

RETAIL

## HBC splits Saks ecommerce, stores into separate businesses

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*Saks Fifth Avenue recently rolled out its new website. Image credit: Saks*

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By LUXURY DAILY NEWS SERVICE

Hudson's Bay Company is spinning off the ecommerce site for U.S. department store chain Saks Fifth Avenue into its own separate entity as luxury ecommerce continues to grow.

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With a \$500 million minority equity investment from private equity firm Insight Partners, HBC is establishing Saks Fifth Avenue's ecommerce business as a standalone company, called Saks, valued at \$2 billion. HBC will be the sole owner of the retailer's 40 bricks-and-mortar stores, which will operate separately and be referred to as SFA.

"Luxury ecommerce is poised for exponential growth, and as a standalone digital company with an existing strong position in luxury, Saks is primed to win significant market share," said Richard Baker, executive chairman, governor and CEO at HBC, in a statement. "With this move, we are redefining the luxury shopping ecosystem, supercharged by an enviable customer base, incomparable brand equity, long-standing relationships with top designers, and exquisite stores in top markets across North America."

Splitting up to work together

Saks and SFA will continue to work together for a seamless omnichannel experience, and both will use Saks Fifth Avenue as their customer-facing name.

Marketing and merchandising will be managed by the ecommerce business, Saks, which will also keep ownership of Saks Fifth Avenue intellectual property. Meanwhile SFA will fulfill physical functions including buy online, pickup in-store, exchanges, returns and alternations.

Stores and the ecommerce site will both accept returns, exchanges and SaksFirst credit cards.

Saks will also expand its online experience, eventually transforming into a hybrid retail and marketplace platform. In October, saks.com had unveiled a redesign emphasizing fashion, convenience and personalization while ensuring flexibility for future enhancements ([see story](#)).



*Saks Fifth Avenue New York. Image credit: Saks Fifth Avenue*

This evolution will be spearheaded by Marc Metrick, who will serve as CEO of Saks and a member of its board of directors after being president and CEO at Saks Fifth Avenue.

Bolstering Saks' ecommerce credibility is Sebastian Gunningham, who will join its board of directors and act as an advisor. He previously was part of the executive team at ecommerce giant Amazon and also had executive roles at Apple and Oracle.

On the SFA side, Larry Bruce is being promoted to president after serving as director of stores. He will report to HBC's Mr. Baker.

"For nearly a century, our customers have loved and trusted the Saks Fifth Avenue shopping experience, cementing the brand as a leading fashion authority and setting the bar in luxury retail," Mr. Metrick said in a statement. "This is a pivotal beginning of Saks' next one hundred years as a leading luxury retailer."

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