Macy’s 2017 Integrated Marketing Challenge

“Exclusivity”

February 2, 2017
What We Stand For

Macy’s is more than just a department store. We are a brand that has been at the center of American popular culture for more than 150 years. We are about creating magical experiences for our customers, not only by offering the broadest selections of the best brands at great values, but also through producing iconic events like the Thanksgiving Day Parade and the Fourth of July Fireworks. A key factor in our success has been the dedication to our core strategies:

- Our Omnichannel Strategy allows us to service the customer more efficiently, striving to seamlessly integrate our stores, online and mobile app through use of cutting-edge technology as well as guide a streamlined workforce wired to maximize opportunities across sales channels.
- Through our My Macy’s initiative, we adjust our merchandise assortments at local stores and online to reflect our customers’ regionalized tastes and desires.
- Our Magic Selling program trains every one of our sales associates to step beyond their day-to-day tasks to make our customers happy.

Macy’s has always been an innovator, a company of firsts. In fact, we made business history as the first retailer to promote a woman, Margaret Getchell, to an executive rank. Her motto, "Be everywhere, do everything, and never fail to astonish the customer" has become our mission, and is as true for Macy’s today as it was over 100 years ago.
Macy’s 2017 Marketing Challenge

Our first College Marketing Challenge took place in 2011 with the goal of encouraging and inspiring the creation of ideas that push the boundaries of retail marketing to Millennials. Hearing the interests, concerns and challenges of the Millennial generation from smart, creative and resourceful students was such an invaluable learning experience for the Macy’s executives who participated that we turned it into an annual event.

As part of our on-going strategy, Macy’s looks for opportunities and inventive ways to drive sales and gain market share in an ever-changing industry. In today’s retail climate with consumers having thousands of retailers (both online and in-store) to choose from, the need to stand out is essential. Not only does Macy’s compete with traditional retailers but with technology creating a lower barrier to entry, any entrepreneur with a website or social media account can become a viable competitor. Providing consumers with exclusives, whether products, partnerships, memberships/services or entertainment, attracts and in many cases retains them.

For this year’s assignment we are looking for you to choose a pillar of exclusivity, whether it be product, partnership, membership/service, entertainment or something we haven’t even considered that will help Macy’s continue its legacy of being an industry leader. This is done by offering something exclusive, new and most importantly desirable to our customer in an effort to remain top of mind as their shopping destination.
Macy’s Values and Brand Attributes

When strategizing new business ventures and strategies we make sure to stay true to our action principles and brand attributes.

**Action Principles**
- We will be there when and where the customer needs us.
- We will inspire in new and surprising ways.
- We won’t just sell, we’ll solve.

**Brand Attributes**
- Fresh – new selections from 1000’s of vendors
- Fun – ideas, possibilities and solutions; not just products
- Friendly – simple, easy and always helpful
- Fair – obvious value at every price point
- Fantastic – a single destination that has it all
- For All – something for everyone
About Macy’s Shoppers

It’s also imperative new ventures are in line with the desires of our current and perspective customers. Through our Brand Tracking research (surveying a sample of over 6,500 consumers), we know that Macy’s has a wide customer base, with almost 50% of all consumers shopping at Macy’s in the past year. Our customers are mostly female and over 1/3 are parents with kids at home. They consider Macy’s strengths to be top quality merchandise, latest styles and great place to shop for gifts.

67%  Ever Shopped at Macy’s
43%  Shopped at Macy’s
37%  Purchased from Macy’s

% who ever shopped at Macy’s
% who shopped in past 12 months
% who made a purchase in the past 12 months

**Personality – Top Attributes**

- Fashionable
- Traditional
- Convenient
- Trustworthy
- Welcoming
- Friendly

**Macy’s Strengths**

- Top quality merchandise
- Has the latest styles & fashions
- Good place to shop for gifts
- Makes it easy to return items
- A store I trust for important occasions
- Convenient to shop in-store & online

**Top Purchased Categories**

- Women’s Apparel
- Women’s Shoes
- Men’s Apparel

**Have Kids under Age 18 in the household**

- 70% Women
- 30% Men

- 36% Have Kids

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Macy’s Target Shopper Profile

Through our research we’ve identified the “Fashionable Spender” as our most opportunistic target customer profile which we as a company are focusing our efforts on appealing to. The “Fashionable Spender” is a woman who loves to shop, has a stronger affinity towards Macy’s, and cares about having a fun, relaxing shopping experience.

Fashionable Spender Key Characteristics
- Loves the whole experience of shopping
- Seeks out brand names
- She’ll pay a little more as long as the value equation feels right – fair price for the quality offered
- Seeks sales associates who care and can add valuable guidance

Struggles/Pain Points
- Chaos, disarray and disorder in-store and online
- Crowded stores with no service
- Low quality that feels “cheap”

Ideal Shopping Experience
- Relaxing, calming, open environment
- Concierge or personalized service to help her stay in the know on fashion

MACY’S IS GREAT FOR…When she needs to find a certain brand, a special occasion item or gift that will be a good quality at a good value.

MACY’S NEEDS IMPROVEMENT…It’s too chaotic and too “common”. When it’s too messy or not offering a unique or exclusive experience – she’s not opposed to shopping multiple stores to get what she wants.
Macy’s Brand Consideration

Macy’s generally has a positive perception among shoppers, with very high “brand love” – but there is room to convert this “brand love” to what we call “brand commitment” which would make Macy’s one of their “favorite or strongly preferred” stores to shop.

Note: Exact numbers are proprietary but gaps in brand love and commitment are based on these exact numbers.
Macy’s Brand Opportunities

As we’ve seen in our Brand Tracking, Macy’s strengths are in offering a **large selection** of **quality** and **fashionable** merchandise. In order to increase Brand Consideration and appeal to Fashionable Spenders, we still have room to grow in the following brand characteristics:

- Innovative
- Magical
- Entertaining
- Helpful
- Generous
- Surprising
- Inspiring
Exclusivity at Macy’s Today

Our values, branding attributes and target customer make up the foundation of all our ventures inclusive of our exclusivity strategy. Macy’s exclusivity strategy is multifaceted in order to help minimize competition as well as stand out as a true entertainment brand. Below are the pillars in which we currently provide exclusivity. **Note:** This is not a comprehensive list of our exclusivity offerings but provides a scope of our strategy.

**Product**
- Private Label – portfolio of over 20 private label brands (I.N.C., bar III, etc.). These “Only at Macy’s” brands are developed to meet customer needs and fill assortment gaps.
- Designer Collaborations – ranging from RACHEL Rachel Roy to Nineteenth Amendment and more
- Capsule Collections – limited edition designer collections in either our private or Designer brands (Iris Meets INC, Love Bravery, etc.)
- Exclusive Celebrity Brands – inclusive of Ryan Seacrest Distinction, Heidi by Heidi Klum, Thalia Sodi Collection and more

**Membership/Service**
- Macy’s Star Rewards – loyalty program that provides discounts, benefits and offerings to our credit card members
- Plenti – rewards program to earn and redeem points with Macy’s and our partners (i.e. Exxon, AT&T, Hulu, etc.)
- My Stylist – free personal shopping service
Exclusivity at Macy’s Today

Partnership
- Trolls – Macy’s was one of the few top tiered retailers to help launch the DreamWorks film *Trolls* with an integrated campaign consisting of a host of exclusive and elevated Trolls-inspired products across all categories, promotional efforts, as well as inclusion of a fashion segment at Macy’s Presents: Fashion’s Front Row TV show on E! and a balloon in the Thanksgiving Day Parade. Macy’s also implemented a full store takeover, Trolls-inspired shopping bag as well as celebrity appearances from the film’s stars.

Entertainment
- Thanksgiving Day Parade – In its 90th anniversary Macy’s enthralled more than 3.5 million spectators lining the streets of Manhattan and more than 50 million viewers on television, with a host of giant character balloons, dazzling floats, the nation’s best marching bands and performance groups, celebrities and Santa Claus. We also produced an epic 60 second commemorative commercial and created a unique online and mobile experience.
- July 4th Fireworks – For 40 years, Macy’s Fireworks have grown to become the nation’s largest Independence Day celebration, annually attracting more than 3 million spectators and tens of millions of viewers nationwide.
The Assignment

Keeping our values, target customer and brand attributes in mind and understanding our brand opportunities, identify one pillar of exclusivity (whether product, membership/service, partnership, entertainment, or something we haven’t even considered) that we should either expand on or develop.

1) Identify what pillar of exclusivity we should amplify / focus on to expand our relationship with the Fashionable Spender customer.
   - Your solutions should address whatever you believe will help us stay true to our brand, target market as well as gain market share. Describe what we are not currently doing that we should be doing. If you think we are doing something we shouldn’t be, tell us and explain what we should do in its place.
   - Provide a supporting marketing strategy. Recommend how we should make customers and prospective customers aware of this newness.
   - Include timing - when your program should launch and its duration.

2) Include a rationale for why the proposal you are recommending will work.
   - Recommend as many or as few components you feel necessary within your one chosen pillar. **Note:** We’d recommend focusing on one or two ideas and fleshing it out completely versus providing a list of ideas.
   - Present a compelling argument for why your ideas will appeal to the current market.
   - Identify risks and barriers to entry. Include potential offsets or ways to mitigate.
   - While financial projections aren’t a necessity, ensure and communicate that your ideas are cost effective in the current retail climate.
3) Other Considerations

- Your recommendation may include a variety of ideas we don’t currently offer or a single high-impact program. If you opt for a single program, it should be national in scale.
- Though it is not a requirement, feel free to conduct your own primary research – surveys, focus groups – to help you analyze and gauge perceptions around Macy’s, our current assortment, mindsets of current and prospective customers as well as missed opportunities. You may uncover a new insight we hadn’t yet considered which would be very exciting.
- There’s nothing like the real thing. Read up on the history of our business, visit a Macy’s store, go online, explore the app and our social media feeds. What works, what doesn’t and how should it change for this new venture?
The Submission

Your submission must include a written case study with the following:

- A cover page with:
  - Title of your presentation
  - Name of school
  - Names of team members

- An executive summary of your idea, why it should win and how it will positively impact the Macy’s business.

- Illustrations or images may help demonstrate how your idea can be integrated across channels and bring it to life more effectively, so feel free to utilize them.

- Maximum of 20 pages in a PowerPoint and PDF format. Remember it’s quality, not quantity, that will make your idea rise to the top. If you don’t need 20 pages, don’t use them.

- You may also provide an optional video supplement.
  - No more than 2 minutes in length and less than 50 MB in file size.
  - Accepted video file formats: mpg; mov; wmv; MP4 or embedded in the ppt.
The Submission

- All team members are required to read and comply with qualifying obligations as described in the Official Rules in order to be designated as winners and receive prizes.
- The Official Rules are located on the www.macyscollege.com/mbachallenge website in a pdf format which you can download and print.
- The Submission may not have been entered in any other contest, used for any other purpose or have been previously published. The Submission may not be subject to rights of any other person or party.
- The official Entry Sheet is also provided as a pdf file on the challenge website for you to download and print.

**IMPORTANT:** Each submission must be accompanied by the official Entry Sheet. The Entry Sheet must be fully completed including the names of each team member, their school, email addresses, telephone numbers and signatures and be uploaded at the same time as your case submission.

- All entries must be uploaded to the challenge website by **Tuesday, February 21, 2017, at 11:59 pm** in your school’s local time zone.
Judging Criteria

The key criteria for winning an award are:

- **Strong, engaging, executable** ideas that are strategically sound
- Out of the box thinking to surprise, delight, and astonish the customer
- **Depth of understanding** of the business challenges and the Macy’s brand
- **Clear articulation** of your well-executed idea
- Genuine insight. There’s a lot we already know. Tell us something we don’t.
- Potential for commercial success

First, second and third place teams at each participating school will be selected based on strength, originality and creativity of the idea (70%), and articulation and execution of the concept (30%).

Winning teams will be notified by email and/or telephone on or about March 16, 2017. All decisions of the judges are final.
Unfortunately there aren’t many shortcuts to developing a compelling strategy that can actually work in the real world. It is never easy to come up with a new and original idea. A few pointers:

- Start early. It will take more time than you think.
- Know our business and the target customer.
- Work hard to make sure your idea is communicated simply and clearly, that it flows logically and is easy to read. Judges will have to read a lot of submissions. Don’t make them work hard to understand yours.
- Never underestimate the power of the package. An elegantly presented case will help your submission rise to the top.
- Use the insights and findings as a guide for your proposal. Don’t veer too far off the path.
- It’s all about the story. Tell a great one.

Good luck -we can’t wait to hear your thoughts!!!