

# The magic of Macy's

With 150 years as America's iconic retail brand, Macy's relies on innovation, branding and store design to propel the company forward

By Rachel Brown, Contributor

**N**o one today recalls the opening of Macy's first store in New York City in 1858. However, 150 years later, one would be hard-pressed to find an American who has not shopped at one of the retailer's more than 800 U.S. stores or who has not seen the annual Macy's Thanksgiving Day Parade on TV. Boasting one of the largest stores in the world—its stately Herald Square flagship in New York is almost 2.2 million sq. ft.—Macy's has a rich history that is a voluminous story to tell. Throughout all the mergers and acquisitions, bankruptcies and changes in leadership, Macy's continues to remain relevant to consumers. The department store retailer has created a legacy that it celebrates today—150 years as one of America's most iconic, trendsetting and successful retailers.

Headlines about the retail downturn in light of the global recession continue to proliferate the media—and Macy's has not been immune to its effects. In February 2009, the company announced it would integrate all of its geographic divisions into a single Macy's unit, resulting in the elimination of 7,000 jobs at corporate offices, stores and other locations—about 4 percent of the company's 180,000-strong work force. But with 150 years of longevity—spanning the Civil War, both World Wars, the Great Depression and several recessions—Macy's holds its head high



Photo: Courtesy of Macy's Inc.

and presses onward as only a century-and-a-half-old retailer has learned to do.

Although the retailer has announced some store closings—it shuttered 11 stores in January—it does plan to continue with slated renovations and new locations this year. “While new store growth has slowed in the current economy, our long-term strategy is to continue to selectively add new stores while closing those that are underperforming,” Terry J. Lundgren, chairman, president and CEO of Macy's Inc., announced in a statement.

Relevance is, and will continue to be, key to Macy's long-term success. “My wish is for Macy's to be the No. 1 choice for consumers when they go shopping,” says Martine Reardon, executive vice president, marketing, Macy's Corporate Marketing. “What we do as a store brand is to make people feel good—feel good about the experience in-store, feel good about the purchase [they] just



Photo: Courtesy of Macy's Inc.

## Founding Father, Rowland Hussey Macy

In 1858, Macy opened his dry goods store in New York City on Sixth Avenue and 14th Street.

# 1858

## Origin of the Red Star trademark

As a young sailor, R.H. Macy had a red star tattooed on his arm as a tribute to the stars that guided him at sea.



made, feel good about the events we host and feel good about the causes we support.” And indeed, through Macy’s store design, brand message and allegiance to supporting local communities, the retailer weaves its tradition into future relevance.

### His story: R.H. Macy’s legacy lives on

When Rowland Hussey Macy had a red star tattooed on his hand for the constellation that led him home on his first sea voyage, little did he know that star would become a symbol of one of the world’s largest department store retailers in the 21st century.

In 1858, R.H. Macy’s first store opened on the corner of 14th Street and Sixth Avenue in New York, selling dry goods, such as dressmaking materials, lace, ribbon and embroideries. The company (which saw \$26.3 billion in net sales for 2007) raked in \$90,000 for its first-year sales.

After R.H. Macy’s death in 1877, the company passed through the ownership of relatives, and then finally landed in the hands of Lazarus Straus and his sons in 1888. Perhaps the most monumental decision was the relocation and expansion of the New York store in 1902 to its current Herald Square location. Subsequently, in 1924, R.H. Macy & Co. decided it was time to expand the Seventh Avenue side of the Herald Square location, making it the largest store in the world at that time with 1 million sq. ft. of retail space. The Herald Square flagship, which is a registered National Historic Landmark, currently fills almost 2.2 million sq. ft., greets an average of 35,000 shoppers daily and carries more than 4 million types of merchandise.

Macy’s headed West in the 1940s by acquiring several regional department store chains and converting those stores to the Macy’s nameplate. In 1945, Macy’s arrived in San Francisco with its

Union Square store, housed in a former O’Connor Moffatt location.

Macy’s expansion efforts bottomed out in the early 1990s as it filed for Chapter 11. Then in 1994, Federated Department Stores Inc. (now Macy’s Inc.) acquired R.H. Macy & Co. in a move that proved successful for Federated, which by 2005, had 425 Macy’s locations after the company converted regional stores to the Macy’s nameplate. February 2005 marked the historic merger between Federated and The May Department Stores Co., where the conversion of all May stores to the Macy’s banner brought Macy’s store count to more than 800.

### Brand precedence

The red star in Macy’s logo remains at the forefront of the brand’s image today. Like many of the retailer’s other brand components, the red star is a reminder that the retailer holds stead-

fast to its roots. “Our first private brand ever was the Red Star brand back in the late 1800s,” says Holly Thomas, operating vice president, public relations and cause marketing, Macy’s Corporate Marketing. “That’s something all great brands rely on—their heritage—and to exercise the equity of the different creative images that are burned in the customer’s mind after all those years.”

While its legacy certainly grew over the years, the company’s marketing efforts have been key in making it a mainstay in the retail business. Perhaps there is no better way to describe it than simply “The Magic of Macy’s”—a tagline re-launched in fall 2007, after being dropped in the ’80s. “We brought it back because it describes what this brand is about and that we create magic through these wonderful in-store experiences and annual events,” Reardon says.

The magical aspect of Macy’s was established long ago by its annual events, which drew



Photo: Courtesy of Macy's Inc.

## 1948

### Macy’s Thanksgiving Day Parade

Started by employees in 1924, this beloved holiday tradition originally featured live animals from Central Park Zoo. In 1927, balloons were added. The parade was first **nationally televised in 1948**, becoming a seasonal extravaganza with a cast of thousands and viewed by millions.

## 1924

“Largest department store in the world!”

Declared after Macy’s Seventh Avenue expansion in 1924.



Photo: Courtesy of Macy's Inc.

### The Great Expansion of 1902

Macy’s moved to **34th Street and Herald Square** after outgrowing its previous space. The new store was nine stories high, with 33 elevators, four escalators—the innovation of the day—and other modern advances.

Macy **expanded his business** to include ready-to-wear dresses, men’s jewelry, china and glassware, sporting goods, toys and much more. Macy’s was now a real department store with sales totalling \$1 million in 1870.

## 1870

R. H. Macy died unexpectedly in 1876 while on a business trip in Paris.

## 1902

Macy’s sales rose from \$10 million to \$16 million

thousands of spectators. The Thanksgiving Day Parade, which has signaled the beginning of the holiday season for 81 years, drew 10,000 onlookers its first year. Today, 3 million people stand on the streets of New York to watch the nationally televised parade. Other monumental Macy's events include its exquisite Flower Shows and Fourth of July fireworks. The Herald Square location is also known for its Christmas windows (Macy's is credited as the first retailer to create Christmas-themed windows) and Santaland, located on the eighth floor.

With 150 years of experience, Macy's has accomplished the unimaginable—converting numerous brands and hundreds of nameplates to its own. After the merger with The May Department Stores Co. in 2005, Macy's Inc. realigned itself to include Macy's store divisions, Bloomingdale's and its online component. Managing the brands, particularly the Macy's brand, became more localized to make sure regional nameplates were converted properly to the Macy's brand.

One of the more challenging feats for Macy's was the conversion of the more than 150-year-



Photo: Javier Jarrin with OMS Photography, Cincinnati

A visual moment in Macy's Lakeside store, New Orleans.

old Marshall Field's department store to what is now Macy's on State Street in Chicago. "In the case of Marshall Field's—yes, there was resistance at first," Reardon says. "What I think we've done pretty successfully is to keep all the great things about Marshall Field's, and then we added on all the great things about Macy's." Macy's remained faithful to the Marshall Field's fan base by keeping the flower shows and a specific focus on fashion.

Perhaps the lesson learned with Marshall Field's was a stepping stone to Macy's new localization strategy in its "My Macy's" initiative. Starting last year, Macy's reallocated resources to place more emphasis at the local market level to differentiate stores, serve customers and drive business. "This

is part of our evolution and growth for the future and how we become even more relevant to the consumer," Reardon explains. "We are not a cookie-cutter type of organization. We know there are differences in consumers and regions, so we are trying to be more relevant to the local customer. We're offering product categories that are relevant to what local customers' needs are, versus sending the same products to all 800 stores."

Within the newly unveiled restructuring plan, the My Macy's initiative will have 69 district offices, with each covering 10 to 12 stores and staffed by an average of 23 merchandising and planning associates.

**Design forward**

Macy's evolving brand keeps up with the times by periodically re-evaluating store design initiatives. Whether that has meant giving retail its first escalators in the Herald Square location in 1902 or offering customers a spirited view of Christmas in its legendary holiday windows, Macy's has always been a leader in store design. "One of our strengths is that we practice integrated marketing. Whatever the customer sees in print, online and on broadcast, it's replicated seamlessly in-store," says Joe Feczko, executive vice president, chief creative officer, Macy's Corporate Marketing.

When Macy's Inc. decided to showcase the Macy's brand exclusively, this meant all former nameplates throughout the country had to be tailored to the Macy's store experience and brand message. "Prior to 2005, Macy's Inc. (then Federated Department Stores) was just that—a federation of department stores," says Karen Meskey, divisional

**1974**

In 1974, **Macy's Annual Flower Show** created a stunning sanctuary in the heart of midtown Manhattan, heralding the return of spring with more than a million flowers in magnificent arrangements by some of the most talented florists in the United States.



Photo: Courtesy of Macy's Inc.

**Macy's makes a BANG!**

The annual televised "Macy's Fireworks Spectacular" is the largest fireworks display in America and a Fourth of July tradition for millions since 1976.

**1976**

Photo: Courtesy of Macy's Inc.



We are not a cookie-cutter type of organization.

—Martine Reardon, Macy's Corporate Marketing

**1994**

In 1994, Macy's joined **Federated Department Stores** to become the largest department store retailer in America.



Photo: Courtesy of Macy's Inc.

Macy's new Esplanade store in New Orleans.

presentations." Bold flooring and lighting patterns accent the interior, while the use of more natural lighting not only saves energy, but also creates a more pleasing shopping experience.

While an increasing number of retailers are introducing green initiatives in their store designs, the incorporation of sustainable design becomes doubly important when it involves a group of

*It's about establishing trust with consumers in today's economy. The No. 1 thing customers look for in a brand is trust.*

*—Joe Feczko, Macy's Corporate Marketing*

vice president, store planning and design, Macy's Corporate Services, Cincinnati. "There was no real common denominator for store design across the different nameplates. We are, and have been, working to generate a consistency in the design and feel of our stores."

Last October, Macy's welcomed the opportunity to infuse some new design elements into its portfolio with the opening of two stores in New Orleans. With the help of Cincinnati-based FRCH Design Worldwide, the stores—the 228,000-sq.-ft. Lakeside Shopping Center location and the 188,000-sq.-ft. Esplanade location—feature fitting room complexes with seating areas and televisions, spacious aisles and price checkers throughout the entire space. "The design strategy focused on Macy's brand values and a fresh design point of view," conveys Jim Kelly, director, store design for Macy's Inc., Cincinnati.

The updated aesthetics of the New Orleans stores appeal directly to a "younger, fashion-forward customer, aspirational in her fashion choices," Kelly emphasizes. "Attention was focused on signature elements, including a classic, modern architecture and décor of rich-colored wood tones with paint and wallcovering selections that successfully support varied merchandise

more than 800 stores. "We continue to look at eco-friendly practices, including energy-efficient lighting, recycling, HVAC and solar panels (featured on more than 30 Macy's stores)," Meskey points out. "In fact, as a company, Macy's Inc. has reduced its total energy consumption by about 9

percent over the past five years."

Macy's New Orleans locations support its dedication to sustainability with green design elements, including natural lighting and low-VOC-emitting building and interior materials with high post-consumer recycled content, Kelly points out. Emphasis on improved water-use efficiencies, innovative lighting and reduced energy consumption also were considered in the store design.

Looking ahead, there is talk of a new store prototype to debut in 2010. While the future is uncertain, Macy's has made it clear that it successfully adapts to change and welcomes new ideas. "We want our stores to represent our brand attributes, and we always look at the design, in-store visual and customer experience through that lens," Meskey says.

Regardless of the economic situation, Macy's reflects on its past and looks to the future for its livelihood. Its tradition has instilled a sense of loyalty in consumers, which gives the retail brand momentum and encouragement. "It's about establishing trust with consumers in today's economy," Feczko declares. "The No. 1 thing customers look for in a brand is trust." **DDI**

**2005**

In 2005, Federated announces merger with The May Department Store Co.

**2007**

macy's inc

In 2007, Federated Department Stores became Macy's Inc., creating a national presence for the Macy's brand.

**2008**

**From one store in 1858 to more than 800 stores across the country in 2008—plus 80 parades, 34 flower shows and 32 fireworks extravaganzas—Macy's legacy continues to grow.**

## project file

### Macy's Lakeside

Metairie, La.

### In-house design team

Macy's Inc.

Cincinnati

Amy Hanson, senior vice president, property development  
Karen Meskey, divisional vice president, SPACE store planning and design

James Sloss, operating vice president, store design

Andrew Brezina, operating vice president, store planning

Jim Kelly, director, store design

Cherie Brandt, director, store planning

Lee Ann Muse, manager, store planning

Verda Cousineau, senior store planner

Elizabeth Hancock, designer

Amy Laughead-Riese, senior lighting designer

Heather Feltz, lighting designer

Jim Apruzzese, senior vice president, visual, store planning and construction

Susan Simmons, vice president, store planning and construction

Jeff Mathews, divisional vice president, store planning

Judy Vines, senior store planner

### Contract design firm

FRCH Design Worldwide

Cincinnati

Steve Gardner, vice president, project management

Andrew McQuilkin, vice president, managing creative director

Amy Rink, director, project management

Suzanne Copeland, senior merchandise planner

Richard Turner, senior project coordinator

Carol Osterbrock, senior resource designer

Holly Trucco-Hillary, interior designer

Atlas Carpet (carpet)

New York

Patcraft Commercial Carpet

(carpet)

Calhoun, Ga.

Mannington Commercial

(carpet)

Alpharetta, Ga.

Innovative Stone Inc. (porcelain tile)

Hauppauge, N.Y.

Garcy Corp. (showcase frames)

Piedmont, Ala.

Merchandising Equipment

Group (stock shelving)

Cambridge City, Ind.

R.A.P. Security (metal racks)

Cudahy, Calif.

Artistic Plastics & Fixtures Inc.

(metal hardware)

Burbank, Calif.

Cleomo Elite (standards)

Rancho Cucamonga, Calif.

### Millwork

Stanly Fixtures

Norwood, N.C.





Photos: Javier Jarrin with OMS Photography, Cincinnati

## Fitting Rooms



