



**The Sellouts**

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## **TABLE OF CONTENTS**

<b>INTRODUCTION</b>	<b>2</b>
<b>Problem Description</b>	<b>2</b>
<b>Research Objectives</b>	<b>3</b>
<b>Scope of Analysis</b>	<b>3</b>
<b>IDEAL BRAND MAP</b>	<b>3</b>
<b>ACTUAL BRAND MAP</b>	<b>5</b>
<b>GAP ANALYSIS</b>	<b>6</b>
<b>RECOMMENDATIONS</b>	<b>7</b>
<b>REFERENCES</b>	<b>11</b>
<b>APPENDICES</b>	<b>12</b>

## INTRODUCTION

### Problem Description

The problem with Macy's is that the brand is out-of-touch with their ideal customer (millennials and generation Z). In the age of Amazon and other online retailers, Macy's needs to find a way to distinguish themselves from other stores and offer an appealing and accessible product. Our brand concept map analysis will allow us to identify exactly where Macy's is falling short of becoming a premier retailer and allow us to provide recommendations to transform their brand image to reflect the needs of their target market.

The company Macy's is a historical and established one, but today does little to set itself apart from other retailers. As a result, the company has faced a large decline in millennial shoppers, who are turning to online retailers and discount stores such as Nordstrom Rack and TJ Maxx. Since 2015, Macy's has closed over 120 stores and in the year 2016, Macy's faced the largest decline in profits since the 2008 recession, and profits fell nearly 40% (Bhattarai, 2017; Thomas, 2018).

Following the major decline in sales and stock prices in 2016 (Figure 1), Macy's attributed the drop to "the uncertain direction of customer spending." By this, the retailer was referring to a number of variables, including a decline in mall attendance, a change in customer interests (home improvement items), and the rise of e-commerce (Wahba, 2016). In order to keep up with customer needs, Macy's not only needs to alter how they provide products to customers, but understand the challenges and competition they face from major online sellers such as Amazon and Walmart.

## **Research Objectives**

The primary objective of this paper is to analyze the network of associations for the brand Macy's and provide recommendations for how the brand can improve its value to customers. This brand map analysis will allow us to determine the areas in which areas Macy's fails to connect with their target market as well as provide insight as to how the brand can stand out from other retailers and offer a competitive product. We will then compare the current brand associations to an ideal map, highlighting the gaps where the brand can improve its marketing strategy. Our final objective is to provide strong recommendations on how Macy's can close the gaps between the actual and ideal map, and ultimately increase their overall value to customers.

## **Scope of Analysis**

The scope of our analysis will include a target audience consisting of millennials and generation Z participants. The majority of our participants will be college students aged 19-23, both male and female. The selected market would mimic Macy's ideal shoppers, providing accurate insight into how this audience views the brand.

## **IDEAL BRAND MAP**

The ideal brand map is what a brand strives to achieve, in terms of brand associations. Consumers have their own unique perceptions of a brand and these brands implement various marketing efforts to ensure consumer associations are similar to the ideal associations. In order to uncover Macy's ideal brand map, key words and phrases from Macy's corporate and brand website were used to create the ideal brand map. This is because company's invest a lot of

money into their websites in order to brand themselves, thus what is on the Macy's website should be the company's desired brand perception, in theory.

For Macy's ideal brand map, the brand strives to be seen as the "premier retailer" and "America's Department Store". Words such as "iconic," "industry leader," "distinctive," and "exclusive" are scattered throughout the brand's website, showcasing Macy's ideal associations. Macy's wants to be on top, compared to its competitors, and for consumers to choose Macy's over any other department or clothing store (Figure 3)

Macy's also sells a wide variety of clothing and accessories, thus the brand seeks to be a credible fashion source and trendy for men and women of all ages. When consumers recognize that they need new, fashionable clothing, Macy's wants to have top of mind awareness and for consumers to turn to Macy's to shop because of its trendiness, and exceptional products. Additionally, Macy's strives to be a contemporary, modern brand, especially for millennials, not only the older generations. The brand wants to be known as "luxurious" and "exclusive" so that consumers feel empowered and good after they shop at Macy's because of the high end nature of the brand.

In addition to Macy's fashion credibility, the brand also strives to be a convenient and easy-to-shop-at store. Macy's sells a wide variety of items, thus customers can make one stop at Macy's and have all the items that they need. This makes the experience easy, convenient, and satisfactory for consumers. Consumers won't need to stop at multiple stores to get their items, but rather they can only stop at Macy's to purchase premium products.

As a large department store, the brand also strives to incorporate friendly and useful customer service. Consumers may get lost in the store and need directions on where to go, thus having a staffed customer service and management team is necessary in order to be a leading department store. Based on wording from Macy's website, the brand looks to have friendly customer service workers who are always willing to help.

### **ACTUAL BRAND MAP**

An actual brand map consists of the opinions and perceptions of surveyed consumers, this may include some favorable aspects of the brand in question, while also bringing issues that may need addressing to the surface. Additionally, an actual brand map can uncover what associations towards said brand are strongest and how all of the associations are interconnected.

When creating our actual brand for Macy's we began by surveying a group of 17 participants. For our subject sample we wanted to capture the ideas of those who are approximately college age, in an effort to understand how to best market Macy's to a younger crowd. The ages of our 17 subjects ranged from 19 to 23 years old. Regarding gender, our sample consisted of approximately 60% female and 40% male participants.

When questioning our participants, we wanted to create an environment that fosters honest opinions with the least amount of bias as possible. With this in mind, we approached interviewing participants with a laddering technique, this allowed us as interviewers to get as many ideas out of our subjects without interjecting our own thoughts. In order to discourage leading questions we carefully choose rather open ended and simplistic questions. The questions asked were "What are your overall thoughts regarding Macy's?", "What words come to mind

when you think of Macy's?", and "Please describe the average Macy's shopper." Participants were reminded that there is no correct answer and to please respond as honestly as possible.

The results of our interviews revealed that the strongest associations consumers contribute with Macy's are the words "expensive", "parade", and "department store". As far as associations describing the average Macy's shopper, results concluded that the average shopper is perceived as most like being "middle-aged" or a "mom".

When constructing our actual brand map, we looked at each individual set of interview responses and individual brand maps (Figure 2) and then extracted the most common answers to create the master actual brand map (Figure 4).

### **GAP ANALYSIS**

Macy's has many gaps between how they want their brand to be perceived and how consumers actually perceive them. These gaps are the main reason why Macy's sales and consumer base has been declining. The first gap we identified was their target age group. Macy's strives to be a brand where all generations want to shop at. They sell and promote their extensive product lines of men's women's, junior's, and children's clothes. Macy's hopes that this wide audience will shop at Macy's for its contemporary and trendy choices. However, based on our survey, we saw that the younger generations view Macy's as a store for middle-aged people and a place where only the older generations shop.

Another gap we identified was the gap between how Macy's wants their product selection to be viewed and how consumers actually view it. Macy's hopes to be a contemporary and iconic store with the latest trends and be a place where people turn to update their style.

Macy's brands itself as a premier retailer with sophisticated and credible fashion options. However, from the people we surveyed, we recognized that people view Macy's as a "has been store". They believe that the golden age of Macy's is over which changes their perception of Macy's being a trendy company to Macy's being an old-fashioned company. Also, the image that the store is for middle-age people decreases Macy's fashion credibility.

The third gap we noticed is the difference between the convenience Macy's believes their stores have and what consumer's believe about the ease of Macy's stores. To begin, Macy's extensive product line makes Macy's a "one stop shop" for all their consumer needs. By having a variety of products and departments, Macy's hopes that consumers will turn to Macy's and see the stores as an easy and convenient place to shop at. In reality, the store's extensive choices are overwhelming and it is difficult for consumers to find what they are looking for, especially on the Macy's website.

## **RECOMMENDATIONS**

Macy's would ideally like to be associated with terms such as iconic, industry leader, distinctive, fashionable, and modern instead of the terms that it is currently being associated with such as, expensive or middle aged. We want to change that perception of Macy's being an outdated department store for middle aged moms into a modern department store for Millennials and Generation Z. To help Macy's make that change we have a few recommendations that we feel would be helpful.

The first thing that we recommend is for Macy's to revamp their website. Nowadays, people do the majority of their shopping online, particularly millennials. Macy's website has a



few kinks that need to be worked out in order to make it more appealing to online shoppers. The first thing that we want to do is remove all the stuff from the homepage that is not necessary because it is slowing it down. As it stands, it takes about 5 seconds for the homepage to load on desktop and mobile. Research has shown that over half of people will leave a website if it takes longer than 3 seconds to load.

In addition to technical issues presented, the homepage is simply chaotic. There is no order to the things on the page and it spans such a large range of products that it is difficult to pin down things of particular interest. If they want to target millennials, they have to make items pop out. Tommy Hilfiger bath towels probably shouldn't be the first thing on the website. Instead, we recommend that they highlight their high quality, brightly colored clothing first. According to market analysis by Reuters, the "increasing popularity of luxury apparels among millennial are driving the market growth as they are more likely to be driven by [the] latest fashion trend[s] than other consumer groups" (Reuters, 2018). They should be seeking to show off styles that make them unique and trendy in the eyes of young consumers. A screenshot of their current page layout depicts a variety of incredibly plain, but sophisticated clothing options (Figure 5). This has the feel of a wealthy, more mature adult which may alienate millennial consumers who consider shopping online. They simply don't stand out against the competition. They could benefit by aligning their webpages with some of their social media, which is successfully targeting millennials. A look at their instagram page reveals at least some understanding of this demographic (Figure 6). Here we can see that they feature young, diverse models, and bright colors. This gives Macy's a more youthful appearance while still highlighting the sophistication

and luxuriousness of the brand . These a fashion-savvy young professionals. This the look that Macy's needs throughout all of their marketing.

Since our research also uncovered a strong association with Macy's perfume, this should also be one of the first things to catch the eye on the homepage. Particularly, with an emphasis on more naturally sourced, eco-friendly products. With this being said, we don't want them to alienate their current target demographic. We don't think they need to change their current inventory, they just need to bring more attention to those pieces that align with the millennial demographic. They should also continue to showcase these perfumes in-store, and they should make sure the scent permeates the entirety of the venue.

Another change that we would like to add to the website is the ability to see where a certain item is located in store as well as offer store pick up. Websites like Target and Walmart show its customer where items on the website can be found in store. We want Macy's website to show in what aisle customers can find the dress or handbag, they are looking for. We want to make the shopping experience as easy as possible for customers.

The final change that we want to make to the website is to the store pick up function. On Macy's website, it allows you to buy in stock items online and then pick them up in store when they are ready on the same day. The problem with the function is that it will show you that items are ready for pick up today, but when you click on the item it is not actually ready for pick up today. We want Macy's to only show items that can be picked up today.

Another change that we recommend for Macy's to optimize their store layout. Instead of trying to fill every inch of the store with items like it currently does, we recommend that Macy's

focuses on keeping items in store limited to the items that people are actually looking to purchase in store. It is important for Macy's to recognize that people have already done online research on what they want to buy, so it is not necessary to clutter the store with a bunch of options. The items that Macy's does choose to have in store should always be neat and presentable. This should also help showcase that Macy's has a diverse range of things that can appeal to a younger and older crowd.

We also recommend that Macy's take the time to promote their styling service. When you first go on the website, the only way to find the styling service is by scrolling all the way to the bottom. We suggest that Macy's add a link to the styling service at the top of the website, so that people can become aware of it.

The final recommendation that we have for Macy's is to create a clothing subscription service similar to what Nordstrom has with Trunk Club. Macy's already has a styling service that it offers, so a subscription service would be a great addition. In this subscription service, Macy's would be sending a box of curated clothing items to customers' homes. Customers will work with a stylist and choose items to put in the box. Customers can then choose to keep the items or ship them back if they do not like them. This can help show customers the variety of clothing items Macy's carries. Macy's carries clothing options that can appeal to both the younger crowd and the older crowd.

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## APPENDICES



Figure 1: Macy's stock performance since 1995 (Google Finance)

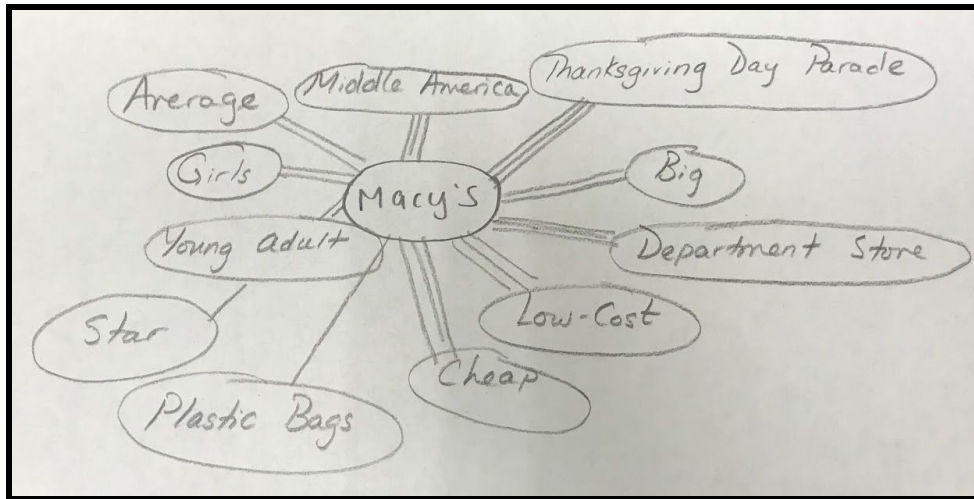


Figure 2: Participant's individual brand map.

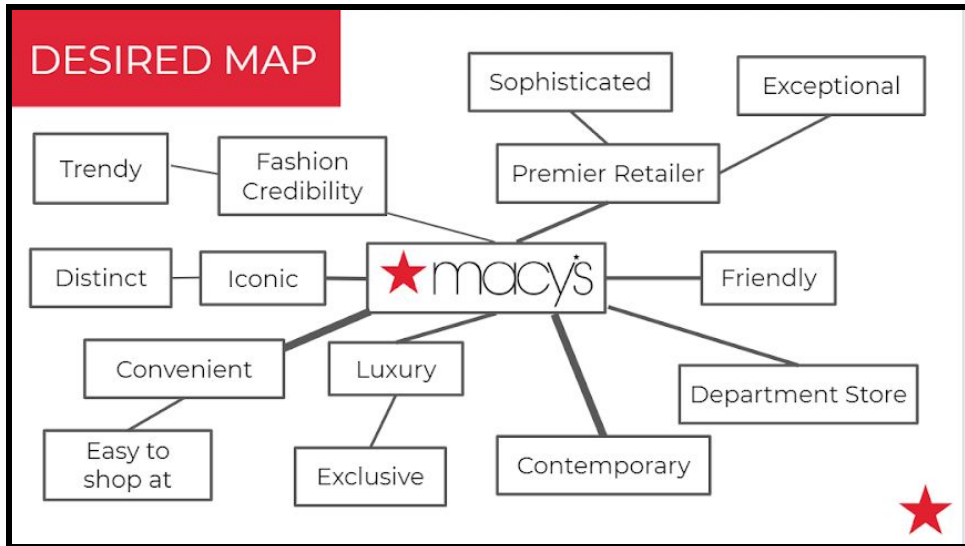


Figure 3: Desired Brand Map

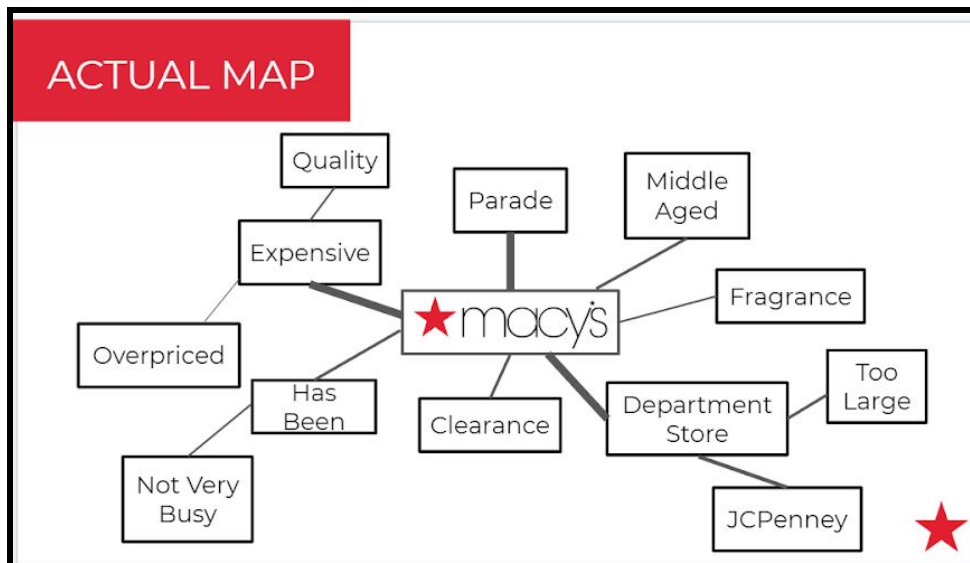


Figure 4: Actual Brand Map

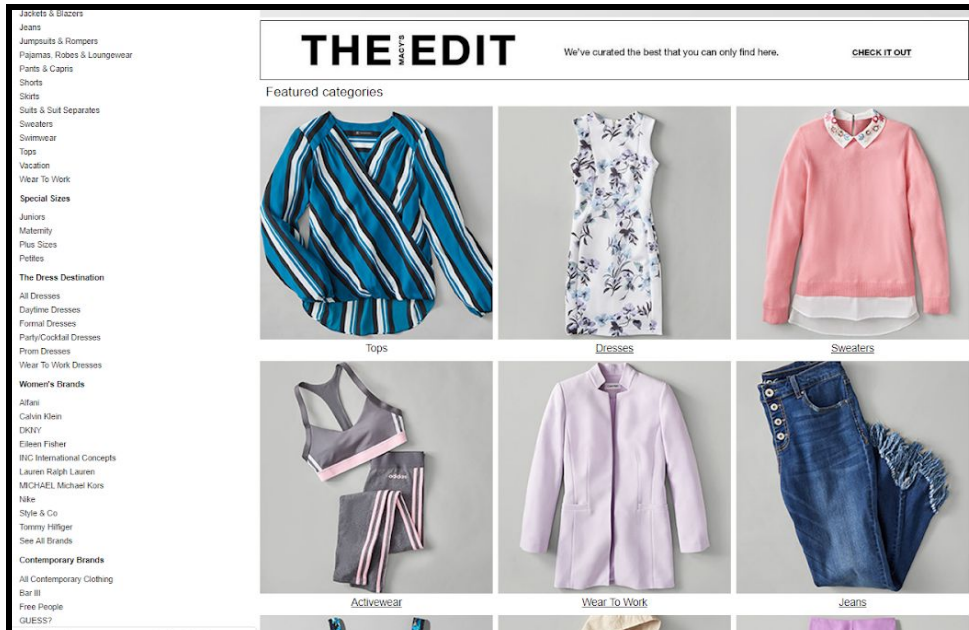


Figure 5: Screenshot of Macy's page layout

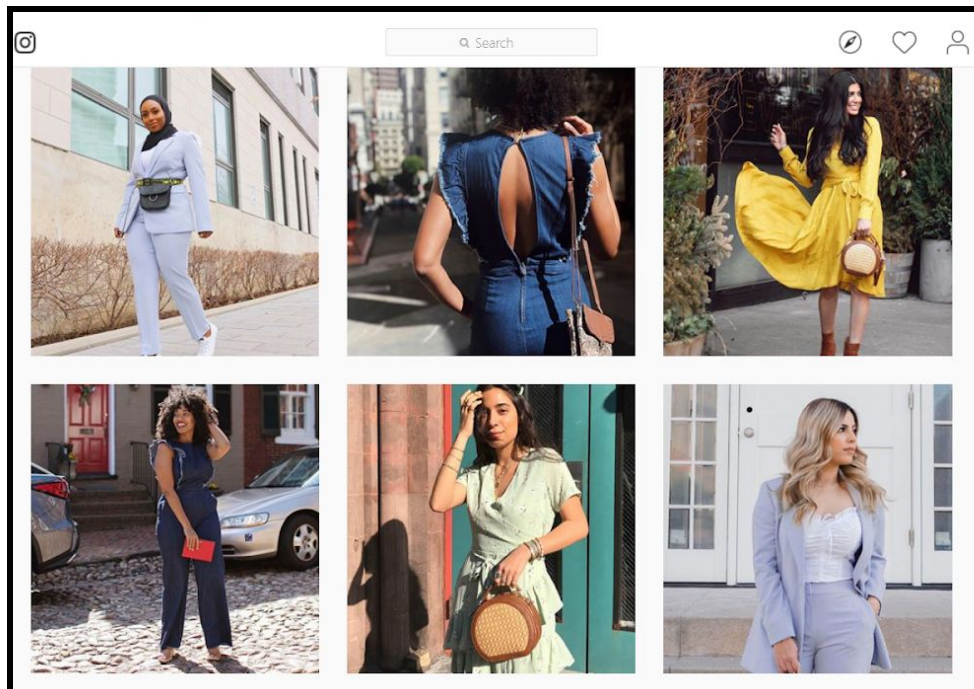


Figure 6: Macy's Instagram page