Hudson’s Bay Co Continues to Innovate and Grow

Description

Hudson’s Bay Co (TSX:HBC) is not only the oldest retailer in North America, but it’s one of the largest, and given what the company has accomplished in the past few years, it’s also one of the most interesting to follow. The nearly 350-year-old company has over 65,000 employees across six countries with a small army of brands that have both a following and long history.

But what is really impressive about Hudson’s Bay is how far the company has come in a few short years, and how much further the company is still planning to go. Here’s a recap of what Hudson’s Bay has done, what’s in store for the future, and why this is the company to put in your portfolio for growth.

Out with the old…

Just a few short years ago, the company was ridden with debt, failing brands, and huge amounts of real estate that had low traffic numbers. The company’s online presence was minimal to the say the least.

And then came a series of deals at the right time which propped the company back up. In a relatively short time, Hudson’s Bay purchased iconic brands such as Lord & Taylor, Saks Fifth Avenue, Saks Off Fifth, and, most recently, Galeria Kaufhof.

The company also got rid of failing brands and offloaded a significant portion of under-performing real estate locations, lightening the expenses of the company.

Hudson’s Bay has even embraced the digital e-commerce market, ending a longstanding struggle it had being stuck between the traditional brick-and-mortar shop and an online marketplace.

…in with the new

The company purchased online retailer Gilt earlier this year. Hudson’s Bay plans to integrate Gilt with the Saks Off fifth brand in yet another move that will bring the iconic company further into the digital world.

With Hudson’s Bay now spanning multiple brands, markets, and continents, a corporate shift occurred this month when the company set up a corporate communications and PR division. That new division will be unified across all brands and will seek to integrate the brands together in terms of communications.

On the retail front, the company has embarked upon a new trial in Winnipeg. The new stores, branded as “Hudson’s Bay Home,” will carry similar products that the company’s existing Home Outfitters brand carries as well as new designer brands.

Whereas Home Outfitters offers primarily bedroom, bathroom, and kitchen products, these new stores will carry items for nearly every room in the house and outside of it, including large appliances and patio furniture, which is a first for the company. The stores also have a redesigned layout, which the company claims will enhance the customers’ shopping experience.

Impressive results

One of the biggest indicators of the success of the changes at Hudson’s Bay comes at earnings time. In the most recent quarter, the company posted a massive 70.4% increase in consolidated sales, coming in at $4.5 billion. Equally impressive was the gross profit rate, which was at 41.3%.

The company’s ongoing transition to the digital world continued with a 61.6% increase in digital sales year over year noted in the most recent quarter. Net earnings for the quarter came in 220% more than the same quarter last year at $370 million.

In my opinion, Hudson’s Bay remains a great option for investors seeking long-term growth. The company continues to innovate and shift towards market needs, and the acquisitions it has made continue to drive value and growth to the stock.

CATEGORY

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Date
2025/08/01
Date Created
2016/04/28
Author
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