

IN-STORE

Saks continues New York expansion with planned outlet opening

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Instagram post from Saks Off 5th; the chain is opening an outlet in downtown Manhattan

By STAFF REPORTS

Department store chain Saks Fifth Avenue is catering to a new generation of New Yorkers with the first opening of an outlet store in Manhattan.

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The second announced Saks Off 5th location for the retailer, this store planned for Tower57 will open in March 2016, ahead of the downtown outpost scheduled for 2017. An aggressive off-price expansion strategy from Saks and other luxury retailers has recently spread to New York, potentially altering their presence in the important market.

Discount distribution

Tower57 will enable Saks to reach consumers in a heavily trafficked area. Within the 32-story office building, the outlet will have an entrance within the lobby, which will bring consumers to low-level floors.

Saks Off 5th's location at Tower57 is on East 57th Street at Park Avenue, less than 10 blocks from Saks' flagship store on Fifth Avenue. As the retailer explains, the audience for Saks Off 5th is different from that of its main line stores.

"Saks Off 5th delivers an exciting thrill-of-the-hunt' environment to a millennial shopper demographic," said Jonathan Greller, president of outlets at Hudson's Bay Company, Saks' parent. "The move into NYC marks a significant milestone for our brand and represents an exciting opportunity for us to bring the distinct Off 5th experience to the NY consumer."

Saks Off 5th will open at One Liberty Plaza in 2017, in an area also populated by office complexes ([see story](#)).

"HBC has made huge strides on our strategy to grow our off-price business in the U.S., and has aggressive growth planned moving forward, including expansion beyond the United States," Mr. Greller said. "We have seen exponential demand as we continue to open new stores, which positions us well for continued growth moving forward."

Department stores have been aggressively expanding their outlet retail footprints to capture discount sales from aspirational consumers, but are these off-price stores doing more harm than good?

Discount stores enable a retailer to reach more consumers at varying price points, but a growth strategy that favors off-price bricks-and-mortar may in time hurt the full-line store's luxury image. This requires a delicate balancing act for retailers to retain their branding, positioning and pricing strategy ([see story](#)).

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