



## Deep Dive: US Retail—Store Closure and Management Change Tracker

### Deborah Weinswig

Managing Director,  
Fung Global Retail & Technology  
deborahweinswig@fung1937.com  
US: 917.655.6790  
HK: 852.6119.1779  
CN: 86.186.1420.3016

### Key Takeaways

- 1) **Store closure and bankruptcy announcements:** BCBG will be closing all of its stores as it has filed for bankruptcy protection. Lucy Activewear will also close its entire store network as it has merged with the North Face brand. JCPenney will be closing 13%–14% of its stores, while Crocs will be closing 29% of its stores.
- 2) **Store opening announcements:** Lidl announced plans to open 100 stores within a year and Dick's Sporting Goods plans to open five more stores. Ross Stores is on track with its plan to open 90 stores in 2017.
- 3) **Management changes:** Ten major retailers that we track have announced management changes, including Adidas, ALDO, Barneys, Calvin Klein, Céline, Crocs, Louis Vuitton, Next, Tiffany & Co. and Tory Burch.
- 4) **Other major announcements:** Skip Hop Holdings, Blue Nile and Wet Seal have been acquired by institutional investors. Hudson's Bay Co. failed to reach an agreement to acquire Macy's. Other announcements include: Kate Spade is putting itself up for sale, Neiman Marcus is restructuring its debt and Finish Line Inc. has sold off JackRabbit to a fund.

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## Executive Summary

This is the second report of the Store Closure and Management Change Tracker series. We track major announcements from retailers, such as store closures, openings, management changes and M&A, as we believe this will provide insights into the overall health of the retail industry. In this report, we track announcements that occurred between February 17 and March 10.

### Summary of Major Announcements

- **Store closures:** **Lucy Activewear** will close its entire store network in 2017. The brand will be merged into North Face. In a subsequent announcement to its intention to close stores, made known in January, **JCPenney** stated that it will close 130-140 stores, or 13%–14% of its store fleet, in the next few months. **BCBG** will close all of its 200 stores as it prepares to file for bankruptcy. **Gordmans Stores** has filed for Chapter 11 bankruptcy protection and will close all of its 101 stores. **Crocs** will be closing 160 stores, or 29% of all stores by the end of 2018.
- **Bankruptcies:** **BCBG** and **Gordmans Stores** have filed for bankruptcy.
- **Store openings:** US discounter **Ross Stores** will open 90 new stores in 2017, with 28 already opened year-to-date 2017. German discounter **Lidl** is executing its US expansion strategy and plans to open 100 stores in the East Coast in one year. **Dick's Sporting Goods** will open stores in three states.
- **Management changes:** Ten more major retailers have announced management changes since February 10, including **Adidas**, **ALDO**, **Barneys**, **Calvin Klein**, **Céline**, **Crocs**, **Louis Vuitton**, **Next**, **Tiffany and Tory Burch**.
- **Other major announcements:** Three major retailers – **Skip Hop Holdings**, **Blue Nile**, and **Wet Seal** – have announced that they have been acquired. **Finish Line** has sold off JackRabbit, one of its brands with 65 stores. **Skip Hop Holdings** has agreed to a cash offer of \$140 million by Carter's Inc. **Kate Spade** has put itself up for sale. **Blue Nile** has agreed to a privatization sale of \$500 million to an investor group made up of Bain Capital Private Equity, Bow Street and Adama Partners. **Wet Seal** has been acquired by global advisory firm Gordon Brothers for \$3 million. Hudson's Bay Co.'s bid for **Macy's** was unsuccessful.

**Figure 1: Store Closure Announcements**

Announcement Date	Segment	Retailer	Number of Store Closings	% of Total Store Base	Status	Reasons for Store Closure	Long-Term Plan	Use of Freed-Up Capital	Financial Impact
<b>Mar 13, 2017</b>	Department Stores	Gordmans Stores Inc.	101	100%	Gordmans is filing for bankruptcy.	Sluggish mall traffic and shift of shoppers to online.	NA	NA	Entered into agreement with Tiger Capital and Great American Group for a liquidation sale.
<b>Mar 1, 2017</b>	Footwear	Crocs Inc.	160	29%	To be completed by the end of 2018	Struggled with recent sales performance due to the shift in customers' tastes and dwindling store traffic.	Improve operating efficiency by focusing on profitable stores.	NA	Management expects sales to be up in the mid-single-digits over 2017 and 2018, primarily driven by the closing of unproductive stores.
<b>Feb 24, 2017</b>	Department Stores	JC Penney	130-140	13%–14%	To be completed in the next few months	Stores identified for closure either require significant capital to achieve the company's new brand standard or are minimally cash flow positive with below average comparable sales performance.	Align the company's brick-and-mortar presence with its omnichannel network and optimize its national retail operations.	Reallocate capital to invest in locations and initiatives that offer the greatest revenue potential.	Annual cost savings estimated at around \$200 million. Expect to record a pre-tax charge of \$225 million in 1H17 due to lease termination obligation expenses, non-cash asset impairments and transition costs.
<b>Feb 24, 2017</b>	Women Sportswear	Lucy Activewear	44	100%	To be completed by end-2017 or early 2018	Intense competition in the athletic wear sector has put huge pressure on the brand's performance.	Lucy will merge with the North Face brand. Both brands are owned by VF Corporation. Most of the 44 stores will remain open, at least through the fall of 2017.	NA	NA

Announcement Date	Segment	Retailer	Number of Store Closings	% of Total Store Base	Status	Reasons for Store Closure	Long-Term Plan	Use of Freed-Up Capital	Financial Impact
<b>March 1, 2017</b>	Apparel	BCBG	120	100%	Has filed for bankruptcy	BCBG has struggled to adapt to the shift to digital commerce. It is having difficulties in meeting its debt and rent obligation. The retail store business has declined by 20% over the past three years.	NA	Received a \$45 million debtors-in-possession commitment to ensure normal operation.	Currently working with financial and legal to enact bankruptcy proceedings.

Source: Company reports/Bloomberg/Fung Global Retail & Technology

## Figure 2: Store Opening Announcements

Date Announced	Segment	Retailer	Reason	Store Openings	Status
<b>Mar 6, 2017</b>	Discounter	Ross Stores	The new store openings aim to further strengthen the retailer's presence in the Midwest, where approximately one-third of the stores are located. New stores will also be opened in larger markets including California, Florida and Texas.	90	23 Ross Dress for Less and 5 dd's DISCOUNTS openings have been completed. The remaining stores will be opened within 2017, with a planned total opening of 70 Ross Dress for Less and 20 dd's DISCOUNTS stores.
<b>Feb 21, 2017</b>	Discounter	Lidl	Lidl is executing its expansion strategy into the US market. All stores are located on the East Coast.	100	In-progress; expected to be completed in one year.
<b>Feb 21, 2017</b>	Sporting goods	Dick's Sporting Goods	To expand into new cities.	5	To be completed by the second week of March.

Source: Company reports/Fung Global Retail & Technology

**Figure 3: Management Change Announcements**

Date Announced	In/Out	Company	Name	Title	Profile	Reason	Status
<b>Mar 7, 2017</b>	+	Adidas	Harm Ohlmeyer	Chief Financial Officer	Ohlmeyer, 49, started his career with Adidas in 1998 and gained extensive experience in the areas of Finance and Sales. Since 2011, he has led the company's global e-commerce business, most recently as SVP Digital Brand Commerce. From 2014 to 2016, Ohlmeyer held additional responsibility as SVP Sales Strategy and Excellence. E-commerce sales increased from €50 million to €1 billion during his tenure.	Stalker decided not to extend his role as CFO beyond the end of his current contract. The move also coincides with the change of CEO late last year.	Effective May 12
<b>Mar 7, 2017</b>	-	Adidas	Robin J. Stalker	Chief Financial Officer	Stalker has served as CFO of Adidas for 16 years, alongside former CEO Herbert Hainer, who was replaced by Kaspar Rorsted last October. Under the tutelage of the duo, Adidas' sales more than tripled, earnings increased more than fivefold and the value of the company rose from €3 billion to more than €30 billion.		
<b>Mar 3, 2017</b>	+	ALDO Group Inc.	David Bensadoun	Chief Executive Officer	Bensadoun joined the company in 1995 as a project manager and rose through the ranks to his most recent role as President of ALDO Group North America (AGNA).	The move is part of a senior management change.	Effective April 3
<b>Mar 3, 2017</b>	-	ALDO Group Inc.	Patrik Frisk	Chief Executive Officer	Frisk has served as the CEO of Aldo since 2014 and was praised for his "incredible vision and with a great sensitivity to the company's strong and diverse culture," as quoted from the Company's press release.		

Date Announced	In/Out	Company	Name	Title	Profile	Reason	Status
<b>Feb 21, 2017</b>	—	Barneys	Dennis Freedman	Executive Vice President and Creative Director	Freedman spearheaded a number of creative initiatives including the 2014 “Brothers, Sisters, Sons & Daughters” campaign with Bruce Weber that spotlighted 17 transgender men and women, as well as collaborations with Lady Gaga, Jay Z, Baz Luhrmann, Miuccia Prada and John Galliano. Freedman also forged partnerships for the window displays with influential artists, including The Roy Lichtenstein Foundation, Alex Katz, Rob Pruitt and Nick Cave.	Freedman plans to pursue new opportunities, according to an internal memo.	In the near term, Freedman will serve as the curator of a Barneys New York project to be revealed in May.
<b>Feb 27, 2017</b>	+	Calvin Klein	Luella Bartley	Head of Global Design for Calvin Klein Jeans	Bartley was the co-founder and co-designer of Hillier Bartley, a luxury ready-to-wear and accessories company. She also had a short stint as head of women’s RTW design at Marc by Marc Jacobs, prior to which she owned her own namesake line, Luella for more than 10 years.	No reason specified.	Effective immediately
<b>Feb 24, 2017</b>	+	Céline	Séverine Merle	Chief Executive Officer	Merle, who worked under Berluti Chairman Antoine Arnault, is a veteran of LVMH, having worked at its flagship Vuitton brand as its general manger for France and women’s wear merchandising director. She started her LVMH career at Kenzo, moving on to its Paris department store Le Bon Marché, first as director of image and later as commercial director. She is currently the executive vice president at Berluti.	Advancement into a vacant post after Marco Gobetti, then CEO of Celine, left for Burberry in January.	Effective April 1



Date Announced	In/Out	Company	Name	Title	Profile	Reason	Status
Mar 1, 2017	+	Crocs Inc.	Andrew Rees	Chief Executive Officer	He served as the President of Crocs since 2014. He previously worked at L.E.K Consulting and Reebok International prior to joining Crocs.	Management shuffle to reinvigorate the company's performance	Effective June 1
Mar 1, 2017	-	Crocs Inc.	Gregg Ribatt	Chief Executive Officer	He served as the CEO of Stride Rite Group and COO of Stuart Weitzman Holdings prior to joining Crocs as CEO.		
Feb 24, 2017	+	Louis Vuitton	Lanessa Elrod	President of the Americas Zone	Elrod joined Vuitton in 2010 as director of marketing for leather goods, rising through the ranks to become vice president of merchandising for Louis Vuitton Americas and then senior vice president of Vuitton's retail network in America.	Executive shuffle to fill vacant posts.	Effective April 1
Feb 24, 2017	-	Louis Vuitton	Anthony Ledru	President of the Americas Zone	Ledru spent two years helping the Americas, having joined Vuitton from Tiffany & Co. His résumé includes stints at Harry Winston International and Cartier.		
Feb 24, 2017	+	Louis Vuitton	Anthony Ledru	Executive Vice President, Commercial Activities	Ledru spent two years helping the Americas, having joined Vuitton from Tiffany & Co. His résumé includes stints at Harry Winston International and Cartier.		
Feb 14, 2017	-	Next	John Barton	Chairman	Barton joined the Board of Next in 2002. He was appointed Deputy Chairman in 2004 and Chairman in 2006.	Barton is 72 and the management change is part of his retirement plan.	Barton will retire on 1 August 2017. Roney serves as Deputy Chairman and Chairman Designate with effect from 14 February 2017, until he succeeds Barton's role.
Feb 14, 2017	+	Next	Michael Roney	Chairman	Roney was the CEO of Bunzl plc, a FTSE 100 listed distribution and outsourcing business, from 2005 until his retirement in April 2016. He is currently Chairman of Grafton Group plc and a non-executive director of Brown-Forman Corporation. Roney was also formerly a non-executive director of Johnson Matthey Plc		



Date Announced	In/Out	Company	Name	Title	Profile	Reason	Status
<b>Feb 22, 2017</b>	+	Tiffany	Francesco Trapani	Independent Director on the Board	Trapani was the former CEO of Bulgari. He and JANA Partners, an activist fund, together own 5.1% of Tiffany.	Tiffany reached a deal with activist investor JANA Partners to appoint three independent directors to its board and oversee the search for a new CEO.	Trapani, Farah and Lillie will join the Board no later than March 6, 2017.
<b>Feb 22, 2017</b>	+	Tiffany	Roger Farah	Independent Director on the Board	Farah was the Co-CEO at Tory Burch.		
<b>Feb 22, 2017</b>	+	Tiffany	James Lillie	Independent Director on the Board	Lillie was the former CEO at Jarden Corporation		
<b>Feb 23, 2017</b>	-	Tory Burch	Roger Farah	Co-CEO	Farah, who joined Tory Burch in 2014, is the former Vice Chairman of Ralph Lauren Corp. He is often credited with transforming Lauren into a global powerhouse.	No reason specified.	The change will be effective March 1, 2017.
<b>Feb 23, 2017</b>	+	Tory Burch	Roger Farah	Executive Director (Advisory role)			

Source: Company reports/WWD/Bloomberg/Fung Global Retail & Technology

**Figure 4: Other Major Announcements**

Date Announced	Segment	Retailer	Announcement Nature	Summary of Event	Status
<b>Mar 3, 2017</b>	Department Store	Neiman Marcus	Debt Restructuring	Neiman Marcus has hired investment bank Lazard Ltd to restructure its debt obligation, with the aim of exploring ways to bolster the balance sheet as it seeks relief from \$4.9 billion in debt. Sources said the company is in no immediate risk of bankruptcy.	In-progress
<b>Mar 3, 2017</b>	Department Store	Macy's	Acquisition	Talks between Macy's and Hudson's Bay Co. have failed, as both parties were unable to arrive at a mutual selling price. Macy's is seeking a potential buyer, while Hudson's Bay Co. is focusing on its acquisition strategy.	Unsuccessful
<b>Mar 3, 2017</b>	Apparel	Wet Seal	Acquisition	The intellectual property of the company has been acquired by the brands division of global advisory firm Gordon Brothers for \$3 million. Ramez Toubassy, President of Gordon Brothers' brand division, said Wet Seal will, for now, exist in the e-commerce channel and in wholesale via licensing.	Completed
<b>Feb 24, 2017</b>	Footwear	Finish Line	Sale of brand	Finish Line Inc. has completed the sale of its JackRabbit division to affiliates of CriticalPoint Capital LLC for no payment. The buyer acquired all the JackRabbit assets, inventory, leasehold interests, customary liabilities, intellectual property and the JackRabbit trademark, including 65 stores. The seller has also agreed to pay \$8.3 million to the buyer for the purpose of settling liabilities created by the sale.	Completed
<b>Feb 23, 2017</b>	Children Accessories	Skip Hop Holdings	Acquisition	Carter's Inc. has acquired Skip Hop Holdings from Fireman Capital Partners for \$140 million in cash. Carter's is a babies' and young children's apparel brand, while Skip Hop produces children's accessories, such as diaper bags, backpacks and travel accessories.	Completed
<b>Feb 17, 2017</b>	Specialty Retailers	Blue Nile	Acquisition	Blue Nile has been privatized and acquired for approximately \$500 million by an investor group made up of Bain Capital Private Equity, Bow Street and Adama Partners.	Completed
<b>Feb 16, 2017</b>	Luxury Goods	Kate Spade & Co.	Potential Sale	Kate Spade is exploring the option of a sale, which is one of the strategic alternatives to boost value for the company's shareholders. As of February 16, Coach and Michael Kors are among the buyers that have entered the second round of the sale process.	In-progress

Source: Company reports/WWD/Bloomberg/Fung Global Retail & Technology

## Store Closings

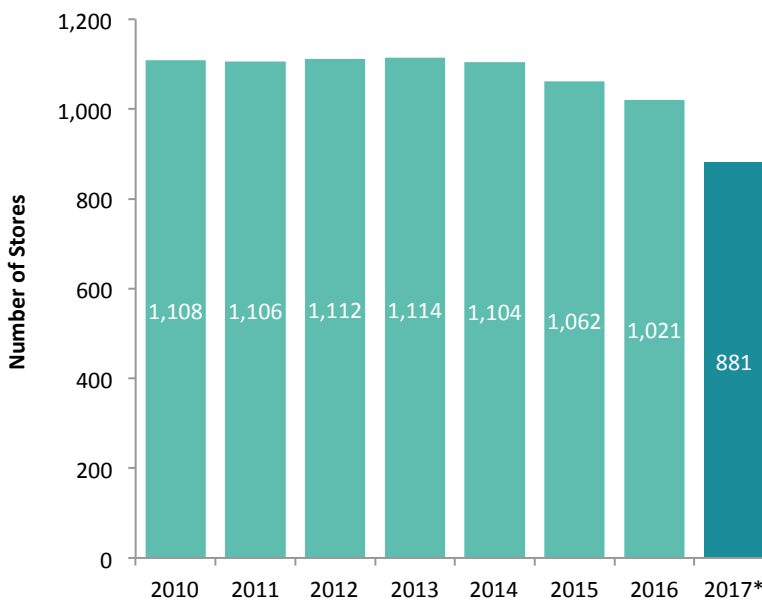


### JCPenney

In a subsequent announcement after its CEO Marvin Ellison commented in early January about the company’s intention to close stores, JCPenney stated that it will close 130–140 stores, or 13%–14% of its store fleet, in the next few months. The exact numbers are yet to be confirmed, according to Ellison.

- **Reason for store closings:** A resource allocation decision due to intensifying competition from e-commerce. The stores identified for closure either require significant capital to achieve the company’s new brand standard or are barely cash flow positive with below average comparable sales performance.
- **Number of stores to be shut:** It is estimated JCPenney will close 130–140, or 13%–14% of its stores, in the next two few months, according to the company announcement.
- **Capital deployment:** The company is redirecting capital resources to invest in locations and e-commerce initiatives that offer the greatest revenue potential. JC Penney aims to align its brick-and-mortar presence with its omnichannel network and optimize its retail operations.

Figure 5. JCPenney Store Count



\* Assume 140 stores will be closed  
 Source: Company reports/Cowen & Co/Fung Global Retail & Technology



### Lucy Activewear

Lucy Activewear will close all 44 existing stores, according to a report by KGW, a local Portland TV station, on February 24, 2017. The stores are expected to be closed by the end of 2017 or early 2018. Lucy is owned by VF Corporation.

- **Reason for store closings:** The decision to close stores was driven by tougher competition among women's activewear companies such as Athleta and Lululemon, according to Lucy spokesperson.
- **Long-term plan:** Lucy will be merged into the North Face brand, which is also owned by VF Corporation. Most of the 44 stores will remain open, at least through the fall of 2017.
- **Capital deployment:** No decision has been made as to the allocation of Lucy's assets after the merger with North Face.

### BCBGMAXAZRIA

#### BCBG

BCBG officially filed for bankruptcy on March 1 and will close all of its retail 120 stores as part of the restructuring plan, according to Reuters. BCBG had previously announced on January 18 its intention to close stores.

- **Reason for bankruptcy:** The company has been struggling to adapt to the shift to digital commerce. It is having difficulties in meeting its debt and rent obligation. The retail store business has declined by 20% over the past three years.
- **Long-term plan:** BCBG has filed for bankruptcy and is currently working with its financial and legal advisors. It has received a \$45 million commitment of debtor-in-possession as its working capital to ensure normal operations under the chapter 11 bankruptcy proceeding.



#### Gordmans Stores Inc.

Gordmans is filing for bankruptcy, according to an official announcement.

- **Reason for bankruptcy:** The company is facing a challenging business environment with sluggish mall traffic and shoppers' shift to online shopping.
- **Number of stores to be shut:** All of the company's 101 stores will likely be closed.
- **Bankruptcy sale:** Gordmans announced that it has entered into an agreement with Tiger Capital Group, LLC and Great American Group, LLC for the sale in liquidation of the inventory and other assets of Gordmans' retail stores and distribution centers, subject to court approval or a better offer.



### Crocs Inc.

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Crocs Inc. announced on Mar 7, 2017 that it will close 160 stores, or 29% of its store fleet, by the end of 2018.

- **Reason for store closings:** The company has struggled with sales performance amid a shift in customers' taste. The dwindling of store traffic also has had a negative impact.
- **Number of stores to be shut:** 160 stores, or 29% of its total store fleet, will be closed by the end of 2018.
- **Capital deployment:** The company will focus on improving the operating efficiency. Management expects sales to be up in the mid-single-digits over 2017 and 2018, primarily driven by the closing of unproductive stores.

## Store Openings



### Ross Stores

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Ross Stores announced on March 6, 2017 that it has already opened 28 stores since the start of 2017. This is part of its previously announced plan to open up to 90 new stores by the end of 2017.

- **Reason for store openings:** The new store openings are expected to further strengthen the retailer's presence in the Midwest, where approximately one-third of the stores are located. New stores will also be opened in larger markets including California, Florida and Texas.
- **Status:** So far, 23 Ross Dress for Less and 5 dd's DISCOUNTS stores have been opened. The remaining stores will be opened within 2017, with a planned total opening of 70 Ross Dress for Less and 20 dd's DISCOUNTS stores.



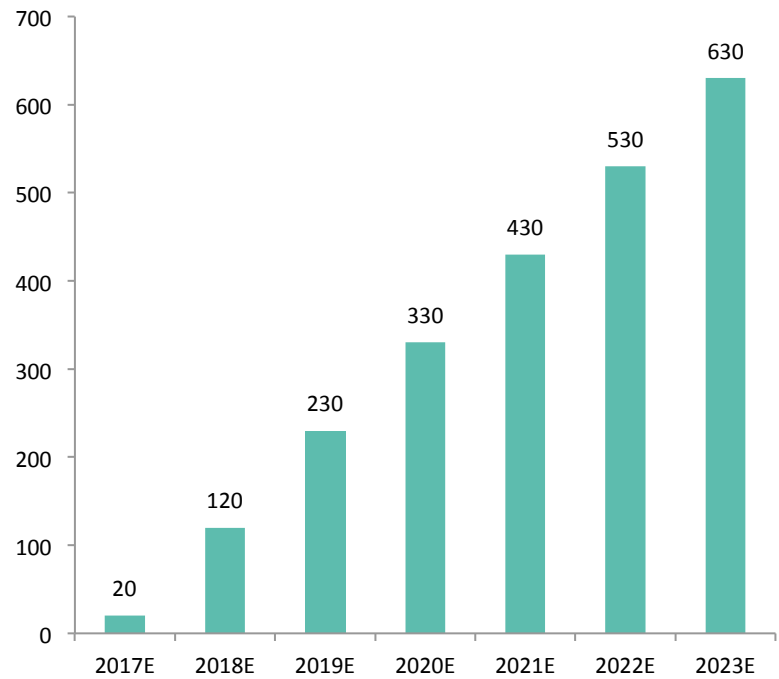
### Lidl

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Lidl announced on February 21, 2017, that it will open 100 stores on the East Coast.

- **Reason for store openings:** Lidl's store openings announcement is part of its planned expansion into the US market.
- **Status:** The new store openings are on track to be completed within a year. As noted from the Lidl prototype store, these new stores in the US will be around 35% larger than their bigger stores in Europe, at around 21,000 square feet, to cater for the needs of the US market.
- **Financial impact:** Sales could exceed \$2 billion by the end of its second year of operation in the US, according to Kantar Retail.

**Figure 6. Lidl Store Count**



Source: Kantar Retail Analysis



**Dick's Sporting Goods**

Dick's Sporting Goods announced on February 21, 2017, that it will be opening five new stores in the three different states.

- **Reason for store openings:** The new stores will allow the company to have a greater exposure to consumers.
- **Status:** All openings will be completed by the second week of March.

## Management Changes



### Adidas

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Adidas announced on March 7, 2017, that Harm Ohlmeyer will replace Robin J. Stalker as the new CFO. The change will take effect on May 12.

- **Reason for appointment:** Stalker decided not to extend his role as CFO beyond the end of his current contract. The move also coincides with the change of CEO late last year.
- **Profile of incoming CFO:** Ohlmeyer started his career with Adidas in 1998 and gained extensive experience in the areas of finance and sales. Since 2011, he has led the company's global e-commerce business, most recently as SVP Digital Brand Commerce. From 2014 to 2016, he held additional responsibilities as SVP Sales Strategy and Excellence. E-commerce sales increased from €50 million to €1 billion during his tenure.
- **Profile of outgoing CFO:** Stalker has served as CFO of Adidas for 16 years, alongside former CEO Herbert Hainer, who was replaced by Kaspar Rorsted in October 2016. During his tenure, Adidas' sales more than tripled, earnings increased more than fivefold and the value of the company rose from €3 billion to more than €30 billion.
- **Strategic changes accompanying the management change:** None. Ohlmeyer is expected to assist the new CEO in executing the US expansion strategy and digitalization, which was set out as a five-year goal by former CEO Herbert Hainer.



### ALDO Group Inc.

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ALDO announced on March 3, 2017, that David Bensadoun will replace Patrik Frisk as the new CEO.

- **Reason for appointment:** The move is seen as part of a senior management change and will take effect on April 3.
- **Profile of incoming CEO:** Bensadoun joined the company in 1995 as a project manager and rose through the ranks to his most recent role as President of ALDO Group North America (AGNA).
- **Profile of outgoing CEO:** Frisk has served as the CEO of Aldo since 2014 and was praised for his "incredible vision and having a great sensitivity to the company's strong and diverse culture," according to the company's press release.
- **Strategic changes accompanying the management change:** None is expected.



B A R N E Y S  
N E W Y O R K**Barneys**

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Barneys announced on February 21, 2017, that Dennis Freedman, Executive Vice President and Creative Director, has officially left his post in the company.

- **Reason for departure:** Freedman left to pursue new opportunities, according to an internal memo from Barneys.
- **Replacement plan:** The replacement for Creative Director has yet to be announced. Freedman, in the near term, will continue to serve as the curator for a Barneys New York project to be revealed in May.
- **Profile of outgoing Creative Director:** Freedman spearheaded a number of creative initiatives, including the 2014 “Brothers, Sisters, Sons & Daughters” campaign with Bruce Weber that spotlighted 17 transgender men and women, as well as collaborations with Lady Gaga, Jay Z, Baz Luhrmann, Miuccia Prada and John Galliano. Freedman also forged partnerships for the window displays with influential artists including The Roy Lichtenstein Foundation, Alex Katz, Rob Pruitt and Nick Cave. Freedman also oversaw the design of the company’s downtown flagship store, which opened in Chelsea, New York in February 2016.
- **Strategic changes accompanying the management change:** Unknown. The Creative Director is often the most influential individual over a company’s product offering. We will await further announcements regarding the appointment of a new Creative Director for Barneys in order to gauge the impact of such a management change.

## Calvin Klein

**Calvin Klein**

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Calvin Klein announced on February 27, 2017 the appointment of Luella Bartley as Head of Global Design Calvin Klein Jeans.

- **Reason for appointment:** The appointment was made to fill the vacant post left by the departure of Kevin Carrigan, who was responsible for Calvin Klein Jeans before joining Ralph Lauren in August 2016.
- **Profile of incoming Head of Global Design Calvin Klein Jeans:** Bartley was the co-founder and co-designer of Hillier Bartley, a luxury ready-to-wear and accessories company. She also had a short stint as head of women’s RTW design at Marc by Marc Jacobs, prior to which she owned her own namesake line, Luella for more than 10 years.
- **Strategic changes accompanying the management change:** None. Bartley will oversee design of all Calvin Klein Jeans products globally to achieve one cohesive vision for the brand, which is in line with the brand’s business strategy.

## CÉLINE **Céline**

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Céline announced on February 24, 2017, the appointment of Séverine Merle as CEO, effective April 1.

- **Reason for appointment:** Merle's appointment to CEO is a move to fill the vacant post left by Marco Gobetti, who left for Burberry in January 2017.
- **Profile of incoming CEO:** Merle, who worked under Berluti Chairman Antoine Arnault, has worked at the flagship Vuitton brand as its general manager for France and women's wear merchandising director. She started her LVMH career at Kenzo, moving on to its Paris department store Le Bon Marché, first as director of image and later as commercial director. She is currently the executive vice president at Berluti.
- **Strategic changes accompanying the management change:** According to an interview between WDD and Pierre-Yves Roussel, CEO of LVMH Group, incoming CEO Merle will apply her strong retail and product expertise to a strong retail foundation. She is to spearhead the launch of Céline's e-commerce site at the end of 2017, as management recognizes the potential in the online marketplace.

## **crocs** **Crocs Inc.**

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Crocs Inc. announced on March 3, 2017, that Andrew Rees will replace Gregg Ribatt as CEO.

- **Reason for appointment:** The management shuffle is aimed at reinvigorating the company. The change will be effective on June 1.
- **Profile of incoming CEO:** Rees has served as the President of Crocs since 2014. He previously worked at L.E.K Consulting and Reebok International prior to joining Crocs.
- **Profile of outgoing CEO:** Ribatt served as the CEO of Stride Rite Group and COO of Stuart Weitzman Holdings prior to joining Crocs as CEO.
- **Strategic changes accompanying the management change:** To be determined. It should be noted that Crocs Inc. also made store closure announcements together with the above executive change. The company is expected to continue its strategy of cost cutting and consolidation for the immediate future.



## Louis Vuitton

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Louis Vuitton announced on February 24, 2017, that Lanessa Elrod will be appointed the President of the Americas Region, replacing Anthony Ledru, who will become the Executive Vice President, Commercial Activities. All changes are effective April 1.

- **Reason for management change:** The management shuffle aims to fill vacant posts.
- **Profile of new management:** Elrod joined Vuitton in 2010 as director of marketing for leather goods, rising through the ranks to become vice president of merchandising for Louis Vuitton Americas and then senior vice president of Vuitton's retail network in America. She also had previous experience at Saks Fifth Avenue and Bergdorf Goodman.

Ledru has spent two years helping the Americas, having joined Vuitton from Tiffany & Co. His résumé includes stints at Harry Winston International and Cartier.

- **Strategic changes accompanying the management change:** To be confirmed.

## next

### Next

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Next announced on February 14, 2017, that Michael Roney is set to replace John Barton as the Chairman.

- **Reason for appointment:** Barton will retire on August 1, 2017. Roney's appointment is part of Barton's retirement plan. Roney will serve as Deputy Chairman and Chairman Designate with effect from February 14, 2017, until he succeeds Barton's role in August 2017.
- **Profile of incoming Chairman:** Roney, age 62, has extensive business experience. He was Chief Executive of Bunzl plc, a FTSE 100 listed distribution and outsourcing business, from 2005 until his retirement in April 2016. He is currently Chairman of Grafton Group plc and a non-executive director of Brown-Forman Corporation. He was also formerly a non-executive director of Johnson Matthey Plc.
- **Profile of outgoing Chairman:** Barton became a member of the Board of Next in 2002. He was appointed Deputy Chairman in 2004 and Chairman in 2006.
- **Strategic changes accompanying the management change:** To be confirmed.

**TIFFANY & CO.**
**Tiffany & Co.**


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Tiffany has announced the addition of three Independent Directors to the Board on February 22, 2017. Francesco Trapani, Roger Farah and James Lillie will join the Board no later than March 6, 2017.

- **Reason for management change:** Tiffany has reached a deal with activist investor JANA Partners and Trapani, which they together owns 5.1% of the company, to appoint three independent directors to its Board and to oversee the search for a new CEO after a difficult period for the company, which resulted in the departure of CEO Frederic Cumenal in early February.
- **Profile of new management:** Trapani was the former CEO of Bulgari. He and JANA Partners, an activist fund, together own 5.1% of Tiffany. Farah was the co-CEO at retailer Tory Burch. James Lillie was the former CEO at Jarden Corporation.
- **Strategic changes accompanying the management change:** To be determined. Cumenal was not able to provide Tiffany's Board of Directors a satisfactory financial return. The active participation of JANA Partners signals that more changes might be imminent within the senior hierarchy of the company as shareholders seek a management team that can lead a successful turnaround.



TORY BURCH

**Tory Burch**


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Tory Burch announced that Roger Farah will cease to serve as the Co-CEO, and will assume an advisory role as an Executive Director. The change will be effective March 1, 2017.

- **Reason for management change:** No reason was specified.
- **Profile of outgoing Co-CEO:** Farah, who joined Burch in 2014, is the former Vice Chairman of Ralph Lauren Corp. He is often credited with transforming Lauren into a global powerhouse.
- **Strategic changes accompanying the management change:** None. No major strategic changes are expected as Tory Burch remains the CEO, with Roger staying in the company, although in an advisory role.

## Other Major Announcements

### Debt Restructuring



#### Neiman Marcus

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Neiman Marcus has hired investment bank Lazard Ltd to restructure its debt obligation to bolster the balance sheet as it seeks relief from \$4.9 billion in debt. The company is facing headwinds that are shared by other US retailers. Lower energy prices have negatively impacted the company, as many of its affluent shoppers in Texas have curbed their spending. Much of the company's debt load stems from its \$6 billion leveraged buyout in 2013, when its current owners, Ares Management LP and Canada Pension Plan Investment Board (CPPIB), acquired it from other private equity firms. Sources said Neiman Marcus is in no immediate risk of bankruptcy.

### Sale of Brand



#### Finish Line

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Finish Line Inc. completed the sale of its JackRabbit division to affiliates of CriticalPoint Capital LLC for no payment. The buyer acquired all JackRabbit assets, inventory, leasehold interests, customary liabilities, intellectual property and the JackRabbit trademark, including 65 stores. The seller has also agreed to pay \$8.3 million to the buyer for the purpose of settling liabilities created by the sale. The aim of the sale is to help Finish Line unload leases for the JackRabbit stores. This transaction marks the \$40 million consolidation of mom-and-pop running shoes retailers that began six years ago. The rise of fashion-focused athleisure items had a negative impact on performance-oriented shoes sold by Finish Line.

### Acquisitions



#### Macy's

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Talks between Macy's and Hudson's Bay Co. have failed, as both parties were unable to arrive at a mutual selling price. Macy's is seeking a potential buyer, while Hudson's Bay Co. is focusing on its acquisition strategy.



#### Wet Seal

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Pursuant to its bankruptcy filing, which we wrote about in our first report, Wet Seal's intellectual property assets have now been acquired by the brands division of global advisory firm Gordon Brothers for \$3 million. Ramez Toubassy, President of Gordon Brothers' brand division, said Wet Seal will, for now, exist in the e-commerce channel and in wholesale via licensing. He did not rule out the possibility of operating

stand-alone Wet Seal stores in the future, and believes there is a business opportunity in both department stores and the mass channel.



### **Skip Hop Holdings**

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Carter's Inc. has acquired Skip Hop Holdings from Fireman Capital Partners for \$140 million in cash. Carter's is a babies and young children's apparel brand, while Skip Hop produces children's accessories, such as diaper bags, backpacks and travel accessories. The acquisition of Skip Hop is expected to be accretive to Carter's fiscal 2017 adjusted earnings per share, excluding the impact of non-recurring transaction or integration-related expenses.



### **Blue Nile**

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Blue Nile has officially been acquired and gone private for approximately \$500 million by an investor group made up of Bain Capital Private Equity, Bow Street and Adama Partners. Blue Nile is a Seattle-based online specialty retailer of fine jewelry.

### **Potential Sale**



### **Kate Spade & Co.**

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Kate Spade is exploring the option of a sale, which is one of the strategic alternatives to boost value for the company's shareholders. As of February 16, Coach and Michael Kors are among the buyers that have entered the second round of bidding.



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**Deborah Weinswig, CPA**

Managing Director  
Fung Global Retail & Technology  
New York: 917.655.6790  
Hong Kong: 852.6119.1779  
China: 86.186.1420.3016  
deborahweinswig@fung1937.com

**Esme Pau**  
Analyst

**Matthew Lee**  
Research Assistant

---

**Hong Kong:**

8th Floor, LiFung Tower  
888 Cheung Sha Wan Road, Kowloon  
Hong Kong  
Tel: 852 2300 4406

**London:**

242-246 Marylebone Road  
London, NW1 6JQ  
United Kingdom  
Tel: 44 (0)20 7616 8988

**New York:**

1359 Broadway, 9th Floor  
New York, NY 10018  
Tel: 646 839 7017

**[FungGlobalRetailTech.com](http://FungGlobalRetailTech.com)**