

RETAIL

## HBC reduces Saks Off 5th footprint in profitability push

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Saks owner HBC has appointed a new CEO. Image credit: Saks Fifth Avenue

By STAFF REPORTS

As Saks Fifth Avenue's parent Hudson's Bay Company looks to reduce costs, it is cutting down on the number of bricks-and-mortar stores for the retailer's off-price brand.

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HBC is expecting to close up to 20 Saks Off 5th stores in the United States as part of its push towards profitability. With the closings, HBC says it is strategizing to focus on its best locations and the retailer's ecommerce business.

### Streamlining Saks Off 5th

Saks Off 5th currently has 133 stores in the United States, as it expanded at a faster rate than Saks' mainline stores.

In the third quarter of 2018, Saks Fifth Avenue's comparable sales rose 7.3 percent, helped by its investments in omnichannel selling.

This marked Saks' sixth consecutive quarter of growth, as its luxury mainline stores outperformed its Saks Off 5th outlets, which saw comparable sales decline 2.3 percent. Saks' parent Hudson's Bay Company saw group-wide sales grow, but reported a net loss for the quarter ([see story](#)).

In addition to streamlining Saks Off 5<sup>th</sup>'s footprint, HBC is closing operations for Home Outfitters.

"Further streamlining our retail portfolio enables even greater focus on our businesses with the strongest growth opportunities," said Helena Foulkes, CEO of HBC, in a statement. "The divestiture of Gilt, rightsizing of Lord & Taylor, the recent merger of our European retail operations in Germany and today's announcement exemplify the bold strategic actions we are taking to set HBC up for long-term success."

"We know this news is difficult for our associates," she said. "We are grateful for their ongoing efforts to serve our customers and we will work to find opportunities within HBC for impacted team members where possible."



*Saks Off 5th is closing. Image credit: Saks Off 5th*

Earlier this month, Hudson's Bay Company completed its sale of the iconic Lord & Taylor building in New York to WeWork Property Investors.

After years of deliberation, HBC has completed its sale of the Fifth Avenue building to be converted into a community workspace. The total numerical value of the sale was CAD \$1.1 billion, or \$850 million at current exchange ([see story](#)).

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