

RETAIL

Saks bags retail license as Authentic Brands Group wins bid to buy Barneys New York

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Authentic Brands Group hopes to bring the attitude back to Barneys New York. Image credit: Barneys New York

By STAFF REPORTS

Authentic Brands Group has won the bid to buy the intellectual property of troubled department store chain Barneys New York.

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As part of the deal, department store chain Saks Fifth Avenue will become the licensed retail partner for Barneys in the United States and Canada. Barneys is currently in Chapter 11 bankruptcy proceedings in New York.

"We are thrilled that our offer for Barneys has been accepted," said Jamie Salter, founder and chairman/CEO of Authentic Brands Group, New York, in a statement.

"Barneys is one of the most recognizable and iconic names in luxury lifestyle, and we see an incredible opportunity to extend the brand's equity in current and new markets around the world," he said.

"We are also excited to join forces with **Saks Fifth Avenue**, the preeminent luxury retailer that continues to bring innovation and fashion authority to the industry."

Like its peers in the U.S., **Barneys** has struggled to keep up with the shift in consumer tastes and shopping behavior, as well as the stupendous growth of ecommerce in fashion. High ground leases also crippled the retailer, particularly in its midtown Manhattan location.

The United States Bankruptcy Court for the Southern District of New York will have to salute through the ABG bid at a hearing Oct. 31, with the customary closing conditions set forth in the purchase agreement.

The transaction is expected to close by Nov. 1.

Per ABG, here are the transaction details:

- Upon closing, ABG will acquire Barneys New York and the associated IP including Barneys, FiveSeventyFive, Connor New York, Freds, and Freds Foods, The High End, and The Drop
- ABG will selectively license the brand around the world to support the growth of the Barneys-branded

merchandise program

- ABG will also maintain Barneys' current licensing agreement with Seven & i Holdings, which operates 12 Barneys retail stores in Japan. The stores will remain open
- Building on the Barneys Japan business, ABG will grow the brand's presence in key international territories, especially Asia
- ABG will assume the brand marketing, business development and brand management functions for Barneys and the IP

Winston, ABG's proprietary network of creators, curators and connectors, will power Barneys' brand narrative to a combined reach of more than 150 million followers on social media.



In the bag for Authentic Brands Group?

ABG styles itself as a brand development, marketing and entertainment company. Its portfolio of global media, entertainment and lifestyle brands includes Marilyn Monroe, Elvis Presley, Muhammad Ali, Shaquille O'Neal, Sports Illustrated, Dr. J, Greg Norman, Neil Lane, Thalia, Michael Jackson (managed brand), Nautica, Aropostale, Juicy Couture, Vince Camuto, Barneys, Herve Leger, Judith Leiber, Frederick's of Hollywood, Nine West, Frye, Jones New York, Louise et Cie, Sole Society, Enzo Angiolini, CC Corso Como, Hickey Freeman, Hart Schaffner Marx, Adrienne Vittadini, Taryn Rose, Bandolino, Misook, 1.STATE, CeCe, Chaus, Spyder, Tretorn, Tapout, Prince, Volcom, Airwalk, Vision Street Wear, Above The Rim, Hind, Thomasville, Drexel, and Henredon.

These ABG brands generated a combined \$9.8 billion in revenue last year.

PARTNERSHIPS ARE key for Barneys' growth under ABG, the company said. Hence the reliance on Saks to forge a stronger retail presence in North America.

Saks, for its part, sees the upside in licensing the Barneys name.

"As we further our mission to be the ultimate luxury retail destination for exploration and discovery of new fashion, we carefully select partners that can bring originality and excitement to the customer experience," said Marc Metrick, President of Saks Fifth Avenue, in a statement.

"Barneys' iconic name brand has long captured the attention of fashion-seeking audiences," he said. "As we explore opportunities for the brand as part of Saks Fifth Avenue, we are working to best understand what Barneys' customers love about the retailer as we evolve it into a new interpretation that is relevant for today's luxury consumer."