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Behavior of Russian Premium Fashion Consumers and Designers after the COVID-19 Pandemic and International Sanctions

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Abstract

The purpose of this paper was to investigate the emerging changes in Russian premium fashion brand consumers' behavior on the eve of the COVID-19 pandemic and international economic sanctions, the impact on foreign fashion brands' decisions to leave the market, and the willingness of some Russian fashion designers to scale their businesses and occupy vacated market niches. This problem had arisen for the first time; the situation is unexpected and unique. Therefore, the researchers combined multiple methods of data collection: (1) Observation; (2) Netnography to identify emerging changes in Russian consumers' behavior, which increases the objectivity of the data obtained since personal contact was excluded; and (3) Expert in-depth interviews to assess the situation by Russian fashion designers. QDA and qualitative content analysis were used. Fashion designers in Russia percept the situation as an opportunity for business development, similar to the situation that occurred in Iran, but entrepreneurs understand the market risks and expect more serious measures of state support for business. The results may inform state policymakers and stakeholders about the stated changes in consumer behavior and the capabilities of Russian entrepreneurs to scale the business, which will help identify possible growth vectors for domestic fashion designers in the premium sector.

Keywords:

Russia;
Consumer Behavior;
Premium Fashion Brands Market;
Counterfeit; Loyalty;
Russian Fashion Designers;
Business Scaling.

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1- Introduction

Since February 2022, the Russian premium goods market has been reeling: an unprecedented situation is unfolding, caused by the decision of many Western manufacturers/brands to leave the Russian market as part of economic sanctions [1]. According to various estimates, more than 500 companies and brands from various fields and segments, including premium brands, have decided to leave the market and suspend their activities in Russia [2]. Shopping malls are particularly affected, since their shopper traffic decreased by about 20% compared to 2021, and the share of vacant premises abandoned from stores of brands that left the market was 25–30%. In response to this, the Ministry of Industry and Trade of the Russian Federation even issued circular No. EB-96376-15 dated September 30, 2022, in which, noting the problems of the trade industry in connection with sanctions, disruption of supply chains, foreign trade turnover, and the withdrawal of foreign brands, they call on the regional authorities to provide support to the industry. Simultaneously, the current situation is connected not only with the departure of foreign brands but also with the fact that, starting from 2020, the period of self-isolation and the COVID-19 pandemic, approximately 10% of Russian consumers have switched mainly to online shopping [3]. At the same time, Russian consumers' already established habit of buying models of their favorite foreign premium brands was formed long before the current situation. This phenomenon has been investigated by many scientists [4, 5]. The desire of Russian consumers to look good, to buy not so much a single item of clothing or

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other fashion products but a whole image, has been formed recently (since the early 2000s). This is of course due, among other things, to the so-called genetic memory of the shortage of fashion goods and premium brands during the last years of the Soviet Union [6, 7]. The restrictions associated with COVID-19 have only increased this traction of adherents shopping for premium designer fashion items, as it was during this period that many manufacturers and owners of premium brands began to actively develop their activities online, and buyers were forced to become more trusting in buying such items online [8–11].

Nevertheless, Russian fashion designers have recently (since the 2000s) demonstrated persistence in developing their businesses using modern business models and processes. Now it is no longer possible to say that designers in Russia are only creators of various models. Today, they speak the language of business; they know their consumers and their competitors, and they know very well how to present their collections in showrooms, at Moscow Fashion Week (MFW), and at fashion shows [5]. We can say that the 2000s were a new stage in the development of the fashion industry in Russia, where domestic fashion designers play a significant role. In addition to this, it should be mentioned that the digital transformation, the ability to obtain almost any information about the activities of the world's leading luxury fashion houses, and the trends and lines of fashion designers' collections also affect the creative and business activities of fashion designers worldwide [12]. Thus, some well-known Russian designers have stated since February 2022 that they have an interest in occupying the vacant market niches while carefully assessing their own capabilities, understanding the limitations on business scaling, and taking the appropriate risks.

It is impossible to fully assess the consequences of the brand owners' decisions to suspend their activities in various product markets in Russia; therefore, the authors of the article analyzed the current situation in the market for fashionable clothes and accessories in Russia in the premium segment.

Business suspension or withdrawal of foreign manufacturers of fashionable clothes and accessories from the Russian market means the actual closure of stores, whose contribution to the turnover of large shopping malls in different cities ranged from 30 to 50%. These stores were assessed by the shopping mall management as "generators of customer flows and profits." The reduction in profits motivates the shopping mall owners to fill the vacated areas with products from Turkey, India, China, Thailand, and Iran [13]. In this regard, Russian retailers are looking for new ways to develop trade and economic relations to replace fashion market niches with models, collections, and brands from countries that remain friendly to Russia and use "parallel import" channels to deliver premium Western brands [14].

The complicated situation on the Russian market for premium clothing and accessories contributes to the development of new strategies for parallel imports by businesses and the Ministry of Trade, substituting departed brands with models and collections of manufacturers/brands from other countries or models of Russian fashion designers, and increasing the flow of counterfeit products. Counterfeit products in the fashion industry include brand forgeries and fakery, replicas, and imitation goods of famous brands. An increased supply of counterfeit products will certainly affect the customers' perception of brand quality and reputation and may also pose a threat to consumer safety due to the lack of quality assurance for such goods [15]. The problem of the influence of substitutes for well-known foreign premium brands on brand perception was studied by scholars from different countries, including Russia.

A change in the structure of the product offer in the premium fashion market cannot help but affect the behavior of Russian consumers and their reaction to the withdrawal of premium foreign brands from the market, which presumably will include three possible options: 1) switching to other brands (including brands of domestic fashion designers, especially since in recent years the latter have been very actively developing their brands) due to the 'grievance' against the departure of favorite brands. 2) Consumers show their willingness to pay more and wait longer for goods of their favorite brands ordered and arriving through the parallel import system, because they feel trust and loyalty to them. 3) Consumers accept substitutes, imitations, and replicas of famous brands (counterfeit products), which is caused either by a decrease in income and purchasing power or a lack of understanding that the purchase of famous brand imitations affects the brand's image perception and, most importantly, may be dangerous for the consumer.

Thus, the unprecedented pressure of economic sanctions and the decisions of large foreign brand owners (mass, premium, and luxury) to stop doing business in Russia complicate the situation on the fashion market for all its participants: customers suffer from the lack of opportunity to buy models of their favorite brands, shopping malls suffer from economic losses, and brand owners lose loyal customers in Russia.

The study aims to form an idea of changes in the behavior of consumers of premium fashion products and to assess the intentions and strategies of Russian manufacturers of premium designer fashion brands in the context of the mass exodus of foreign brands and the strengthening of economic anti-Russian sanctions [16].

The following tasks were formulated to achieve this research purpose:

- Identifying the main trends in the Russian and global markets for premium fashion products;
- Identifying sustainable trends and transformations in the behavior of fashion goods consumers in the premium market segment (before and after February 2022);

- Revealing the intentions and readiness to assess the opportunities for the business development and scaling of Russian fashion designers and manufacturers of premium fashion clothing and accessories to occupy vacated market niches and positions in the consumers' minds.

2- Literature Review

Changes in consumers' and producers' behaviors in a crisis are the subject of research by scholars from different countries, especially in the markets of countries with developing economies, which, for some reasons, find themselves in a situation of pressure from economic sanctions and a boycott of manufacturers and brand owners [17–20]. Over the past two years, studies have focused on how fashion goods consumer behavior has changed during and after the COVID-19 crisis in developing countries. Varma et al. (2022) [21] emphasize that within the period of limited mobility due to the COVID-19 pandemic, consumers around the world increased their purchases of premium fashion products online, which influenced the development of e-commerce. Simultaneously, technological innovations and computer technologies were developing; therefore, for the consumer's convenience, online retailers actively began using such solutions as virtual fitting rooms, the selection of different models to create a buyer's complex image, the use of artificial intelligence (AI) for the consumer profile analysis and advice on the selection of a model, and style to create a positive customer experience (CX).

Any crisis is unique because it arises in a certain period based on geopolitical conflicts, and misunderstanding of the parties toward each other. China, Russia, Iran, North Korea, and other countries were subject to severe sanctions by foreign countries at different times. The benchmarking methodology makes it possible to analyze how the market situation has changed, what transformations have taken place in the minds of consumers, and what models of consumer and purchasing behavior are typical for consumers [22]. An analysis of the impact of sanctions on the development of markets in Iran is presented by Grachikov & Xu (2022) [23], Khademi et al. (2021) [24], Nademi & Hassanvand (2019) [25], Medvedeva & Starodubtseva (2022) [26], Karimi (2022) [27], and Ashtiani et al. (2014) [28]. It is considered that the strengthening of economic sanctions has a significant impact on the reduction in the purchasing power of consumers in the country (as exemplified by Iran), which affects the reduction in demand for goods and services, including fashionable clothes, and an increase in the absolute poverty of the population [25]. It is also worth noting that the sanctions upset the labor market balance in Iran. Karimi (2022) [27] and Ashtiani et al. (2014) [28] note changes in the behavior of consumers and producers and call it the "resistance economy." Pang et al. (2022) [9] believe that the crisis caused by sanctions necessitates the introduction of new survival mechanisms: support for INSTEX trade settlements (Instrument in Support of Trade Exchanges), barter trade operations with other countries, and the use of national currencies in payment settlements. Ashtiani et al. (2014) [28] and Aghajanian & Ebrahimi (2020) [29] investigated changes in consumer behavior regarding premium products and counterfeit products imitating premium brands in the Iranian market. Aghajanian and Ebrahimi note that consumers favorably perceive the products and clothing brands of domestic manufacturers [30–32].

Russian authors study consumer behavior patterns in Russia regarding counterfeit products and note the risks for brand owners in losing the perception of the premium and luxury brand image and for consumers, because consumers are ready to purchase counterfeit goods, despite the low quality of goods and materials, which can affect the consumers' health [33–35]. At the same time, authors from China [36] pay attention to moral and ethical standards when purchasing counterfeit goods that imitate famous brands from premium manufacturers. Based on empirical data, Chen et al. (2018) [36] show that the consumption of counterfeit fashion goods is more typical for consumers from emerging economies. Kasber et al. (2022) [37] show the dangers of the prevalence of counterfeit fashion goods consumption by female consumers in societies where such consumers can be opinion leaders. Wang et al. (2018) [38] and Ngo et al. (2020) [39] write about patterns of counterfeit luxury goods consumption, correlated with known motivations for choosing high-end luxury brands.

Changes in consumption patterns for fashion products and brands also affect the decisions of fashion market participants in a country that is under sanctions. Such studies have already been conducted by Russian marketers [40], who specialize in analyzing the behavior of consumers of luxury and premium goods. Based on a comparative analysis of customer behavior in Russia and Iran, the scientists proposed scenarios for management decisions to overcome the situation of uncertainty and turbulence in the market, in particular, decisions on reorientation to the purchase of raw materials and materials for the production of clothing from manufacturers in Asian countries and Turkey and intensification of production by domestic manufacturers of fabrics and clothing of higher quality [40]. Russian scholars [41] argue that after the departure of foreign brands, a new market reality is being created that allows the use of new marketing techniques and strategies, in particular collaborations.

Nazari et al. (2014) [31] proposed five priorities for effective marketing tools that influence the change in purchasing behavior regarding clothing consumption in Iran: 1) brand identity; 2) product differentiation; 3) consumer orientation; 4) use of marketing tools; 5) building strong customer relationships. Famous scholars and experts on luxury brands and their marketing strategies from France Chevalier and Gutsatz debunk the myth of conservatism and traditional strategies for distributing premium and luxury goods by brand owners and the need to create an online boutique in response to the demands of global consumers, who are increasingly justifying their choice and making the decision to buy premium fashion clothing online [42]. The research results obtained by numerous scientists, Zhang et al. (2021) [43] and Gronow & Zhuravlev (2015) [44], in particular, show that the quality of information, transaction security, the company's reputation, and its location significantly impact customer trust and willingness to buy clothing through social networks. This trend emerged and intensified during the COVID-19 pandemic and continues to be important.

In Russia, many fashion manufacturers and designers have long mastered the Internet and social networks; for many of them, social networks are the only possible way to look ahead, without hesitation, to evaluate the prospects of their brand and products. Many market participants, both foreign, and in the same way, previously rather conservative domestic fashion designers began developing their accounts in the most popular social networks, Facebook and Instagram. Additionally, the development of computer technology and artificial intelligence, combined with the capabilities of Instagram accounts, gives consumers a more thoughtful way to make their purchases on social networking platforms. This trend appeared in the self-isolation period during the pandemic, which influenced the formation of a new customer experience in choosing fashion products and the development of trust in social networks in the context of the digitalization of the economy, which is confirmed by Zhang et al. (2021) [43].

Considering that in Russia, in March 2022, the social networks Facebook and Instagram of the Meta company were recognized as extremist, the opportunities for brands and fashion designers to use these social networks, which were previously very popular among Russian consumers, have decreased [43]. Therefore, entrepreneurs in the Russian market should look for new opportunities for delivering information and organizing trade, including through social networks or in a traditional format, by opening their brand stores on vacant retail spaces in shopping malls. However, this requires the formation of a new marketing strategy and an assessment of their capabilities for scaling the business and developing the brand. Additionally, Russian entrepreneurs and fashion designers have some hopes and expectations that, given the unprecedented situation in the fashion market in Russia, the government will provide them with support to develop their businesses and meet market demand. These expectations can, of course, be criticized, since the main financial resources during a military operation are directed by the state to meet the primary needs of consumers and the economy. Here we should recall some historical facts of a somewhat similar situation, when, at the beginning of World War II, the production capacities of light industry were reoriented to the production of military uniforms and accessories for war participants as directed by the British Prime Minister. When the war was over, analysts noted the lack of fashionable goods and light industry products in general, which negatively affected consumers, and created problems for ensuring supplies to trade, contributing to the development of the shadow economy, which negatively affected the entire socio-economic system of the country. Therefore, the British Government has taken measures to stimulate the production of "street fashion" – fashionable goods in the mass market segment to meet market demand. This can be read on the website of the International War Museum in London, the main thesis of which is "War Didn't Mean the End of Fashion" [45].

In Russia, the situation in the fashion market before and after World War II looked much more despairing since state planning set the development of heavy industry, heavy and medium engineering as priorities, whereas light industry was always funded residually. Simultaneously, despite the propaganda of patriotism and even, to some extent, asceticism, there were still consumers who wanted to dress beautifully and fashionably, and correspond at least a little to the images of the pretty actresses, both foreign and Soviet, who were shown in popular films. Undoubtedly, this influenced the demand for light industry goods, such as clothes, shoes, and fashion products; handicraft production developed, and decades after the war, when, due to distortions in state planning, the market remained in short supply of fashion goods, illegal schemes for the importation of fashion goods began to develop. The commission trade and private sales flourished. These facts have been analyzed by scholars from Finland and Russia [44].

Thus, the analysis of literary sources shows that in the market for premium fashion goods in countries that are (or were) in difficult economic conditions: whether it is a crisis associated with the suspension of activities due to the COVID-19 pandemic, or with economic sanctions and boycotts on the part of foreign fashion manufacturers, one can note that customers change their purchasing behavior and market participants (traders or manufacturers) are forced to change their marketing strategies. Although the situation in the Russian market for fashion goods in the premium segment can be called turbulent: foreign brands have decided to suspend their activities, foreign trade relations and logistics opportunities are limited (or even terminated) due to the pressure of economic sanctions, the purchasing power of Russian consumers is declining, or buyers express dissatisfaction with the departure of beloved foreign brands, however, it is assumed that, given the experience of Iran, China, and the DPRK, some stabilization of supply and demand is possible both in the industry and in consumer behavior. This idea proves the relevance of studying premium fashion consumers' behavior and assessing the intentions of Russian manufacturers and fashion designers to transform their strategies for scaling their businesses and substituting the products of premium foreign brands that have decided to leave the Russian market.

3- Materials and Methods

This comprehensive and combined research is characterized as an exploratory study by its nature. Netnography research methods were used to obtain information about changes in consumer behavior. The sources of secondary information and netnography research include analytical reports of research companies, reports of international fashion weeks in Moscow, London, Milan, Paris; consumer reviews, comments, statements on websites, and social networks.

Primary data were obtained via a field survey: a combination of exploratory and limited descriptive qualitative research in Moscow, in the period 04/28/2022 - 06/12/2022. An expert survey technique was developed – an in-depth interview with domestic fashion designers on a sample of n = 5. Such a sample size is considered acceptable because of the competence and credibility of the involved experts (Figure 1).

Figure 1. Methodology of exploratory study in line with modern trends in the global and Russian fashion markets and the emerging situation

Well-known Russian fashion designers and market experts, the founders of the brand/brands in the premium segment, were the survey respondents; they have their own production and distribution channels: showrooms, their own online stores, or they present their models in the online stores of Russian designers "DressOne.ru" [46], Livemaster.ru platform [47], actively work in social networks, considering them as a communication platform, the possibility of receiving an order and selling products (Table 1).

Table 1. Description of the elements of the sample (experts) (Compiled by the authors)

Expert	Brand	Brand foundation year	Business segment in the fashion market	Achievements in fashion	Additional information
Tanya (Tatiana) Snezh-Lebedeva	Tanya Snezh-Lebedeva and Silen Shust	2011	Premium designer clothing	Moscow Government grant holder, a participant of Moscow Fashion Week 2022	Brand founder and designer
Vova Fruck	VOVA FRUCK	2011	Accessories: handmade necklace		Brand Creator
Ulyana Lineva	Ulyana Lineva,	2011	Premium fashion clothing	A member of Russia Designers Association	Fashion designer, brand founder
Igor York	IGOR YORK	2011	Leather accessories (genuine leather bags)	Five years' laureate and participant in the MosShoes International Exhibition of Footwear and Accessories Designers	Education: Martin's College of Art and Design in London, Master's degree, Moscow State University of Design and Technology.
Svetlana Mityunina	Lesstress		Premium designers' clothing and accessories		Brand curator

A scenario (guide) was developed to conduct in-depth interviews, and a list of topics and their corresponding unstructured research questions (Table 2), the scenario and timing of each interview were determined.

Table 2. Conceptual blocks/themes and research questions (Compiled by the authors)

Conceptual blocks/themes	Related research questions
1. The decision of Western premium brands to cease operations and leave the Russian market (March-August 2022): the potential for their substitution by brands from Turkey, China, Iran and other countries	1. How is the Russian consumer behavior changing? What is the response of Russian manufacturers/brands in the fashion market in this situation?
2. The degree of Russian consumers' readiness to switch to Russian designer fashion brands and pay more for premium fashion brand goods	2. Is it possible for consumers to form/strengthen a positive perception and attitude toward the collections of Russian designer brands?
3. The decision of foreign fashion brands to cease business and leave the Russian market has led to a decrease in consumer loyalty	3. How can one assess the impact of the decision of foreign fashion brands to leave the Russian market on the consumers' addressing the problem of choosing fashionable premium products?
4. Formation of new channels for distributing premium products of foreign brands, including the use of "parallel imports"	4. How can the problem of shortage of fashionable goods by well-known foreign brands be solved with the help of new distribution channels ("parallel imports")?
5. Russian consumers are willing to purchase counterfeit products that imitate models of well-known foreign fashion brands due to the desire to save on purchases or out of ignorance	5. To what extent will the exodus of premium foreign fashion brands from the Russian market increase the Russian consumers' positive perception of counterfeit products that imitate premium brand goods and consumer propensity to buy them?
6. There are potential free market niches in the Russian fashion market for offering collections of domestic designer fashion brands.	6. Do domestic premium fashion brand manufacturers and designers have the technological and commercial capabilities to scale their business and meet current and potential demand in the Russian market for premium fashion brands and accessories?

The obtained non-numerical data of secondary and primary information were generalized and analyzed using the methods of structuring, content analysis according to the repetitive categories and constituent elements of the obtained non-numerical information determined by the researchers and the Delphi method to interpret the research findings.

4- Results

Analysis of data from open sources allowed the researchers to identify and structure trends in the Russian and global fashion markets in the first half of 2022, indicating the consumers' reactions, changes in their behavior, and brands/manufacturers in the premium segment of the Russian fashion market (Figure 1). The following trends have been identified in the Russian and global markets for premium fashion products:

I. The following changes in consumer behavior were revealed, which are associated, among other things, with the intensification of transformation processes in the fashion industry, identified on the basis of the secondary data analysis (Figure 2).

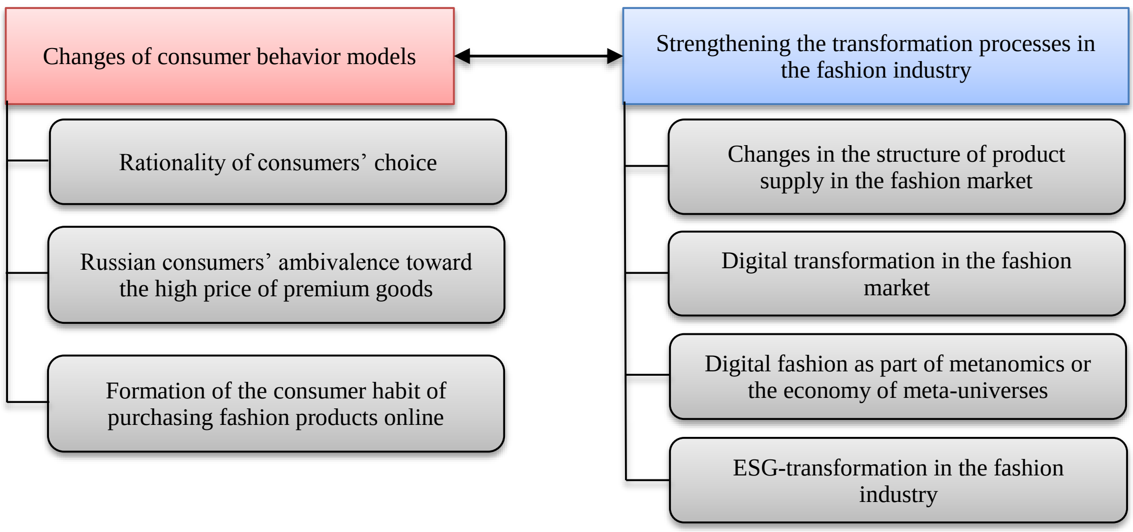

Figure 2. Key trends in the Russian and global fashion markets

The premium segment of the Russian fashion clothing and accessories market was still recovering until February 2022 after a downturn in business activity during the COVID-19 pandemic. Along with a decrease in sales volumes in the fashion market in 2020–2021, a trend of restructuring demand for certain product categories was noted: sales growth in the category of home and sportswear; a decline in sales in the category of business attire and fine apparel; an increase in the online product offers of fashionable clothes.

At the beginning of 2022, the premium segment of the Russian fashion market showed positive dynamics: the number of Western fashion retailers grew by 15%, most of them preferred to work in the premium segment. But, situation of the end of February 2022, in the context of the total exodus of foreign brands, the following trends intensified, which had already been outlined earlier, during the pandemic.

1-Changes in consumer behavior were identified:

- *Fundamental motivation: rationality of consumer choice*: According to the ROMIR research holding, since the beginning of 2022, Russian consumers were demonstrating rational behavior: they optimized spending on food, consumer goods, transferred pre-selection goods into deferred demand, refused impulse purchases, and switched to domestically produced goods [48]. Along with this, experts note that Russians are ready to refuse fashion goods at the last turn [49].

- *The ambiguous attitude of Russian consumers to the high price of premium and luxury fashion products:* On the one hand, the high price of designer brand fashion products is perceived by consumers as an indicator of high quality, model and brand originality, and increases consumer expectations of a long service life of the model. The revenue of premium clothing and footwear brands for 2021 increased by 1.5 points, besides the fact that consumers explained the negative reaction on the fashion model price raise, but at the same time, they started to buy premium fashion and foot ware more frequently. It is interesting that they buy fewer items (average check is decreased from 32 to 14 thousand rubles, but frequency of purchase increased by 6 times) [48].

  New stable patterns are emerging in the consumer behavior in the premium segment, associated with the attitude toward the fashion goods price and the willingness to consider the possibility of repurchasing or renting luxury goods [49-51].

- *Formation of the consumer habit of buying premium fashion products online:* Consumers purchase fashionable clothes, shoes, accessories using various online channels: in companies' online stores, marketplaces, and social networks. Since 2016, the volume of the electronic fashion market has been steadily increasing by about 30% per year (Figure 3).

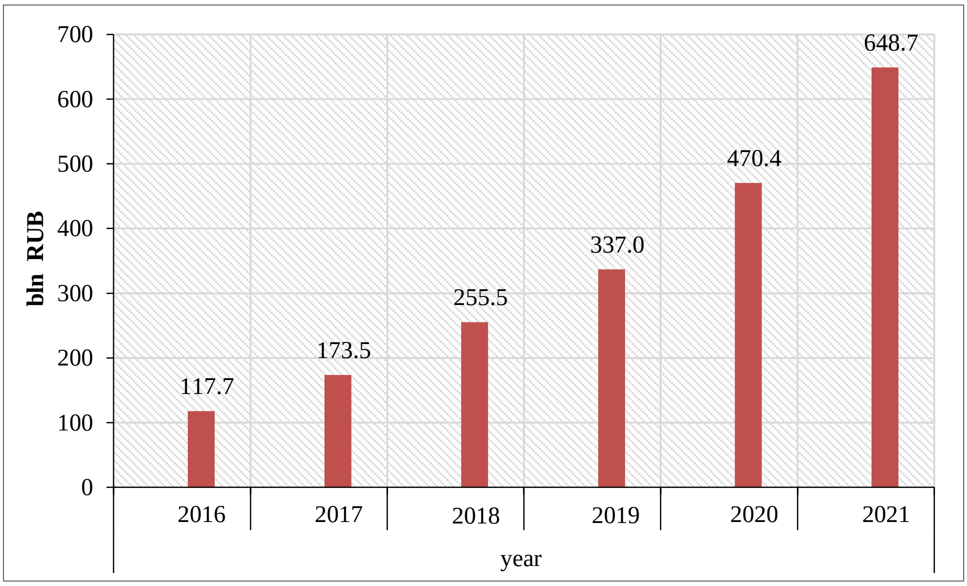

Figure 3. Volume of the Russian online retail market for fashion goods, RUB billion [50]

In 2021–2022 in Russia, the number of online purchases of premium goods worth from 500 thousand to 1 million rubles increased sixfold, and the turnover of online stores selling goods in this price range increased by 6.3 times over this period. In particular, in 2021, Russians bought designer clothes and shoes of famous fashion houses online 19 times more often than in 2020 [51]. The growth of online purchases of premium fashion products proves a change in the perceived value of premium goods, which does not limit the consumers' willingness to buy such goods online (as it was for a long time until the start of the COVID-19 pandemic), and in this regard, a change in the motivation of Russian consumers' readiness to choose and purchase.

2-Strengthening the transformation processes in the fashion industry that began before 2020 and influenced the behavior of domestic and global manufacturers/sellers/designers in the premium fashion market.

- *Changes in the structure of supply in the fashion market:* The supply of foreign brands has significantly decreased in this market: among others, the French conglomerates LVMH (Louis Vuitton, and Christian Dior brands), Kering

(Gucci, and Balenciaga brands), Chanel, the legendary and most popular luxury brand in Russia, have suspended their activities. Sportswear and footwear brands/manufacturers and others made similar decisions, which forced the shopping mall management to look for new lessees and partners, to offer cooperation to brands/manufacturers from China, South Korea, India, and even Iran.

The new fashion market conditions expand the business development opportunities for domestic fashion brands, which is confirmed by data showing positive dynamics, for example, in the footwear category. An increase in production was noted from 11.5 to 13.2 million pairs and in sales from 15 to 20 million pairs during February-March 2022 [51].

In the fashion market, the influence of domestic fashion brands in the price segment from 3,000 rubles is increasing up to 50–100 thousand rubles, which suggests their cautious intentions to substitute foreign premium and luxury brands that have left the market. Manufacturers and fashion designers such as To Be Blossom, Laroom, Anna Pekun, and others offer their collections in showrooms, actively work online and sell their models through online stores, marketplaces, social networks, and attract the consumers' attention through direct mailing of information to subscribers. Some domestic brands have long been operating in the format of mono-brand stores in the shopping malls: VASSA&Co, CHARUEL, Alexander Bogdanov, etc. There are other successful examples of creating and scaling one's activities and competent application of marketing and sales strategies in the domestic fashion clothing market.

- *Digital transformation in the fashion market:* The use of digital technology by fashion manufacturers/sellers is changing the vision and perception of fashion products by consumers. The introduction of phygital technology, which involves a combination of consumers' digital and physical experience (including AR and VR technologies), allows for the digital development of clothing models, 3D visualization (first presented by designer Alena Akhmadullina in a capsule collection) [52], and creation of a digital profile of a clothing consumer based on many parameters.

  To create "smart" clothing models, innovative fashion companies use digitalization in all business processes. In particular, Orby [53], the domestic company that produces clothing for children and teenagers, does not spend time and resources on sewing samples after developing sketches; it presents clothing models with the help of a virtual brand ambassador, the Orby's blogger.

- *Digital fashion as a part of the metanomics – economy in metauniverses* [54]*:* Designers consider digital fashion as an ecosystem where collections are created and promoted both in virtual and real formats. This can be exemplified by Lamoda virtual fitting rooms for clothes and shoes, online shows of new collections (shows of the Prada luxury brand, fashion weeks in Moscow, and London, Paris Haute Couture Fashion Week, Mercedes-Benz Fashion Week Russia). Conducting online collection shows is accompanied by panel discussions on social networks, consumer access to a virtual digital platform with unique content from designers, and participation in online games [55].

  The advertising and film industry, cryptoart [55, 56], classical art, and digital fashion already represent the modern unified digital fashion industry.

- *ECG transformations in the fashion industry:* The production and sale of fast-fashion goods in general, and the luxury goods in particular causes irreparable damage to the environment, which is expressed in the following:
  - In the irrational use of economic resources by shortening the life cycle of clothing due to an increase in production volumes (for example, it doubled from 2000 to 2014) [57], an increase in the number of collections (for example, 24 annual Zara collections) and, accordingly, an increase in the frequency and volume of consumers' purchases (growth in purchases by 60% over the same period);
  - In the wasteful and unsustainable disposal of unsold leftovers by fashion brands: 85% of all fashion goods produced per year go to landfill. A 2018 investigation by *The Times* found that over five years, the legendary British luxury brand Burberry burned USD65 million worth of clothes and bags [58], arguing that it is easier to burn unsold goods than to sell them at discounts, since the low price of a branded model can negatively affect the reputation of a luxury brand;
  - In the release of carbon dioxide into the atmosphere during the production of fashionable goods: 10% of carbon dioxide in the world is "given" by the fashion industry. In particular, washing one set of polyester clothing generates the equivalent of 5.5 kg of carbon dioxide emissions.

Public concern about environmental pollution and degradation worldwide has led to the fashion manufacturers' awareness of the need to reconsider their production and commercial strategies.

II. Changes in the behavior of Russian consumers and manufacturers/brands in response to the exodus of foreign premium fashion brands from the market.

The main results of the in-depth interviews with experts of the Russian fashion market conducted during the research are presented in Table 3. The table includes experts' quotes; the most important answers to the questions of the guide are given in bold. The "asterisk" symbol is assigned to such an expert's opinion, which differs from the opinion of others, or when the expert expresses an opposite opinion requiring a special explanation.

Table 3. Systematization of the replicated notes of respondents (experts) of in-depth interviews

Question	Expert 1 T. S-L.	Expert 2 V. F.	Expert 3 U. L.	Expert 4 I. Y.	Expert 5 S. M.	Experts' quotes
1. What is your attitude to the decision of some premium brands to suspend their activities in the Russian Federation or completely leave the Russian market?	–	–	–	–	–	*... they are looking for* ***any loopholes*** *to* ***return here*** *(E5)* *…but it* ***opens opportunities for us****, but* ***I'm glad they have left*** *because* ***it's good for our business*** *(E1)* *... they left* ***rather under pressure than on their own*** *(E3)* *… they* ***opened the way for local, Russian designers*** *– the entire multinational team of Russian designers,* ***they freed up part of the market*** *(E4)* *(brand exodus)* ***will not affect the political situation*** *(E2)*
2. Is it possible to replace the departed brands with substitute products, i.e., goods of Russian, Turkish, Chinese and other brands?	(1)+/ (2) +	(1)+/ (2) +	(1)+/ (2)+	(1)+/–/ (2)+*	(1)+/ (2) +*	*(1) ... as for* ***garment accessories****,* ***within a year*** *(E3)* *…. it is quite possible and even they* ***can be substituted with better products****, but* ***will premium consumers buy them****? (E4)* *... the time has come when* ***opinions*** *on Russian brands* ***will change*** *... the* ***trend has already been set for Russian brands*** *and we can say that* ***it is approaching its peak****. (E5)* *(2) for example, *Turkish brands are really different, the* ***style and understanding of beauty may differ*** *from the European and Russian approaches.* ***Some will love it, others will not*** *(E4)* *…we just* ***don't know premium brands from China, India, Turkey****; there are* ***wonderful things in Turkey, Thailand*** *(E 3).* **… now* ***Chinese companies will take on our designers****, they will* ***start buying up*** *Russian designers (E5)*
3. What is the potential possibility for consumers to switch to buying domestic brands?	+	+	+*	+	+*	*…****many people are already doing this****;* ***bloggers*** *promoting the idea of buying Russian goods* ***contribute to this process*** *(E1)* *...* ***they are already switching****; the recognition is growing (E2)* *…* ***in our country****, I am sure,* ***there is real patriotism****, and it is probable that* ***consumers of the premium segment will switch*** *(E4)* ***... committed buyers, shops, showrooms of Russian designers*** *... have been* ***promoting*** *them for much more than a year (E4)* **…****from hopelessness*** *(E3)* **…****they will switch because there's no wat out*** *(E5)*
4. Do you think consumers will stop buying premium brands due to lowering real incomes?	–	–/+	–	–	–/+*	*…perhaps they* ***won't refuse****…****they will just buy less often****, but they* ***won't completely refuse****… (E 3, 4)* (Cf. answers to question 8) *…****well-heeled clients*** *with money will not redirect their efforts and will continue purchasing premium brands (E1)* *... spending the* ***last of money*** *on luxury is* ***in Russian nature*** *... many people want to show their level (of luxury) (E3)* *These people* ***whose incomes have fallen*** *will* ***switch to Russian brands*** *(E2)* **... if you were* ***on the border between premium and business****, you will get another* ***redistribution*** *of customers: those who bought at TSUM will* ***switch to Russian brands****, those* ***who will now earn money*** *... and become billionaires will get to the* ***premium*** *sector (E5)*

5. In your opinion, will premium brands lose part of their loyal audience due to their exodus from the Russian market?	+	+	+*	+*	+*	*...yes, definitely – people are offended (E1-4) ... but at the same time, I will say – this **loyal audience** makes **an insignificant percentage of the income of premium brands** worldwide**… this is a small loss for the brands themselves** (E4) ... but if we **face the truth** …. Now everyone is shouting: “Screw this Chanel..., we will never cross the threshold!” I would not make **such loud statements**, as time goes by, everything **will calm down a little** ... they **will lose part of the loyal audience, but a small part** (E5) ….. but now **brands have banned Russians from buying goods under Western premium brands** (E3)
6. Do consumers feel betrayed by their favorite brands?	+	+	+	+*	+*	…definitely yes. In chats, people share their **feelings and emotions, and many express their resentment** (E1-5) *…partly they feel (**resentment**), and **partly understand that the brands were forced to close temporarily** and they **will definitely return**…in some shopping malls **these premium brands continue to operate** (P4). *… yes, now they **feel** (resentment)… they are discussing, but they **still order through someone** (E5)
7. In your opinion, will consumers be interested in buying premium brands through parallel imports?	+	+	+	–	+	…they will and this will be an **indulgence for piracy/pirates** (E1) ... I would **be careful about** such purchases because there **may be fakes ... it’s better not to buy now and wait, go abroad to buy, or buy more expensive here in Russia** (E4) ... they will **buy through other sites, they will open their showrooms here**, for example, **Chinese entrepreneurs,** or **look for Russian partners for this** (E5)
8. In your opinion, are consumers ready to pay more for the purchase of premium goods acquired through newly formed distribution channels (parallel imports)?	+	+	+	+	+	… those who **can** do this are ready … … **extra charges will be from 50 to 70%, customers loyal to premium brands are willing to pay for their purchase**… but, of course, these are **wealthy people** (E1-5) …they used to buy **3 bags, but now they will buy 1 bag** every six months (E3) ... at first, the **frequency of purchases will decrease**, if earlier **they bought 2 pairs of shoes, now they will buy one** (E5) ... they will be ready, **but within certain limits, no more than by 15%-20%** more expensive from the original price (E4)
9. Will consumers be tempted to buy counterfeit products to substitute the departed premium brands?	–	+/–*	–	+/–*	–	… **No**… it’s appropriate to talk about **the strength of a brand, about what a real brand gives a person… not to see the logo, but to be in the aura of great brands, confidence, self-identification** (E1) …**no**, as they **used to buy and will continue to buy from trusted suppliers** (P3) ... **no** ... the premium segment is **more picky buyers ... they definitely won’t go back for fakes** (E5) *… it’s hard to judge everyone… **if clothes are made of material that is easy to imitate, definitely**… by the way, **some fakes are better in level than the originals** (E2) *… it doesn’t depend on addiction. I know people who wear **both premium and luxury brands, but dilute their wardrobe with quality copies**… to maintain their status (E4). *… consumers of the premium segment buy counterfeit, however, **not one that is a deliberate fake for a brand**, but one **that is a real brand**, but **not documented…the copyright holder is not registered, from a legal viewpoint**, this **will also be a counterfeit**, but **in fact, it will be a real brand** (E4)

10. In your opinion, will they purchase counterfeit products intentionally so as not to overpay for the purchase of a branded item or can they buy out of ignorance, seduced by a lower price?	–	+	–	+	–	*… **it doesn't make sense**… they will buy **from trusted suppliers**, if they have bought premium brands before, they are **well versed in quality and will not buy anything** (E1, 3, 5)* *… **yes, sure. Moreover, if the incomes of people fall** (E2)*
11. Will designers be able to substitute premium niche brands with their designer things?	–	–	+	+/–*	+	*…it's **difficult for designers to scale, difficult to create large collections** (P1)* *… they will be able, but in 30 years … **this process is impossible without state support** … we survive … there **is no support from the state**, but it is very necessary! (E3)* *… if the **government** gets involved **and state support appears, this can be done**, but **this is not a matter of three years** … a period must pass for there to be a **substitution** (E5)* *… **our industry will not be able to cope, designers are unlikely to be able to** fully **substitute premium brands** (E2)* *…theoretically it is possible, there are **examples of Russian premium brands**… but **many budgetary funds have been invested** in them… however, the question arises whether **they will be realized, whether they will pay off** (E4)*
12. In your opinion, what expectations will consumers have when planning and purchasing designer brands?	*Possibility of self-expression through designer clothes*	*Possibility of brand loyalty*	*Poor quality of material and tailoring*	*Poor quality of tailoring, design, and materials*	*Poor quality of material, and tailoring; incomplete size range*	

Notes: Question No. 10 was clarifying, double-checking the experts' understanding of the essence of question No. 9, and focused on clarifying the premium brand consumers' propensity to purchase counterfeit products intentionally.

The following brief designations are used in the table: Expert 1 Tatiana Snezh-Lebedeva – T. S-L.; Expert 2 Vova Fruck – V.F.; Expert 3 Ulyana Lineva – U.L.; Expert 4 Igor York – I.Y.; Expert 5 Svetlana Mityunina – S.M.

The analysis of qualitative, non-numeric primary information obtained during in-depth interviews with Russian fashion designers is systematized and tabulated. Generally, it should be concluded that Russian fashion designers positively assess the current situation in the Russian premium fashion clothing market, which is aggravated due to the strengthening of economic sanctions and the decision of many (almost all) well-known foreign fashion brands to suspend their activities in the Russian market or leave it. Russian designers, realizing all the risks that they can expect when making a strategic decision to scale up their business, nevertheless show their intention to occupy the vacated market niches and retail space in the leading shopping malls of large cities. Undoubtedly, their risks are related to the fact that there may not be enough production capacity, qualified workers: seamstresses, designers, managers, marketers, raw materials, materials and accessories, or they will have to revise their production strategies and product range. And, of course, designers are somewhat naively expecting state support for developing their businesses, which can be expressed first by providing financial resources and introducing tax vacation schemes, but they also expect that the state will again (as in the years after World War II) return to the development of a vocational education system for training workers: seamstresses, clothing designers, etc.

5- Discussion

Analysis of the data obtained during the research makes it possible to provide answers to the six research questions formulated in the Materials and Methods section (Table 2).

- Wealthy Russians, for whom the decrease in income seems temporary and insignificant, will not refuse to buy models of familiar foreign premium brands, even at a higher price. Products of their favorite brands will remain available to them when traveling abroad, when using the concierge service, or when buying goods on the Russian market through parallel import channels. However, the behavior patterns of Russian consumers of premium fashion products will change toward more thoughtful, reasonable choices and a reduction in the frequency of purchases.
- A steady trend toward the consumers' transition to Russian designer premium brands is observed due to their positive attitude toward these brands. This is partly associated with patriotic sentiments and the fact that recently, fashion designers in Russia, because of the limited marketing budget and, often, due to misunderstanding of the importance of integrating all possible channels and methods of communication with consumers, have mainly focused on promoting their models and brands in social networks and collaborating with fashion bloggers and influencers. However, the experts noticed that the transition of some consumers to the models of domestic designers is rather forced and/or spontaneous.

High quality of models, tailoring, fabrics, and materials, corresponding to the quality of premium goods; the development of the size range according to the peculiarities of the figures of Russians; the expansion of the range of models and collections; a competent communication policy; and the broadcasting of brand values are the most common expectations of Russian consumers for the formation of stable preferences, choice, and purchase of models of domestic designer fashion brands.

The Russian market is attractive for brands from Turkey, China, Thailand, and other countries that seek to fill the niches of popular foreign premium fashion brands that have left the market. Undoubtedly, such brands also pose threats to domestic designers and their brands, which will increase competition. However, the competition will make it possible to attract talented domestic young designers, who are well aware of the peculiarities of the Russian market and the Russian consumers' behavior, to the development of this market. Generally, this situation opens up good opportunities for Russian designers of premium clothing and accessory brands.

- Targeted, competent, and structured marketing work should be carried out to form stable preferences and patterns of Russians' behavior regarding knowledge, perception and formation of preferences for models of domestic fashion designer brands. In this regard, the designers expressed their interest in cooperation with leading domestic universities training future marketers using modern technologies and promotion tools.
- Russian fashion consumers feel resentment toward their favorite foreign brands that have decided to leave the Russian market. This "resentment" influences the habits of consuming models of favorite brands and consumers demonstrate their readiness to switch to Russian fashion designers' models, which creates opportunities for business scaling and shows vacated market niches. In this context, it will be important to "catch" consumer demand, form an adequate product offer, and promote the values of Russian designers' brands for this audience of consumers.
- Russian consumers who have reached a certain standard of living and are inert in changing their consumer preferences will respond positively to the fact that fashionable goods models of their favorite Western brands will enter the market through parallel import channels, though at a higher price. However, according to experts, parallel imports can be used by unscrupulous importers to supply counterfeit products.
- Wealthy Russian consumers have a high level of expertise that allows them to distinguish between models of authentic brands and counterfeit products, therefore, they will not be inclined to buy counterfeit products, even if they do not want to overpay.
- Currently, Russian fashion designers are unlikely to be able to fully occupy the market niches of foreign well-known brands that have left the Russian market. This situation unfolds with regard to the following:
    - Lack of materials, garment accessories, machinery and equipment;
    - High prices due to high purchase prices for raw materials and accessories;
    - High entry barriers to the industry, difficulties in selling collections to large retailers;
    - Insufficient state support for the business of domestic premium fashion designers, especially for young designers, graduates of specialized universities, and active entrepreneurs;
    - Systemic problems of vocational education – reduction in the number of secondary specialized vocational schools, training seamstresses, and dress cutters;
    - Problems of a public nature: disrespectful attitudes in society toward working professions, a decline in the prestige of the seamstress and cutter's specialties;
    - The actual lack of production capacities.

6- Conclusions

In this research, information was collected and analyzed on how the Russian market for premium fashion goods is changing. The international fashion market is also changing, for various reasons, including: trends in the digitalization of all processes of production, logistics, and sale of fashion goods; the suspension of business at the international level during the COVID-19 period and the development of e-commerce; the transformation of consumer habits through the manifestation of more rational behavior and the transition to a rational consumption model; and changes in preferences for the types and quantities of goods purchased. The state of the premium fashion market in Russia since the beginning of 2022 is almost impossible to compare neither with similar periods in other years, nor with the situation in other countries: Iran, China, and North Korea, which were also subject to sanctions, although during the research we analyzed scientific publications, concerning the changes in consumer behavior patterns in these countries (except for North Korea) and domestic producers' development strategies. The decision to suspend or terminate the activities in Russia of foreign brands beloved by Russians had an extremely negative impact on consumer perception of these decisions. During the study, indirect methods were used to obtain information about the behavior of Russian consumers: a method for observing consumer behavior when choosing and buying fashionable goods in the premium segment and the netnography method for monitoring the consumers' behavior and comments on the Internet, which increases the objectivity and reliability of information as personal contact with consumers is excluded. The assessment of the possibilities and intentions of Russian entrepreneurs and fashion designers to scale up their businesses and their readiness to occupy the vacant market niches in Russian shopping malls is based on the analysis of high-quality information obtained during expert in-depth interviews and the analysis of similar difficult situations in countries, being in isolation, for example, in Iran.

In this regard, the following transformations in Russian consumer behavior were noted: a) Being offended by the decision of foreign brands to leave the market, consumers show a willingness to switch to models of domestic fashion designers who have been actively developing their brands; b) Consumers are willing to pay more and wait longer for the delivery of models of foreign brands arriving in Russia through parallel import channels; c) Some consumers, among those who are aware of well-known brands but cannot afford them due to their low purchasing power, are ready to accept substitutes and imitations (counterfeit products).

The main results obtained during the research are summarized as follows:

- Factors contributing to the strengthening of transformation processes in the Russian market of the global fashion industry were identified.
- Changes in the behavior of Russian consumers of fashion goods, and the intentions and readiness of domestic manufacturers/designers (owners) of fashion brands to scale up their business in response to the decision of foreign brands to suspend their activities in the Russian market in the premium segment from the beginning of February 2022 were identified.
- In the conditions of the exodus of foreign premium fashion brands from the Russian market, the following most likely behavioral patterns of Russian consumers were determined:
    - The reduced consumption of premium fashion products and the implementation of rational consumer behavior models;
    - Growing consumer interest and a positive (somewhat patriotic) perception of Russian designers' fashion products, this switch is possible only if the latter implement a competent communication policy and convey brand values;
    - Willingness to buy new products of favorite foreign fashion brands even at a higher price and, consequently, a longer wait for new products that can arrive in the Russian market either through parallel import channels or through private intermediaries (buyers);
    - Switching of a part of consumers who are sensitive to price, feeling a reduction in their solvency, to purchase imitations of well-known foreign fashion brands, replicas, and other counterfeit products. Such consumer behavior will negatively affect the activities of domestic market participants and the safety of the consumers themselves.
- Generally, domestic fashion designers, brand owners, and industry experts positively assess the emerging market opportunities for developing and scaling their businesses. Simultaneously, economic entities of the market objectively assess the risks in terms of maintaining a certain quality of products, their limited financial and production capabilities, and their human resources, including the problems of ensuring the employees' and workers' professional level.

All experts (respondents) interviewed during the survey, participants in the Russian fashion market, expressed their opinion that state support and a targeted policy are needed to change attitudes toward activities, and collections of domestic designer fashion brands to form recognition and positive perception on the part of market participants and consumers. Such a support policy can help meet the current and potential demands of Russian consumers and stabilize the situation in the fashion market.

The unique and complicated situation of the mass exodus of foreign fashion brands from the Russian market, and the lack of research on this topic determine the novelty of the study and its relevance. The use of qualitative research methods, such as observation and netnography of Russian consumers' behaviors, increases the objectivity of information since, under the new conditions, it seems impossible to conduct personal surveys. Moreover, there are also certain concerns that consumers will not want to honestly answer about their intentions and behavior. In-depth expert interviews with market participants, in contrast, provide objective information about the perception of the current situation by experts. However, it must be concluded that the situation in the Russian premium fashion market since the beginning of February 2022 has been very difficult but not unique. Similar problems with international economic sanctions have occurred at different times in the markets of Iran, China, North Korea, and some African countries. On the one hand, this situation has a very serious impact on the transformation in consumer behavior, who have already formed the habit of choosing and buying favorite models of foreign premium brands and forming an individual image; on the other hand, Russian consumers are showing attention and a willingness to buy models of Russian fashion designers, as their creative and marketing efforts in recent years, the development of online model sales platforms, and active marketing activities in social networks have had a positive impact. Despite the fairly serious market impact of counterfeit and imitation products by well-known premium fashion brands, the authors' rapid analysis of the market situation suggests that consumers of premium brands are unlikely to switch to counterfeit goods, with lower-income consumers from Russian regions being the most likely to purchase them. Additionally, fashion designers are expressing their readiness to expand their businesses and occupy the niches in the premium sector vacated by the departure of foreign brands, but they lament the lack of state support for developing domestic entrepreneurship. The history of the development of the fashion industry, including that during and after the great war turmoil, gives us hope that: 1. It will serve as a catalyst both for the business of Russian fashion designers and for the governmental decisions to support Russian entrepreneurs (as it was in the UK market after the Second World War and in Russia in the post-Stalinist period; 2. Consumers will not be able to stop buying fashion products completely; such purchases are often a cure for the psychological stress that arises in times of total market change.

The practical significance of this research lies in the possibility of using the results obtained by all market participants to determine the vectors for the market situation's development in terms of the demand for premium fashion products and supplying this demand with the offers of Russian fashion designers.

Some limitations of this study and directions for future research should be mentioned. The authors note that in April-August 2022, the description of the results of reliable and relevant empirical studies on the chosen topic, which would serve as the basis for planning and conducting the study, was found neither in Russian nor in the international scientific discussion and available publications. Simultaneously, there were no significant examples of successfully implemented business strategies in the Russian fashion market, and a tendency for consumers to show an overly emotional reaction to the exodus of Western brands was noted. It was decided to conduct in-depth interviews only with industry experts to obtain reliable and “emotionally uncolored” results. It is planned to conduct a quantitative empirical study on a representative sample of premium fashion products consumers in 2022–2023 to verify the obtained preliminary conclusions of this research.

7- Declarations

7-1- Author Contributions

Conceptualization, I.P.Sh. and I.I.S.; methodology, I.I.S. and S.V.M.; analysis, I.P.Sh, I.I.S., and S.V.M.; formal analysis, G.P.T. and T.V.M.; investigation, I.I.S. and I.P.Sh.; resources, G.S.T. and T.V.M.; data curation, I.I.S.; writing—original draft preparation, I.P.Sh. and I.I.S.; writing—review and editing, G.S.T. and I.I.S.; visualization, I.P.Sh. and I.I.S.; supervision, I.I.S. and C.V.M.; project administration, I.P.Sh. and I.I.S. All authors have read and agreed to the published version of the manuscript.

7-2- Data Availability Statement

Data sharing is not applicable to this article.

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7-5- Institutional Review Board Statement

Ethical review and approval were waived for this study, due to the reason that the survey was anonymous as it was recommended by the International Chamber of Commerce and the European Society of Market and Public Opinion Research (ESOMAR) ICC/ESOMAR International Code on Market and Social Research.

7-6- Informed Consent Statement

Not applicable.

7-7- Conflicts of Interest

The authors declare that there is no conflict of interests regarding the publication of this manuscript. In addition, the ethical issues, including plagiarism, informed consent, misconduct, data fabrication and/or falsification, double publication and/or submission, and redundancies have been completely observed by the authors.

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