

IN-STORE

Bloomingdale's strategically expands outlet presence with New York flagship

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Illustration of Bloomingdale's mainline flagship

By SARAH JONES

Department store chain Bloomingdale's is serving a more cost-conscious clientele in New York with the opening of a flagship outlet store on the Upper West Side.

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The first Bloomingdale's outlet in any major city, the 25,000-square-foot store at 2085 Broadway will sell off-price merchandise across apparel and accessories, jewelry and footwear for men, women and children. While it may seem a risky maneuver for a high-end retailer to open an outlet store within proximity of its brand flagship, Bloomingdale's is anticipating this will only add to the range of customers it can serve within the city.

"We think that this is a great, exciting neighborhood," said Michelle Israel, **Bloomingdale's** senior vice president of Outlets. "We think that it's got all the things that you want.

"You've got people who love New York, you've got people who really live their lives here," she said. "And you've got a subway station, so you've got lots of traffic...You see the traffic changing a little bit you've got young families, you've got urban families, you've got singles, you've got a little bit of everything, which Bloomingdale's does appeal to lots of different people, that I think this neighborhood brings that up.

"And then you get some tourists you've got the Museum of Natural History, and you've got Columbus Circle and you've got Lincoln Center so you've got that factor as well, so we're excited."

Discount debut

Bloomingdale's has had a less aggressive outlet expansion plan than a number of its competitors, including Saks Fifth Avenue and Nordstrom. This is only the fourteenth Bloomingdale's outlet location, while Saks Off 5th has more than 90 stores and Nordstrom Rack is pushing 200.

Additionally, Bloomingdale's does not keep a separate ecommerce presence for its outlet stores, keeping its discounted points of sale tight.

Previously, the closest Bloomingdale's Outlets were at Bergen Town Center in Paramus, NJ and The Gallery at Westbury Plaza in Westbury, NY.



Exterior of Bloomingdale's Upper West Side Outlet

Located between 71st and 72nd Street at a busy intersection, the new Bloomingdale's Outlet is expected to receive a lot of foot traffic. During an unpublicized soft opening Nov. 20, a day before the official reveal, a crowd gathered in-store to shop the deals.

Inside the three-level store, Dolce & Gabbana and Oscar de la Renta merchandise mingles with contemporary offerings such as denim. Elements of the iconic Bloomingdale's store design carry over, such as the checkerboard floor, but with added pops of yellow referencing the iconic taxi cabs seen throughout the city.

"I always say we're not trying to bring New York fashion to the world, but we are trying to bring the spirit of New York to the world, and there's a difference in that, but how do you bring that sensibility" Ms. Israel said. "We kept a lot of things that are Bloomingdale's, but we also made it really fun."



Bloomingdale's Outlet flagship on the Upper West Side

A lower ground floor holds men's apparel, accessories and shoes as well as children's items, while women's wear and shoes fills the top two floors. Representing a first for Bloomingdale's Outlet, a selection of beauty products will also be sold.

Also a part of the outlet experience for the first time is an outpost of Bloomingdale's in-house frozen yogurt stand Forty Carrots.

This opening reflects the multifaceted way the affluent consumer shops today. She may look for discounts in one channel, but shop full price for an investment piece, making this outlet a way to reach the same Bloomingdale's shopper in another venue.

In addition to this store, Bloomingdale's will open in Liberty Place in Philadelphia next month, marking another urban location for the off-price arm of the retailer.

Bloomingdale's is considering other urban locations for its outlet stores, if the right retail placement becomes available.

"I think we have certainly not oversaturated the metro market," Ms. Israel said. "So we've definitely been looking at some other sites...We're not in a hurry, we're not going to open a ton of stores, we're going to open the right stores."

Off-price on the rise

Bloomingdale's is not the only New York retailer to give its outlet chain a home in the city.

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.

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 ([see story](#)).

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](#)).

For Bloomingdale's, outlet expansion is not a race.

"I think that we are going to take a really measured approach, and say we don't necessarily have a number of stores that we know we have to drive to," Ms. Israel said. "We're going to look for the right locations and build it over time.

"I think that this is our first real urban store, so this is going to be a really interesting test to say what does that feel like?" she said. "We have stores in a lot of outlet sectors right now, so this one and Philly are two free-standing urban stores, so we'll see how that feels and does that tell us what direction we're going to next.

"So I would say no doors closed, and no doors opened. We're learning as we go."

Final Take

Sarah Jones, staff reporter on Luxury Daily, New York