



Hudson's Bay Co Continues Expansion into the European Market

Description

Hudson's Bay Co (TSX:HBC) is a retailer that's nearly 350 years old and has operations spanning multiple countries and an army of employees of more than 65,000.

Fortunately for Hudson's Bay, the company doesn't act like a 350-year-old business. Over the past few years, it has impressively injected new life into a tired business model and revitalized some brands while ditching others. The Hudson's Bay of today is a smart, efficient retailer that thinks in terms of physical retail stores as well as online e-commerce sales.

One of the most impressive aspects of Hudson's Bay is the drive from which the company continues to innovate and press forward with new ideas and expansion, which is completely different from the company of the past that sat on its laurels, waiting for storm after storm to pass.

Here are some of the latest developments from the company, and why this is the growth retailer to have in your portfolio.

Further expansion into Europe

Last year Hudson's Bay made headlines by announcing the purchase of Galeria Kaufhof department stores for \$3.9 billion. Galeria is a well-known brand that Hudson's Bay sees as the focal point for a greater expansion into European markets.

Earlier this week the company announced that over the course of the next two years, a total of 20 new stores will be opening in the Netherlands, branded under both the Hudson's Bay and Saks OFF 5th brands. The first stores are set to open next summer and will make use of the company's existing infrastructure and services.

The company already has a presence in Belgium and has planned for entry into Luxembourg, so an entry into the Dutch market seemed like a natural extension. Jerry Storch, CEO of Hudson's Bay, noted that the Dutch market represents an opportunity where there is unmet demand for the premium department store and off-price segments.

Last year, Dutch department store chain V&D collapsed, which led to the current opportunity that Hudson's Bay hopes to capitalize on. This expansion will add over 5,000 jobs between store employees and construction jobs and contribute nearly \$340 million through capital investments.

Digital integration into the physical world

Earlier this year, Hudson's Bay made headlines in purchasing Gilt. Gilt is an online-only retailer that Hudson's Bay plans to integrate with the Saks OFF 5th brand, further pushing the company into the realm of online sales. The integration of both Saks and Gilt will allow it to reach a greater audience, increase sales, and provide customers with more options for returning or refunding merchandise.

The company is also forging ahead with a new brand, Hudson's Bay Home, that will be trialed in Winnipeg. The new brand will be similar to the existing Home Outfitters' brand, but it will provide an area dedicated to the sale of large appliances and patio furniture, which are currently not offered in stores.

Hudson's Bay remains, in my opinion, an appealing option for investors looking for long-term growth. The continued adoption of technology into the business model and expansion into new markets will continue to fuel revenue growth for the company.

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