

RETAIL

Barneys' business model set to evolve as ABG sale is finalized

November 1, 2019



Exterior of Barneys New York flagship. Image credit: Barneys

By STAFF REPORTS

Department store chain Barneys New York has officially been sold to Authentic Brands Group, which plans to turn the retailer into an experiential brand.

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The acquisition by ABG closed on Nov. 1 as alternative bids failed to come through. ABG is expected to close most of Barneys' bricks-and-mortar stores and keep its retail presence alive through a partnership with Saks Fifth Avenue.

From retailer to brand

Barneys voluntarily filed for Chapter 11 bankruptcy protection on Aug. 6 in an effort to reorganize its business for a sale. As part of the bankruptcy proceedings, Barneys closed a number of stores and reevaluated its leases ([see story](#)).

ABG emerged as stalking-horse bidder for Barneys. The \$271.4 million deal will prevent the retailer from facing liquidation, but ABG and partner B. Riley Financial are likely to close Barneys' stores as they turn the brand's intellectual property into a licensing operation.

This offer from ABG was set as the reserve bid for Barneys' bankruptcy auction on Oct. 24. ABG won the auction and a judge approved the purchase on Oct. 31, but the fate of Barneys was still up in the air until the closing this morning.

Streetwear label Kith's cofounder Sam Ben-Avraham had launched a #SaveBarneys campaign aimed at keeping the retailer running as a department store. However, on Nov. 1, he put out a statement saying that he and his team had "pulled out of the race" after they "failed to convince enough people in the business community that it made economic sense to keep Barneys alive."

Dear Family, pic.twitter.com/B2yT1m4GhH

Save Barneys (@SaveBarneys) **November 1, 2019**

Tweet from Save Barneys

Another would-be buyer, David Jackson, who was working with Arabian Oud, failed to meet the deadline of 10 a.m. on Nov. 1, according to the [New York Post](#).

As the deal with ABG closed, Barneys' CEO Daniella Vitale has reportedly left her position.

ABG has acquired the intellectual property rights for Barneys, including its Freds restaurant, FiveSeventyFive and its cannabis concept The High End.



Freds' location in San Francisco. Image credit: Barneys New York

Saks will partner with Barneys on its full-line and off-price ecommerce business, and ABG will open Barneys shop-in-shops at Saks stores, starting with its Fifth Avenue flagship.

Barneys' Madison Avenue store will be turned into a pop-up retail experience. Meanwhile, Barneys' new owner plans to expand Freds to more destinations around the world.

ABG is also using the Barneys name for branded products and collaborations on merchandise.

Amid its Chapter 11 bankruptcy proceedings, Barneys let shoppers know it is "here to stay."

A campaign spanning social media and the retailer's store windows features messages to consumers, letting them know that it was still open for business. With this campaign, Barneys was speaking directly to shoppers, looking to control some of the narrative around its bankruptcy ([see story](#)).

On Nov. 1, Barneys again spoke directly to consumers, signing off on social media with a post that simply said, "Sincerely, Barneys New York," paired with a black heart emoji.



Instagram post from Barneys Man