that the positive effects of crisis periods are to be seen in restructuring resources, innovation- progress, cleaning-up of the market and increasing competitiveness. “This change will be very good for the future.”

CPM becoming a Russian international Fashion Trade Fair: As an example for penetrating new structures and ventures, Kronen pointed out that recent changes in the shareholder-ship of IGEDO and MESSE DÜSSELDORF have led to the fact that CPM, as the largest fashion trade fair for Eastern Europe, has changed its identity in becoming a “Russian Fair”, thus replacing the multinational German-European legal status. According to Kronen, IGEDO’s initiative to render CPM under the umbrella of OOO Messe Düsseldorf Moscow is a step which takes into account the Russian legislation on “localization” of foreign companies operating in the Russian market. “I am very confident that the prospects of developing CPM as a Russian international fashion trade fair are very promising given the long experience Thomas Stenzel and his team have gathered in almost twenty editions of the fair”, Kronen said. As he further clarified, “this does not mean that IGEDO will pull out of CPM. On the contrary, my team and I in Düsseldorf will continue our responsibility of marketing and selling CPM internationally.”

Development of Clothing Exports from the Russia increased at 12 % EU-28 Member-States to

In his capacity as Chairman of the European Fashion and Textile Export Council (EFTEC), **Reinhard Doepfer**, who monitors and analysis the Russian Fashion Market since 1994, presented his most recent Benchmark-Study on the development of clothing exports from the EU – 28 Member States to Russia. As he demonstrated, exports increased at 12 % over the first six months of 2017 compared to the same period of 2016. “This growth reached a shipment- value of € 611 Million with Italian vendors in the lead, who shipped clothing worth € 224 Million to Russia, implicating an increase of 17 %”, Doepfer explained. He further released relevant data on the export performance of men’s wear, women’s wear and lingerie.



Philipp Kronen, Managing Partner of IGEDO and **Thomas Stenzel**, CEO of OOO Messe Düsseldorf Moscow, opening RFRF EXECUTIVE CONFERENCE



Reinhard Doepfer, Managing Partner of ITMM, speaking on the development of EU clothing exports to Russia over the first six months of 2017/16

RFRF EXECUTIVE CONFERENCE

Dr. Anna Lebsak-Kleimans: Growth of the Russian Fashion Market not to exceed a corridor of 3-5 % until the end of 2017

On August 31, 2017, the CEO of Fashion Consulting Group (FCG), Moscow, Dr. Anna Lebsak-Kleimans, held a speech at the EXECUTIVE CONFERENCE of RFRF in which she described the main trends of the post-crisis fashion market in the Russian Federation. She began by highlighting the changes in consumer behavior: Whereas consumers were used to spending money generously and spontaneously during the pre-crisis market phases, the impact of the recession has led to a kind of “brain-washing” on the side of consumers.

“When it comes to a decision on whether or not to purchase a garment, Russian consumers now act much more rational and pragmatic in relation to the economic value of purchasing,” Dr. Lebsak-Kleimans explained.

According to her, consumers keep watching the market in order to gain benefits from special promotions and events, which the Russian retail trade offers on various occasions per each consecutive season. She also mentioned a very negative trend on clothing consumption during the retail season of Spring/Summer 2017, which was caused by the unusually cold and rainy weather and led to rather poor sell-off results. This shows that retailers were faced with heavy overstocking of summer items, which in turn reduces cash-flow, binds capital and causes problems for dealers to finance pre-orders for the season S/S 2018.

Dr. Lebsak-Kleimans also referred to some more trends which are affecting the current Russian fashion market, for example that consumers are rediscovering the format of multi-brand fashion stores and new multi-brand display-areas at shopping malls. “Consumers of today are getting bored if they encounter the same type of mono-brand chain stores allocated to almost any new shopping mall coming up in all of the large Russian cities”, Dr. Lebsak-Kleimans explained, “and this phenomenon is very advantageous for owners of multi-brand fashion stores and boutiques who plan their assortments to serve the demand of certain style- or target groups interested in individualizing their outfits”, she declared. “This current trend of creating new multi-brand shop formats is also creating an opportunity for Russian fashion brands to get their collections displayed with imported brands.” Lebsak-Kleimans suggested.



Dr. Anna Lebsak-Kleimans, CEO of Fashion Consulting Group (FCG), described the main trends of the post-crisis Russian fashion market



The presentation held by Dr. Anna Lebsak-Kleimans focused on elementary changes in Russian consumer behavior and attracted up to 400 owners, CEO's and decision makers from the Russian trade and retail fashion industry – a “full house” event



A true workshop ambience during Dr. Anna Lebsak-Kleiman's presentation at the EXECUTIVE CONFERENCE of RFRF

RFRF EXECUTIVE CONFERENCE

FCG Master-Classes on advanced management practice in multi-brand fashion store retail

Following the RFRF EXECUTIVE CONFERENCE on August 31, 2017, a series of seminar sessions organized by Fashion Consulting GROUP (FCG) took place. The first seminar was presented By **Natalia Chinenova**, Senior Consultant of FCG on fashion retail technologies. She revealed her specific recommendations of how to organize a multi-brand store effectively in describing 12 main service-solutions for implementation at the points of sale of multi-brand stores.

The second seminar was held by **Galina Kravchenko**, Head of the FCG Department on Trend Forecasting and Assortment Planning. According to her, it is very important for the effectiveness of a multi-brand store or a display area at a department store to figure out a purchasing-budget for seasonal forward-orders. "The budget should be based on an algorithm related to a style group or to a cluster of styles matching each other," she explained, and "it should contain not just clothing, but also footwear and accessories like hosiery which a specific target group would prefer to buy as a set of matching styles." The algorithm is irrespective of the brands out of which the assortment of items would be composed. "Don't listen to the suppliers of your multi-brand portfolio when you order - develop your own ideas in composing your assortment and display the items like a convolute of pieces of art," she recommended.

Alexey Salychev, Supervisor of the e-commerce program at the Higher School of Economics, explained how to build and manage an online-store for a multi-brand store-portfolio in the third session. According to him, there are three main layers in online-marketing: attracting users, converting users to buyers and retaining buyers as customers. As he further stated, "there is a trend in the online-market of today: the shift of focus from attraction to retention."

The last seminar was presented in the format of a dialogue between two experts in Shop Architecture, Interior Design and Technical Installations, **Andrei Utochkin**, Managing Director of Sdbn.biz.ru and **Boris Agatov**, CEO of the Russian retail store developer PROJECT LINE. The two speakers exchanged their views on the recent trends in fashion store architecture, interior design and equipment for sales promotion. Some of their reports were related to discoveries made by experts at the trade fair EUROSHOP 2017, which was held in Düsseldorf from March 5-9, 2017.



Natalia Chinenova, Senior FCG Consultant on Retail Technologies, speaking on how to operate a multi-brand fashion store effectively and profitably



Galina Kravchenko, FCG Head of of Trend Forecasting and Assortment Planning, introducing trends of the Spring/Summer-2018 season



Alexey Salychev, Supervisor of the e-commerce program at the Higher School of Economics, revealed how to build an online-store for an offline retailer carrying a portfolio of multi-brand collections

September 1, 2017 RFRF SEMINAR PROGRAM powered by PROFashion MEDIA HOLDING

The first session of RFRF on September 1, 2017 kicked-off in the format of a panel discussion which was introduced by **Anton Alfer**, Founder and Producer of the two internet portals MODA.RU and FASHION.RU under the title of

“RFRF FORUM on INTERNET & SOCIAL MEDIA FASHION SALES PROMOTION”

Anton Alfer, who acted as moderator of the panel, invited five experts who covered tags such as installing homepages, social media postings, own or hosted online sales platforms, blogger-services and other tools to promote sales of a multi-brand retail portfolio to the new savvy and emancipated Russian consumers, who are increasingly using their smartphones, tablets or personal computers in planning and accomplishing their clothing purchases. As Alfer said, “more and more independent multi-brand retailers - Russian and foreign clothing chains - have developed multi-channel or omni-channel retail sales tools to answer the hype around the multi-media trend practiced by Russian consumers. The lively discussion between the panelists and the moderator, which was frequently interrupted by questions and comments from the very active audience, included the following speakers:

Dmitry Timurshin, CEO of Freedom Team, which develops the Russian Designers’ Chain of multi-brand FREEDOM STORES in which fashion co-working between the partners is exercised. The co-working model includes the development of projects like pop-up-stores under the brands of FREEDOM MARKETS or WELCOME retail spaces; **Yadaya Isakov**, Founder of the digital services agency Ya.CREATIONS; **Oleg Sharan**, Correspondent of GQ-Magazine, published by Conde Nast, Founder of the BEST FASHION BLOGGER AWARDS (BFBA) and PR Director of the communication agency CURAPROX; **Ekaterina Nozhkina**, CEO of River Island Market; **Anna Slezarchuk**, Digital Director and SMM-Expert for TREND ISLAND Market Places at AVIAPARK Shopping Mall, TSVETNOY and CUM-Department-Store. This RFRF panel-session was extremely well attended by around 400 “professionals” who enjoyed a very animated atmosphere.



From left to right: Anton Alfer, Dmitry Timurshin, Yadaya Isakov, Oleg Sharan, Ekaterina Nozhkina and Anna Slezarchuk



The audience of the MODA-RU-Panel listening attentively to Oleg Sharan



This panel on multi-media shopping on the internet attracted over 200 mainly young “professionals” interested in multi-channel online retail



RFRF SEMINAR ON PROGRESS OF DOMESTIC APPAREL MANUFACTURE AND RETAIL INNOVATION *powered by PROfashion Media Holding*

This RFRF seminar-session included five themes, the first of which was held in the format of a panel discussion and moderated by **Maria Gerasimenko**, CEO and Founder of the agency “FASHION ADVISERS” with the title of

“Prospective development of production and retail of designer fashion, prêt-à-porter and accessories made in Russia”.

The following experts participated in the panel-discussion: **Maria Vakatova**, Partner of the Market Research Institute WATCOM, **Egor Budenniy**, CEO of the Russian manufacturer of the outdoor clothing brand ALASKA ORIGINALE, and **Irina Malinina**, CEO of ORMA DEKOR, a Russian sewing and finishing sub-contractor.

While Mrs. Vokatova contributed facts and figures on the current clothing market situation, Mr. Budenniy shared his experiences on how to draft a business plan in order to obtain financial support from the Russian government for an investment in clothing production and on how to kick off a project of this scale. Mrs. Malinina shared her knowledge in starting off an own cutting and sewing operation. Based on her experience, a quick reaction towards sudden changes of demand is a key success factor for obtaining orders from her retail customers. She also shared insight on organizational and administrative operational issues such as the correct and transparent calculation of wages for employees in the sewing-department of her enterprise. The panel discussion was attentively followed by a lively and responsive audience of over 200 people.



Maria Gerasimenko moderating the panel on domestic apparel manufacture and retail prospects in Russia



From left to right: Maria Gerasimenko, Irina Malinina, Egor Budenniy, Lyudmila Egorova, Maria Vokatova and Marina Kizaeva



Panel speakers Irina Malinina, Egor Buddeniy and Maria Vokatova debating on pros and cons of “made in Russia”

PRO
Made in Russia
CON



Ekaterina Eliseeva, Director General of PROfashion Consulting, speaking about the motivation of sales staff

“Staff-motivation in a fashion store: Motivation which motivates”

A seminar under this title was held by **Ekaterina Eliseeva**, Director General of PROfashion Consulting. According to her experience, the first thing to do in the relationship between the owners of a store and its management personnel is a clear job description. A further aspect, she mentioned, is the DNA of the inner and outer appearance of a fashion store together with the appearance and the behavior of the employees who are serving the customers.

“Dressing-up stylishly and looking attractive” was the subject of a further seminar session, which was presented by the image-coach of PROfashion Consulting, **Astanda Chegya**. According to her, there are a number of criteria for the store management to evaluate the background of candidates applying for a job as sales attendant which may serve as a guideline for the employer to make the right choice.



Astanda Chegya, Image Coach at PROfashion Consulting, addressing the attributes that determine the DNA of a fashion store

The final seminar of the PROfashion conference program was presented by **Marina Polkovnikova** under the title of “Web-Merchandising: a new trend for sales promotion.” The speaker referred to examples currently being exercised by a number of large Russian mono-brand clothing chains. She reported on the investments and the results achieved so far.



Marina Polkovnikova presenting web-merchandising as a new trend for sales promotion

The hosts of RFRF, IGEDO COMPANY and OOO MESSE DÜSSELDORF MOSCOW, convey their sincerest thanks to:

IOMM, coordinator of RFRF

and to their domestic co-organizers

FCG FASHION CONSULTING GROUP (FCG)

PROfashion MEDIA GROUP and

MODA.RU / FASHION.RU

for having successfully produced the 19th edition of RFRF, which stands for the distinct authenticity of

COLLECTION PREMIERE MOSCOW **CPM**

The 20th edition of RFRF will be held in Moscow from February 20 - 21, 2018 in the framework of the CPM event program.