



eurasian perspectives

Interview with Aniko Kostyal – Expansion Director for Russia & CIS Countries, MANGO

EURASIAN PESPCTIVES: Mango is internationally very well known brand, presented in many countries, including Russia. Can you explain us a bit more about your particular role in MANGO?

ANIKO KOSTYAL: I am expansion director for Russia and CIS Countries in MANGO.

I am directing this expansion together with my team members, who are based in Barcelona and Moscow, without a good team you can't do anything on your own. Before that, I was directing expansion in many other different countries, such as UK, Nordic countries, Central & Southern Europe.

EURASIAN PESPCTIVES: Mango is undergoing very positive expansion worldwide. Apart from Russia and CIS countries, what markets are you interested in?

ANIKO KOSTYAL: All countries are very important for us.

If you compare us to other brands, we are quite advanced in this aspect. We are present in 108 markets currently and keep expanding. Our main markers are, obviously Spain (18 % of our turnover), it's the motherland of the brand where we feel very comfortable. Then comes Germany, France, Turkey and Russia which is our 5th Market according to turnover.

EURASIAN PESPCTIVES: Which other countries within CIS do you expand to?

ANIKO KOSTYAL: We do expand and have further plans amongst all CIS countries. Apart from Russia, Kazakhstan is the biggest and the most important market for us strategically.

The only two countries in CIS where we currently don't have any shops are Tajikistan & Turkmenistan. We've travelled there various times and we are looking into it very closely. Those are very challenging countries from importation point of view however we sincerely hope that one day we will see our brand presented in those markets as well.

We keep developing and grow especially in such countries as Georgia, Azerbaijan and Ukraine. The latter has been very important market for us during many years. As we all know, there is a big issue with this market right now. Many brands have practically stopped their expansion. MANGO has not stopped it completely, but we are going very slowly and very prudently observing what is going on in the market. We have opened a huge flagship store in Kiev with more than 2,000 m², as we believe in that market in the long term.

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EURASIAN PERSPECTIVES: How do you select markets for expansion, what are the criteria's.

ANIKO KOSTYAL: The President of MANGO has set the company mission statement long time ago – MANGO has to be present in all cities of the world. This is our mission, and we are consistently following it. Before entering the market, we have to analyse such criteria as the purchasing power, the fashion awareness of the people, competition and existing retail infrastructure. When we have analyzed all those details and we think it is good time to enter, we are sending our professional team to compare selected market with those, where we already have experience.

We have very professional team members who by using their experience in other markets and regions will do the necessary comparison by looking at what figures we are producing there, what kind of shopping centre industry there is, retail infrastructure, street retail, how people dress, what is the mentality, importation and fiscal barriers. Only after we compare one particular new country to others, where we already have expansion experience, and by putting it together with figures, we may judge how this market will perform in future. And of course after these important steps, we will decide if we enter with corporate stores or with franchise stores.

EURASIAN PERSPECTIVES: What percentage of franchises and corporate stores are there in Russia?

ANIKO KOSTYAL: 50% franchise, 50% corporate stores. We are looking forward to keep developing franchises further.

EURASIAN PERSPECTIVES: Almost a decade ago Mango targeted Russian (CIS) cities with a population of a half a million or more, now you are aiming for towns with populations of only 150,000 people. This tendency certainly shows rise of Russian Middle class. How would you define MANGO policy now?

ANIKO KOSTYAL: This is a very interesting story. First we went to cities with a population of no less than 1 million people, which worked really well. Then we decided to reach for cities with population of 500.000 people, then was 300.000 people, then we went down to 150.000 and it still worked great. I assume that next step would have been to explore even smaller cities, but MANGO changed its business model and instead we decided to open Mega Stores, with a size from 800 to 3000 m2. As you can imagine, to open them in small cities would not make any sense.

EURASIAN PERSPECTIVES: In this case what is the population have to be in order to qualify for Megastore?

ANIKO KOSTYAL: 300.000 people minimum for a city to be qualified for a megastore.

EURASIAN PERSPECTIVES: What is your expansion rate for Russia?

ANIKO KOSTYAL: We have now total of 146 stores in Russia and we are planning to open more or less 10-15 stores next year.

EURASIAN PERSPECTIVES: The Russian market has a turnover of \$50,000 million and the Russian middle class by 2020 will have a spending power of \$31 trillion dollars. How are you planning to increase visibility of MANGO in Russia amongst other famous Spanish brands?

ANIKO KOSTYAL: We are very glad that we have been in Russian market from almost the beginning; after the “Perestroyka”, MANGO was one of the few brands who entered so early, so we are certainly able to capitalize on that.

We have huge brand awareness in Russia, which we have built over the time, and it was not free. We’ve invested a lot of money on PR, advertising, launching of new shops, so all this together is now a strong perception in the heads of people.

About 3 years ago we started a television campaign which we did not do before in Russia, it certainly helped a lot. We are working with the world most famous celebrities, and currently we launched new campaign with two of them: Kate Moss & Cara Delevingne. It’s almost like putting 2 bombs together. We always have been working with world top models like Claudia Schiffer, Naomi Campbell and we keep doing that. However there are only few brands that work with two really strong models at the same time and MANGO is one of them this season. So we are expecting very good results from that campaign.

Another strong point we have is the Megastore, where you really can show your client the strength of the brand. We have a chance to showcase all our collection in the same place. Now we have got 14 Megastores in Russia up and running successfully since 2013.

EURASIAN PERSPECTIVES: Final message to Russian Market?

ANIKO KOSTYAL: We are absolutely opened for franchise collaboration. Since the beginning of the crisis in Russia, we have reviewed our franchise model and adapted terms and conditions to current circumstances that we believe made it the best on the market for our clients. We are currently negotiating quite a few franchise stores and will be happy to see new clients who wish to open a MANGO franchise.