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Amazon to Open Manhattan Pop-up Store

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with contributions from RACHEL STRUGATZ

NEW YORK — Amazon clearly wants to be the King Kong of retail.

The online operator will open a 14,000-square-foot pop-up store in time for the holidays at 7 West 34th Street, right across from the Empire State Building, according to sources. The location is close to Fifth Avenue while Herald Square is at the end of the block in the opposite direction, near Macy's flagship.

Amazon also might be hoping the store will give it some good public relations for a change in the wake of its controversial battle with book publisher Hachette and analysts' increasing questions over when the Web site will become consistently profitable. Even as it dominates online retailing in America, Amazon continues to operate in the minority of the overall retail market. In the U.S., total retail sales will reach \$4.73 trillion in 2014, up from \$4.53 trillion in 2013. But e-commerce sales will represent only 6.5 percent of total retail sales this year, or \$305.7 billion, while mobile commerce will total \$58.07 billion, 1.2 percent of all retail sales, according to eMarketer.

So at least a temporary brick-and-mortar presence makes sense. Amazon will reportedly sell Kindles and Fire phones at its physical store. It will likely sell other products as well if it is to fill the 14,000 square feet of ground-floor space, a retail source said. There's also a 3,000-square-foot mezzanine. Sucharita Mulpuru, vice president and principal analyst at Forrester Research, said that given the intense scrutiny Amazon was under last holiday season when deliveries failed to arrive at their destinations on time, the space could help alleviate potential shipment issues. For example, the space could double as a small warehouse and handle same-day deliveries and returns.

"They can control that part of the delivery to consumers in New York themselves," she said. "They can create their own patchwork UPS solution, at least in the Manhattan, Tristate area. Let's see the concept first. If it's just another version of the post office, I don't think that's that exciting."

"It's a good move for Amazon because it adds something new and different to 34th Street," said Stephen Stephanou, a principal at Crown Retail Services, noting that the block has been attracting moderate- to upper-moderate retailers as higher-income residents are moving in to new apartment buildings such as 231 West 36th Street, where sales begin at \$3.9 million and rents start at \$8,000. "Residences being built around there that had never been there before," Stephanou said. "New little hotels such as the Nomad have sprung up around there and there's construction south on Sixth Avenue and Broadway. Thirty-fourth Street is happening. It's got new life to it. Hudson Yards is some time away, but this whole stretch from Fifth Avenue to the West Side Highway will be dynamic."

The Amazon pop-up store will open in a space now occupied by Express. Real estate sources said the space has been on the market for some time. Amazon will join the Levi's Store, Steve Madden, Zara, Uniqlo, Geox, Aldo and Banana Republic. "It's a pretty middle mall lineup."

Tricia Lewis, director of digital media at the 34th Street Partnership, said Amazon is responding to "the junior and youth market with Uniqlo, Forever 21 and others." Dan Pisark, vice president of retail services at the partnership, said Amazon was lured by the high foot traffic along 34th Street and the Herald Square area. "The subway station at Herald Square is the third busiest in the entire system," he said, adding, "Thirty-eight million people go through the turnstiles per year." The partnership's pedestrian count showed 17,004 people an hour on

West 34th Street.

Amazon declined to comment.

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