

RETAIL

Neiman Marcus invests in omnichannel to turn around sales

June 13, 2017



Neiman Marcus is looking to omnichannel to boost sales. Image credit: Neiman Marcus

By STAFF REPORTS

Retailer Neiman Marcus Group's sales are improving, but the company's revenues for the third quarter of fiscal 2017 still showed a decline from the previous year's figures.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

During the quarter which ended on April 29, 2017, the retail group's revenues of \$1.11 billion fell 4.9 percent compared to the same quarter of 2016. Despite facing a challenging retail environment, Neiman Marcus is confident in its positioning for success, particularly in the digital luxury landscape.

Growth plan

Year-to-date, Neiman Marcus Group's total revenues of \$3.59 billion are down 6.2 percent from the previous year.

Compared to net earnings of \$3.8 million in the third quarter of fiscal 2016, the group reported a net loss of \$24.9 million.

In an effort to turn its results around, the retailer has been focusing on growing its full-line business. Into May, the company has seen its sales decline lessen, but it is still facing the challenge of markdowns and promotions as it tries to adjust its inventory for consumer demand.

Speaking on a conference call, Neiman Marcus Group president and CEO Karen Katz noted that the company was a luxury first mover into digital, establishing an online storefront about 20 years ago. Today, online sales are more than 30 percent of the company's total revenues.

Now, the retailer is banking on a combination of omnichannel retailing and product selection to combat a softening market.



Neiman Marcus is connecting its

One of these investments is NMG One, a unified inventory management system that has eased the delivery of cross-channel and cross-store purchasing, as well as assisting in backend planning around buying and pricing.

Bergdorf Goodman's ecommerce site has also been able to share inventory with Neiman Marcus, which has boosted the retailer's online store.

NMG's digital approach is also extending to its marketing, where it is working with media platforms to deliver personalized appeals.

Further, Neiman Marcus is differentiating itself through exclusive merchandise, whether launching Chanel's Gabrielle handbag before other retailers or debuting Riccardo Tisci's Nike collaboration at Bergdorf Goodman. The latter sold out in mere days thanks to an influencer push.

As shoppers increasingly lean towards casual attire, the retailer has also responded with more sneaker and athleisure options.

"As a natural extension to our 110 year legacy of innovation, we see Neiman Marcus Group at the vanguard of digitizing luxury retailing in a highly personal and engaging way for our wired and worldly customer," Ms. Katz said.

Department store chain Neiman Marcus was reported to be in the market for a new owner amid the retailer's recent struggles, beginning to "explore and evaluate potential strategic alternatives, which may include the sale of the company of other assets, or other initiatives."

Sources close to the matter shared that Canada's Hudson's Bay Co., owner of Saks Fifth Avenue, was in exploratory talks with Neiman Marcus Group ([see story](#)). During the call on June 13, Ms. Katz said that the group would not be seeking a partial or full sale anymore, putting any speculation about a new owner to rest.