

COMMERCE

HBC encouraged by digital sales growth seen in Q1

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Image courtesy of Saks Fifth Avenue

By STAFF REPORTS

Hudson's Bay Company, the parent of retailer Saks Fifth Avenue, saw a total digital sales increase of 7.4 percent on a constant currency comparable basis for the first quarter of 2016.

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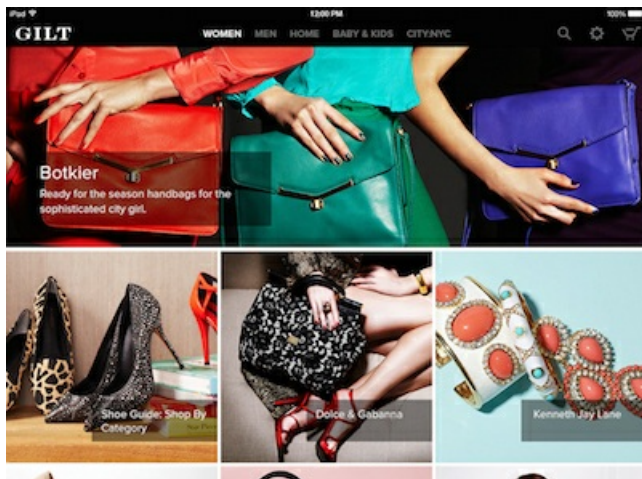
Consumers' embrace of digital is encouraging for retailers who have seen profit decreases over the last few quarters as ecommerce has taken hold. In Hudson's Bay Company's case, its purchase of Gilt for a reported \$250 million has likely benefited its multichannel strategy that marries the physical with the online ([see story](#)).

Going digital

For the first quarter of 2016 ending April 30, Hudson's Bay Company saw consolidated comparable sales increase 4.4 percent. On a constant currency basis sales were down by 1 percent.

The retailer's department store group, which includes Saks Fifth Avenue, noted a comparable sales increase of 2.3 percent. Saks itself saw comparable sales decrease by 5.7 percent.

But, Hudson's Bay Company's off-price retailers, consisting of Saks OFF 5th and Gilt, saw comparable sales drop by 4.1 percent whereas the business saw a 10.3 percent increase for the year prior.



Gilt's Web site

"During the first quarter we continued to execute on our all-channel strategy: combining exciting retail destinations with a best in class ecommerce platform," said Jerry Storch, CEO of Hudson's Bay Company. "In a challenging retail market, HBC's results reflect our diversification across both geography and retail concepts.

"Department store group (DSG) had solid performance during the quarter led by the ongoing strength of Hudson's Bay in Canada, while HBC Europe saw positive sales growth despite the recent geopolitical uncertainty," he said. "Consistent with other United States luxury retailers, Saks Fifth Avenue experiences continued headwinds.



Saks Fifth Avenue's New York flagship

"In HBC's off-price business, the integration of Gilt is proceeding smoothly and we have now successfully finished revising the pricing strategy at Saks OFF 5th, reducing overall promotional activity by offering great value on an everyday basis.

"We are excited about the future for this combined Off Price business, as well as the opportunity to leverage Gilt's leading mobile technology across all of our banners," he continued. "We are encouraged by the results of our digital businesses where sales growth remained strong. As we look to the back half of the year, we expect the execution of our all-channel strategy to drive comparable sales growth."

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