

## My Macy's

An Interview with Terry J. Lundgren,  
Chairman, President, and Chief Executive Officer, Macy's, Inc.



Macy's flagship store in Herald Square, New York City

**EDITORS' NOTE** Terry Lundgren assumed his current title in January 2004. Before this, he served as President and Chief Operating Officer, a title he assumed in March 2003 after having served as President and Chief Merchandising Officer since May 1997. He began his retailing career in 1975 as a trainee with Bullock's, a Los Angeles-based division of Federated Department Stores, and became Senior Vice President and General Merchandising Manager in 1984.



Terry J. Lundgren

In 1987, he was named President and CEO of Bullocks Wilshire, an upscale chain of specialty department stores owned by Federated. Lundgren left Federated in 1988 to join Neiman Marcus, where he served as Executive Vice President and, shortly thereafter, was named Chairman and CEO. He returned to Federated in April 1994 as Chairman and CEO of the Federated Merchandising Group. Lundgren holds a B.A. degree from the University of Arizona.

**COMPANY BRIEF** Macy's, Inc. ([www.macysinc.com](http://www.macysinc.com)), headquartered in New York and Cincinnati, is one of America's premier national retailers, operating 37 Bloomingdale's stores and about 810 Macy's stores in 45 states, the District of Columbia, Guam, and Puerto Rico. The company also operates [macys.com](http://macys.com), [bloomingdales.com](http://bloomingdales.com), and Bloomingdale's Outlet stores.

### How important has My Macy's been to the overall vision for the company?

Having a very large company with over 800 stores like ours is a great advantage in terms of size and scale, as well as having a national footprint and marketing program. But ultimately what matters is that you have the products that customers living and working in local markets are most interested in, and that's what My Macy's offers. We have individuals who are former planning and buying executives from our larger divisions now living in 69 cities around the country. They specialize in category merchandise in various areas; they guide the merchandise decisions regarding items such as sizes, colors, and weights of fabric and all of the nuances that differ from market to market, which has been a major driver behind our strong success over the past two and a half years.

### Are there opportunities to increase the number of stores?

Bloomingdale's has potential to grow in certain markets – we only have 37 Bloomingdale's stores – but the trick is finding the right location.

For Macy's with 800-plus locations, it's tougher to find new markets and opportunities, but we continue to work with our developers to find them. We have been opening between five and seven new stores every year.

We're also getting tremendous growth from our Internet business. So

we're focusing now on how we capture more market share no matter how the customer chooses to shop, and that will have an impact on adding additional stores. The customer can find us without having to build a new store in every market so we're using our online capabilities to attract and retain these customers.

### Did you anticipate the impact of online shopping and does it detract from the relationship part of the business?

It would have been tough for me to say in 2002 that Macy's Inc. would have a \$2-billion Internet business today and that the customer shift to online shopping would be as dramatic as it has been.

There are certain customers who will continue to shop in the stores. But the real growth and pure scale over time will be in this omni-channel consumer – that is where the trends are crystal clear.

I foresee customers walking into our stores on their lunch hour to shop and ordering shoes online back at the office that they didn't have time to try on. I also imagine customers researching product online and going into our stores to see the merchandise in person before making a decision to purchase.

### Are there international opportunities for Macy's and Bloomingdale's?

There is an opportunity for Macy's and Bloomingdale's to expand worldwide. We have a Bloomingdale's store in Dubai that is very successful and there is demand coming from other areas.

We can translate the My Macy's concept for other countries as well. We're not certain whom we'd partner with if anyone, but there is demand in various markets.

We just announced a relationship with the Chinese online shopping company VIPStore; we have made an investment there along with Intel. It is a way for us to have our private brands sold online

in the Chinese market and fulfilled locally. This is an easy way for us to learn the acceptance of the products we sell in a local market like China.

Also, you can now go onto [macys.com](http://macys.com) or [bloomingdales.com](http://bloomingdales.com) and buy our products from 100 countries around the world, so we are beginning to work in this direction.

### How important has it been to build a diverse workforce?

America is a diverse multicultural country and since we are such a large corporation, we serve a very broad customer base, which is reflective in the merchandise we carry. We have an extremely high level of women working for our company – 69 percent of all of our executives are female and 32 percent of all of our management level executives are racial minorities. Our stores and the markets that we serve reflect the customers who live in those markets.

We also engage women-owned and minority-owned businesses to help them understand the challenges associated with doing business with large corporations like Macy's. Our program called The Workshop is very successful in doing that; we have gone through our second year of running this program and training these entrepreneurs, and we're putting them in business with Macy's and other companies.

### How critical is community engagement to the culture of the company?

We're serving customers in local markets and we want to be supportive of the community itself where our stores are located.

We have a powerful program called Partners in Time where employees volunteer on many projects across the country every week, like helping rebuild elementary schools, for instance.

Last year, we gave away over \$66 million and we're now one of, if not the, largest financial supporter of many organizations including Make-A-Wish, American Heart Association Go Red For Women, Nature Conservancy, Reading Is Fundamental, and Ronald McDonald House, among others.

### How critical is the Partnership for New York City in addressing the needs of the city?

New York City is a complicated city to make work and yet it does work. That's due to a combination of the consistency of leadership in the Mayoral office and how the city leaders take off their company hats and put on their New York City hats to ask what they can do to help the city work to the best of its ability. It's an unselfish, cohesive group focused on New York City rather than specific business agendas. ●