Mango, Bestseller, and Ikea join the move to suspend operations in Russia

By Triana Alonso - 4 March 2022

The number of companies reacting to the crisis caused by the invasion of Ukraine continues to multiply. After brands such as Denmark's Ganni and the Hungarian label Nanushka stopped their commercial relations with Russia, leading luxury companies such as Yoox Net-a-Porter and Burberry, plus Boohoo, ASOS and retail giants Nike and H&M have been progressively suspending their operations in the country led by Vladimir Putin. In the Spanish market, the first major company to announce its temporary halt of operations was Mango, the second largest company in the country in terms of turnover behind the Inditex group.

"At Mango we dream of a more just and better world. All of us at Mango empathize with the people currently suffering during these times of uncertainty. Therefore, since the start, we have been following, minute by minute and with sadness and concern, the evolution of the geopolitical situation, putting all our efforts into taking care of our teams and customers," said the Barcelona-based company. Just two days ago, the Tsum Kyiv department store and the Vogue, Elle, and L'Officiel Ukraine publications raised their voices, calling on the international fashion industry to suspend trade relations with Russia as a response to the war declared last week.

The company led by Toni Ruiz has decided to "temporarily" cease its operations in Russia. This includes the closure of its 55 boutiques, as well as its online sales platform in addition to stopping the shipment of new merchandise to the country. "Out of responsibility to our 800 colleagues in Russia, as well as to our franchisees and partners, we have tried to protect the operations in the country up until the very last moment," explained the company, detailing that, from this moment on, it is "at the disposal of its workers in the country, as well as franchisees and other partners, in order to look after their needs."

The brand has 65 franchised stores in the market. These franchisees and marketplaces described in the statement as "key partners" of the company will be able to continue to operate and distribute Mango garments based on their current stock availability.
Mango has also offered its support to colleagues in Ukraine to "try to alleviate their suffering through constant and direct contact and individual follow-ups with each of them." In the face of war, the firm has launched initiatives such as legally and financially supporting employees and their families who have fled the country as well as those who decided to stay. The company has also aided employees from Ukraine and Russia who work in its head office. "Mango will guarantee coverage and support for its employees throughout the coming months," it explained.

Mango additionally donated €100,000 to the International Red Cross and Red Crescent Movement, which was already helping people affected by the almost eight years of conflict in the Donbas region. It also donated clothing to different organizations and entities in response to the refugee crisis.

Spanish groups Inditex and Tendam have not yet announced their taken measures

Despite having been contacted for comment by FashionNetwork.com, Inditex, the company founded by Amancio Ortega has not yet provided details about what will happen to its more than 500 stores and 9,000 workers in Russia.

Meanwhile, the Tendam group is closely monitoring the situation before making any strategic decisions that could affect the fashion conglomerate’s 50 stores operating in the country.

Ikea, Bestseller, Asos, Canada Goose, Rejina Pyo and Burberry also halt operations in Russia

Swedish furniture giant Ikea announced that it has temporarily closed its 17 stores in Russia, its tenth largest market worldwide, on Thursday (March 3). It has also stopped producing goods in the country. According to the company, these decisions directly impact its 15,000 employees that the company intends to keep and whose salaries will remain unchanged “for the foreseeable future”.

Danish group Bestseller, owner of fashion brands Vero Moda, Jack & Jones and Only, has also announced the complete cessation of its activities in Russia. The company, which has donated 100 million Danish kroner (€13.4 million) to the Red Cross, Unicef and UNHCR, operated in the country together with distributors based in Finland and Poland.

British retailer ASOS immediately shut down its online store in Ukraine following the invasion, and last Wednesday (March 2) decided to do the same in Russia. "We continued to serve customers in Russia while we considered the best way forward. We came to the conclusion that it’s neither practical or right to continue to trade with Russia," said the company, which also supports humanitarian efforts.

In the same vein, Canadian brand Canada Goose pointed out “the difficult operating environment and evolving sanctions against Russian interests” to justify the temporary cessation of its e-commerce and wholesale activities in Russia. London-based Rejina Pyo made a similar announcement: "We stop all business operations with Russia," announced the brand on Instagram, detailing that the decision includes the suspension of wholesale business and orders from its e-commerce platform. "It is an opposition in the face of war and not against our retail partners or customers in Russia. We believe it is a necessary action in order to support Ukraine during this situation," it added, stating that the brand will continue to donate funds to support the Ukrainian population.

Burberry: the only luxury brand to suspend operations

While luxury brands, such as those owned by the Kering group or LVMH, have communicated their support to the Ukrainian population and their employees (following Chanel's example, whose "safety and protection of its affected employees is the top priority") Burberry is for the moment one of the only major companies to have announced a halt in its activity in Russia. The brand claims to have suspended orders due to operational difficulties.

Sportswear brand Puma has similarly opted to stop operating online in the country, but, as reported to Reuters, will keep its Russian boutiques open. The German company has around 100 stores across the country.
Other brands and retail chains continue to operate

On the other hand, other brands and retail chains continue to trade in the country, such as French retailer Decathlon, which has 60 stores on Russian territory. In Ukraine however, where the sports company has four points of sale, activity has been frozen as it has reportedly been concentrating all its efforts on the safety of its 150 employees.

This is also the French group IdKids' (which owns Okaïdi, Jacadi, etc.) main priority, closing its six partnership stores in Ukraine. The group has worked to protect its Ukrainian teams in neighboring countries. In Russia, where a subsidiary was recently opened, the Jacadi children's fashion brand has a store in Moscow, but the sustainability of its activities is highly uncertain. With its Polish subsidiary, the company is working on sending emergency parcels and 25,000 garments for babies and children through the Red Cross. In addition, its brands Okaïdi, Jacadi, Oxybul and its donation fund, the Fond'action We Act For Kids, are preparing to start rolling out this weekend a mini-donation system in its stores and online throughout Europe achieved by rounding up the amount paid by its customers at checkout.

For Russian companies, the business disruption would be minimal for the time being. The Lamoda platform (owned by Global Fashion Group), which markets brands such as Oysho, Mango, Lacoste and Adidas, among others, has informed FashionNetwork.com that its deliveries have been suspended in Ukraine. The platform has also decided to stop shipping to Russian customers in regions close to the Ukrainian border. This would only affect 2% of the company's operations for now, and it says it condemns “all forms of violence” and hopes for “a swift and safe resolution to the situation.”

Since the group works with several European and American brands, it remains to be seen as to what extent the logistical and financial blockages, together with the devaluation of the ruble currency, will affect its activity in the coming weeks. This is also the case for all players operating in Russia.

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