

MULTICHANNEL

Will new owners bring Neiman Marcus and Saks into the future of retail?

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By ERIN SHEA

The Neiman Marcus Group Inc. was purchased for \$6 billion by investment firm Ares Management and the Canada Pension Plan Investment Board Sept. 9, which makes this the second United States-based department store after Saks Fifth Avenue that has new Canadian owners.

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Neiman Marcus' new owners now have the opportunity to further expand the brand and revamp it into a retailer that is ready to take on the next generation of consumers. With the recent purchases of both Neiman Marcus and Saks, both retailers are looking to expand their global presence while creating a loyal customer base.

"On behalf of the entire management team, we are delighted to be joining with Ares and CPPIB to continue enhancing our strong brands by offering our customers the best edited merchandise assortments as well as delivering a superlative omnichannel shopping experience," said Karen Katz, president and CEO of **Neiman Marcus Group**, Dallas.

Next step

Neiman Marcus' former owners, Warburg Pincus and TPG Capital, purchased the retailer in 2005 for \$5.1 billion.



Neiman-Marcus-owned retailer Bergdorf Goodman

The companies sold the retailer on Sept. 9 for \$6 billion, after ending a long struggle to sell it, according to [Reuters](#).

With its new owners, Neiman Marcus is looking to expand while keeping its consumer's satisfied with its omnichannel offers, which is similar to what Saks is aiming to do.

Saks's new owner Hudson's Bay Company will help boost its omnichannel experience as part of its portfolio of retailers.



Saks' new Look campaign

Hudson's Bay Co. purchased Saks July 29 for \$16 per share in an all-cash transaction that is valued at \$2.9 billion, which includes debt. This purchase is likely to help Saks reach its goal of becoming an omnichannel retailer and provide its customers with an enhanced shopping experience ([see story](#)).

Both Saks and Neiman Marcus are likely to benefit from new ownership so that they can focus on building up consumer relations.

"There has been a lot of capital accumulated in Canada in the last couple of years," said

Milton Pedraza, CEO of [The Luxury Institute](#), New York. “I think that when the Canadians look around the world, they see the U.S. as a growth opportunity and they especially see luxury as a growth opportunity.

“The Canadians tend to be brand builders and there is a tremendous opportunity to build up customer culture since Neiman Marcus is lacking in this area,” he said.

“Neiman Marcus needs loyal customers and Saks does too.”

In addition, these new owners could help the brands reach other goals by expanding their presence in Canada.

“Neiman Marcus and Saks are great retailers and great brands that can easily extend to Canada, especially in ecommerce,” said Marie Driscoll, CEO and chief consultant at Driscoll Advisors, New York.

Just a coincidence

However, the purchases of Neiman Marcus and Saks could be looked at as just a coincidence happening around the same time.

Although, both of the sales do seem to indicate that the new owners have faith in the retailers to remain strong in the future.

“Investment companies are global,” said Chris Ramey, president of [Affluent Insights](#), Miami, FL. “It’s serendipity that both Saks and Neiman Marcus will be owned by companies based in Canada.

“Saks and Neiman Marcus are the heart of American luxury,” he said. “The two brands escaped the recession unscathed.

“There is a continuum between when you’re purchased by a private equity group and when you’re sold by a private equity group that commences with optimism and a willingness to invest.”

Final take

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