



# Russia Fashion: The Vacuum Nobody Watched

Russia · Fashion & Accessories

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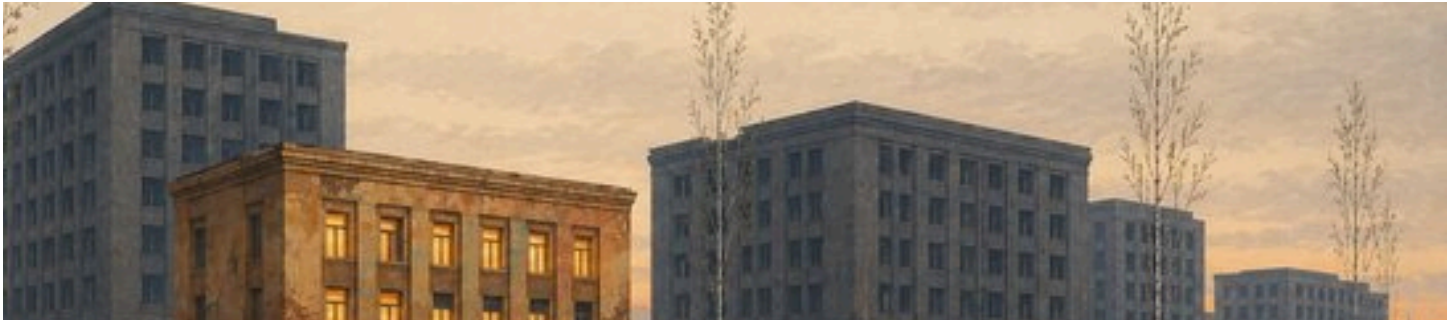
SECTOR SPOTLIGHT

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English Edition (also available in Russian and Chinese)



**Brandmine**



## SECTOR SPOTLIGHT

# Russia Fashion: The Vacuum Nobody Watched

*In 2022, more than five hundred Western brands abandoned Russia — and the founder-owned fashion labels that poured into the vacated storefronts had already survived worse. A man imprisoned three times in Soviet labour camps now runs the country's largest fashion retailer. The sector grew the instant the West stopped watching it.*

## QUICK FACTS

<b>Market Size</b>	500+ Western brands exited Russia in 2022, vacating prime retail • domestic fashion's mall share rose 20%+ as founders rushed the gap
<b>Unique Advantage</b>	Founder-owned labels hardened by 1998, 2008 and 2014 were the only operators ready to fill the 2022 vacuum at scale
<b>Biggest Challenge</b>	English-language intelligence gap — the sector's biggest chapter is documented only in Russian press, behind a sanctions wall
<b>Timing Factor</b>	The post-exodus boom is already correcting — 12 brands shut by late 2025 as founders aged 60–75 face an unplanned succession cliff

*“To survive, you must always keep throwing on wood.”*

**Vladimir Melnikov**, Founder, Gloria Jeans

*Forbes Russia, 2013*

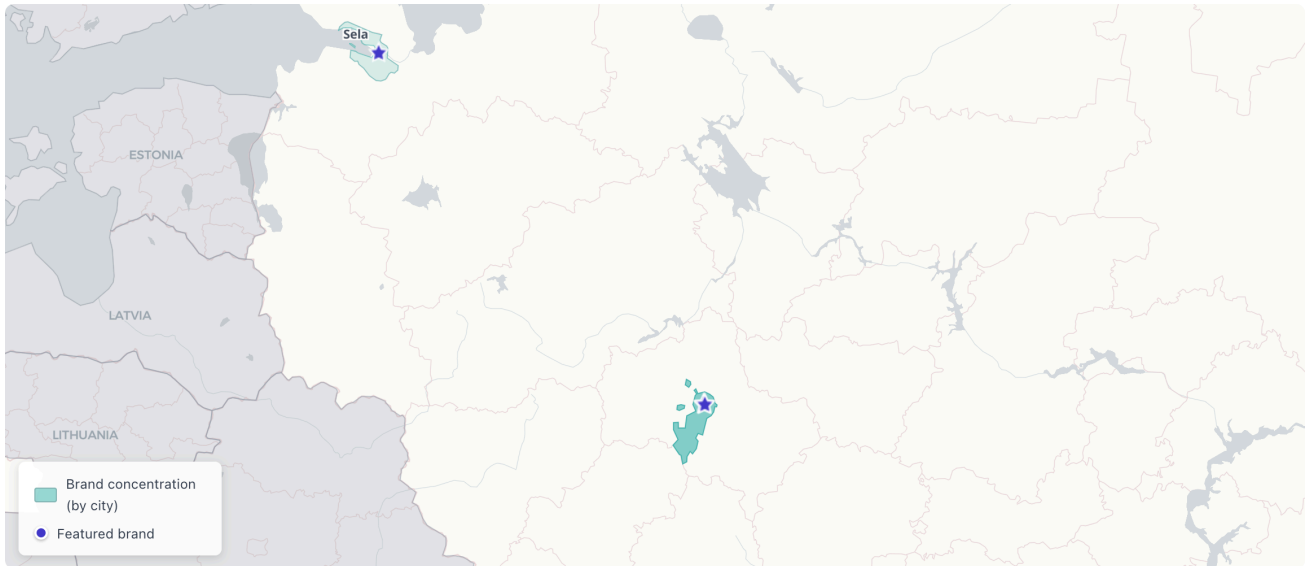
**MARKETS:** Russia

**SECTORS:** Fashion & Accessories

**BRANDS:** Gloria Jeans · Sela · Walk of Shame · Gourji

**FOUNDERS:** Vladimir Melnikov · Boris Ostrobrod · Andrey Artemov · Dmitry Gurzhiy

# Russia fashion: a Moscow revival, founders from the periphery



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Russia's founder-owned fashion revival concentrated in Moscow — the survivors took the prime corridors the West abandoned.

Three of the four featured brands operate from Moscow and one from St. Petersburg — yet their founders came from the periphery: Rostov-on-Don, Ufa, and the industrial Urals. The vacuum they filled was Moscow-shaped.

\* \* \*

*When Zara, H&M, and Uniqlo walked out of Russia in 2022, a jeans company run by a man who had served three Soviet prison terms walked in. Gloria Jeans took over the largest H&M in the country — a five-thousand-square-metre flagship on Moscow's Tverskaya Street (Тверская) — and within two years had occupied more than two hundred vacated storefronts, driving revenue toward ₺78 billion (\$1B USD, at early-2026 exchange rates). Its founder, Vladimir Melnikov (Владимир Мельников), was orphaned at twelve and imprisoned three times for the Soviet crime of trading jeans. In 2024, Forbes valued him at \$1.7 billion.*

*This was the most dramatic chapter in the history of Russian founder-owned fashion. It is also almost entirely undocumented outside Russia. More than five hundred Western consumer brands suspended their Russian operations in a matter of months — and at the same moment, the analysts, ratings agencies, and intelligence platforms that might have tracked who replaced them packed up too. The sector got bigger the instant the West stopped watching it.*

# The cooperative that came out of the basement

The sector is older than the headlines suggest, and it was forged in scarcity from the start. Its founding document is the 1988 Soviet Law on Cooperatives, which legalised private enterprise for the first time since the 1920s. Melnikov and his wife Lyudmila registered Gloria — the USSR’s first legal jeans manufacturer — emerging from the basement where they had been sewing illegally. He had spent the previous decade in and out of labour camps for *fartsovka* (фарцовка), the black-market trade in Western goods that the planned economy could not provide.

Three years later, in 1991, a Soviet stadium engineer named Boris Ostrobrod (Борис Остроброд) founded Sela (Сэла) — Hebrew for “rock” — from Israel, where he had emigrated the year before. He began by importing goods from China. An accidental oversupply of down jackets in 1992 “flew off the shelves,” and Sela became one of the first companies to build branded fashion retail in a country whose Soviet distribution system had left nothing of the kind behind. Industry observers came to call it “the Russian analog of H&M.”

What set these founders apart was not vision but conditioning. They had learned to operate where currencies failed and rules changed overnight, and the discipline showed the moment the system buckled. In August 1998, the ruble lost roughly 70% of its value and the dollar tripled. Russian retailers raised prices 200–300% to survive. Ostrobrod did the opposite: he froze Sela’s prices for exactly thirty days, absorbing the loss item by item, on the bet that customers brutalised by a decade of chaos would remember who had not exploited them. They did. The price freeze created a loyalty moat competitors could not buy, and the Russian crisis playbook — invest when others retreat — was written.

Each subsequent shock culled the field. The 2008 financial crisis and the 2014 sanctions-and-devaluation double-blow drove dozens of chains under; 56 trade networks left the Russian market in 2014–2015 alone, 50% more than during 2008–2009. Of the Russian fashion retailers founded in the early 1990s, the survivors still standing by 2020 could be counted on one hand: Gloria Jeans, Elis, Zarina, and Sela. The brands that reached 2022 intact were, almost by definition, the ones that had already survived everything.

## From the provinces to Tverskaya Street

Russian fashion is, commercially, a Moscow story. Its founders are not. The geographic irony runs through every name in the sector.

Melnikov came from Rostov-on-Don, where he was orphaned and put to work on a factory lathe at fourteen. Andrey Artemov (Андрей Артемьев), who founded Walk of Shame, came from Ufa, the capital of Bashkortostan, 1,400 kilometres from the capital — a distance that matters in a fashion industry as Moscow-centric as Russia’s. Ostrobrod came from the industrial Urals, by way of Leningrad and then Israel. The talent was provincial and diasporic; the stage was Moscow.

And it was on that stage that the vacuum opened. The most valuable retail real estate in the country — the flagships of Tverskaya, the prime mall corridors that Nike, Zara, and H&M had occupied — emptied within months in 2022. Russian founders rushed in. LIMÉ, a fast-fashion brand built by Dmitry Khokhlov from Samara, moved into former Nike and Zara flagship locations and reached ₺34.4 billion (\$450M USD) in revenue. Gloria Jeans took the largest former H&M in the country. St. Petersburg holds the sector’s other pole — the birthplace of Sela, and the base of Melon Fashion Group, the consolidator now rolling up brands the way the West once rolled up Russian shelf space.

Beneath the commercial map lies a second geography that no shopfront reveals: the craft heartlands. When Gourji rebuilt its supply chain inside Russia, the trail led not to Moscow but to the periphery — cloisonné enamel from Kostroma, lacquer-miniature painters in the Fedoskino villages who spend three to four weeks on a single pen, metalworkers in Kazan and Tula. The sector concentrates in Moscow. The people and the materials that feed it come from everywhere else.

## What the databases stopped reading

The standard explanation for why a sector goes uncovered is that it is too small, too informal, or too new to document. None of that applies here. The Russian fashion sector is among the most thoroughly documented cases in the entire Russian consumer landscape. The problem is where the documentation lives.

It lives in Russian. Forbes Russia ran a detailed account of how Gloria Jeans “captured the market after the departure of H&M and Zara.” RBC, Vedomosti, and Snob carry the founder profiles, the store counts, the revenue context, the succession debates. The corporate filings exist. The interviews exist. What does not exist is any English-language analytical product that assembles them — because the two barriers that wall off this sector compound each other. The language barrier kept the material out of Western databases before 2022; the sanctions wall finished the job, because the same month the brands left, the analysts left with them.

This is the gap that Euromonitor cannot close. It can cite an aggregate market size and a growth rate. It cannot tell you that a three-time Soviet convict took over the largest H&M in Russia, or that a cufflink-maker spent seven years rebuilding his supply chain for a crisis nobody had forecast, or that a New York buyer purchased a Russian designer’s entire collection sight unseen during a sanctions crisis. Those facts are not in any database. They are the difference between knowing a market exists and understanding who will win it — and right now, that understanding is available only to whoever is willing to read Russian and look.

## Who walked into the vacuum

Four founders show what the crisis playbook looks like when it is tested to destruction.

Gloria Jeans. The decision that made Melnikov was not the 2022 land-grab; it was the 2009 one that preceded it. In the middle of the financial crisis, he destroyed a profitable \$70M wholesale business overnight, cut 28 regional offices to seven, and bet everything on company-owned retail. It looked like madness. It built the operational machine that, thirteen years later, could absorb 200 vacated storefronts in a single rush and open 70 stores in one year. Melnikov says the lesson came from a prison transport in the taiga, where eight of seventeen men froze to death beside a fire they had stopped feeding: to survive, you must always keep throwing on wood.

Sela. Ostrobrod proved the playbook first and exited cleanest. The 1998 price freeze scaled into an empire of 600 stores across 14 countries and \$200M in revenue by 2011. When he recognised that the business needed capital he could not supply, he did the thing most Russian founders never manage: he sold, transferring Sela to Melon Fashion Group in 2019 in the largest deal in Russian fashion-retail history. Ostrobrod died in 2023, four years after the exit — a complete founder arc, succession resolved by design rather than by crisis.

Walk of Shame. Artemov’s test came in 2014, when Crimea sanctions sent the ruble down 50% and the import-dependent machinery of a young Moscow label — fabric, payments, logistics — seized up at once. For most emerging Russian brands, that was extinction. Instead, Humberto Leon of Opening Ceremony discovered Walk of Shame on Instagram and bought the entire collection sight unseen — the first time the store had ever ordered without seeing the clothes. The brand reached 150 stockists with 70% of sales abroad and presented at Paris Fashion Week in 2019. A Russian designer, validated by New York, during a sanctions crisis, through a phone app: no trade database contains that sentence.

Gourji. Dmitry Gurzhiy (Дмитрий Гурджи) built the clearest case of all. The 2014 crash, with import duties already consuming 45% of product cost, made his Italian production economically impossible — he lost, in his words, “not one million rubles.” Rather than fold, he spent seven years relocating every element of

manufacturing into Russia, finishing in 2021. One year later, Cartier, Tiffany, and Bulgari exited Russia, taking an estimated 80% of premium-jewelry volume with them. Gourji (Гурджи), already fully domestic, was the brand built for a vacuum nobody had foreseen.

## The self-irony defense

There is a temperamental thread running through these brands that the Western stereotype of Russian fashion — austere Soviet throwback or oligarch trophy — never captured. It is self-irony, and it turns out to travel.

Gourji's debut collection put a golden angel where Lenin's face had been on a Soviet October Star. Walk of Shame took the morning-after walk home and made it a name a buyer in Paris would stock. Gosha Rubchinskiy and Outlaw Moscow turned post-Soviet youth aesthetics — subway marble, Perestroika kitsch, tracksuit melancholy — into a global language, while Ulyana Sergeenko and Igor Chapurin carried Russian craft into couture. None of it apologises for where it comes from, and none of it treats that origin with reverence. It treats it as material.

That posture is not decoration; it is the export strategy. A brand confident enough to play with its own history builds an identity specific enough to be unrepeatable — which is precisely why Walk of Shame could sell 70% of its output outside a country under sanctions. Cultural specificity, handled with a straight face, would have read as nationalism. Handled with irony, it reads as point of view.

## The window the land-grab is closing

The easy phase is already over. By late 2025, twelve of the brands that had rushed into the post-exodus boom had shut down, and the most aggressive occupier of all was contracting. Gloria Jeans is closing its flagship former-H&M on Tverskaya — the trophy of the whole land-grab — as rents of ₺168–204 million a year ( \$2.2–2.7M USD) outrun what the store can earn. The company cycled through three CEOs in eighteen months across 2024–25; revenue fell 14% and profit dropped fourfold; Melnikov returned to run it himself for the fifth time. Seizing empty real estate, it turns out, was never the hard part.

The hard part is what separates a land-grab from a brand: the discipline to survive the correction that follows the rush. That is the question now sorting the sector — and it is converging with a second one. The founders are aging into a succession cliff. Melnikov is roughly seventy, holds 99.9% of his company personally, and keeps every trademark in his own name; an estimated 20–35 founder-owned Russian fashion brands at commercial scale have founders between 60 and 75. Sela showed the clean template, a managed sale to a strategic buyer. Most of the others have no plan at all.

The two clocks are running together. Within the next one to three years, the post-exodus correction will finish shaking out the over-extended, and the first wave of forced successions will begin. An investor, buyer, or partner who builds relationships in this sector now — while the survivors are visible and the transitions are still being chosen rather than forced — is positioned differently from one who arrives after the shakeout has set the terms.

## Hiding in plain sight

For an investor, the signal is a consolidation-and-succession window opening on a cohort of crisis-tested operators with no Western competition for their shelf space. For a buyer, it is a roster of suppliers who have already survived worse shocks than the next one is likely to bring. For a partner, it is a generation of founders who built brands that travel on identity rather than on a favourable political climate. Each of them is looking at the same overlooked fact: the sector that filled Russia's largest retail vacuum in a generation has never been mapped in a language they read.

The intelligence exists. It is in Forbes Russia and RBC and Vedomosti, in the founder interviews and the corporate filings, scattered across Russian-language sources and sealed behind a sanctions wall. It has not been assembled anywhere.

A three-time Soviet convict running the largest former H&M in the country. A cufflink-maker who rebuilt his entire supply chain for a sanctions crisis years before it arrived. A provincial designer validated by New York during the last crisis but one. These brands did not appear when the West left. They had been here all along — surviving, building, waiting. Hiding in plain sight.

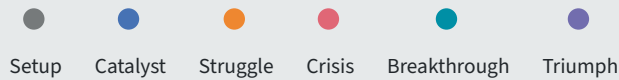
#### KEY TAKEAWAY

**Crisis reflexes filled the vacuum the West left behind. Crisis discipline is what decides who survives the correction now under way.**

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## Sector timeline

From late-Soviet cooperatives through the 1998, 2008 and 2014 crises to the 2022 Western exodus and the correction now under way — the decisive moments that shaped founder-owned Russian fashion.



**CATALYST** 1988

### The cooperative comes out of the basement

The Soviet Law on Cooperatives legalises private enterprise. Vladimir Melnikov and his wife Lyudmila register Gloria — the USSR's first legal jeans manufacturer — emerging from the basement where they had been sewing illegally.

**SETUP** 1991

### Sela founded from Israel

Boris Ostrobrod, a Soviet stadium engineer who emigrated to Israel, founds Sela and begins importing from China. An accidental oversupply of down jackets 'flew off the shelves,' launching one of Russia's first branded fashion retailers.

**CRISIS** 1998

### The price freeze that built a moat

The ruble loses ~70% of its value and the dollar triples. While competitors raise prices 200–300%, Ostrobrod freezes Sela's for exactly 30 days, absorbing the loss to keep customers. The Russian crisis playbook is born.

**SETUP** 2007

### Russia's first Eurasian luxury house

Dmitry Gurzhiy, a former Dunhill and Bally distributor, launches Gourji — gold cufflinks that replace Lenin's face on a Soviet star with an angel. Self-irony as a design philosophy; Italian workshops as the supply chain.

**CRISIS** 2009**Burning the wholesale business**

Amid the global financial crisis, Melnikov destroys a profitable \$70M wholesale business overnight, cuts 28 regional offices to 7, and races to open company-owned stores. Everyone says he is mad. It becomes the foundation of Russia's largest fashion retailer.

**TRIUMPH** 2011**Sela peaks; Walk of Shame begins**

Sela reaches ~600 stores across 14 countries with ~\$200M in revenue. The same year, fashion editor Andrey Artemov launches Walk of Shame in Moscow with zero advertising budget and an Instagram-first strategy.

**CRISIS** 2014**Sanctions break the supply chains**

Crimea sanctions send the ruble down ~50%. Gourji's Italian production becomes economically impossible. Walk of Shame's fabric, payments, and logistics seize up — yet Opening Ceremony buys its entire collection sight unseen via Instagram.

**BREAKTHROUGH** 2016**Selfridges, despite everything**

Walk of Shame wins a dedicated Selfridges window; Harvey Nichols and Browns follow. Premium European validation arrives for a Russian brand at the exact moment the geopolitical climate says it shouldn't.

**TRIUMPH** 2019**A clean exit and a Paris debut**

Ostrobrod sells Sela to Melon Fashion Group in the largest deal in Russian fashion-retail history. Months later, Walk of Shame presents at Paris Fashion Week — the sector's two succession answers, sale and scale, on display in one year.

**BREAKTHROUGH** 2021**Gourji goes 100% domestic**

Seven years after the ruble crash, Gourji completes the transfer of all production to Russian workshops — Kostroma enamel, Fedoskino lacquer, Kazan and Tula metalwork. Independence achieved one year before it would matter most.

**BREAKTHROUGH** 2022**The vacuum opens**

Over 500 Western brands suspend Russian operations. Gloria Jeans seizes 200+ vacated locations including the largest H&M in the country; Cartier, Tiffany and Bulgari leave, and Gourji — already fully domestic — is positioned to absorb demand no foreign brand can serve.

**TRIUMPH** 2024**The convict becomes a billionaire**

Forbes lists Melnikov at \$1.7B USD — his first appearance as a dollar billionaire — as Gloria Jeans revenue approaches ~\$78 billion (\$1B USD) on the post-exodus surge.

**STRUGGLE** 2025**The correction begins**

The land-grab cools: 12 post-exodus brands shut down, and Gloria Jeans closes its flagship former-H&M on Tverskaya Street as rents outrun revenue. Melnikov returns to run the company himself for the fifth time. The vacuum is filled; the discipline test begins.



# About this research

This report draws on 74 verified sources across 2 languages — primary documents, founder interviews, and trade press. Every figure and claim is cross-validated against independent references.

Full methodology at [brandmine.ai](https://brandmine.ai).

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