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**Detroiters had high hopes, but after a year Macy's disappoints**

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We were all set to love Macy's.

After all, Macy's -- which replaced Marshall Field's, which replaced our dear Hudson's -- was sophisticated and up-to-date with its sales associates clad in always-fashionable black, its spacious fitting rooms, its vending machines that dispense iPods.

Advertisement

"It seemed like Macy's was fancy, like a New York-Bloomingdale's-type place," says Maryann Grau, who is 41 and lives in Clinton Township. "I had high hopes for it."

But almost a year after the green Field's signs came down and the shiny red Macy's signs went up, we're disappointed shoppers, frustrated by the selection and the feel of the stores.

"I don't shop there nearly as often," says Eddie Bornoty, a 43-year-old Royal Oak resident and avid shopper. "I won't go there to look for suits anymore. I won't go there to look for mattresses or furniture or big-ticket items I always shopped there for."

Dissatisfaction is driving down Macy's business.

We're spending less there -- in Bornoty's case, about \$5,000 less a year -- and it shows.

Profits are off, sales are down -- and have declined every month since April.

Just how bad things are in this specific market is difficult to know. Macy's divides its 824 stores into seven divisions. The Michigan stores are part of Macy's North, which also includes Illinois, Indiana, Minnesota, North Dakota, Northwest Ohio, South Dakota and Wisconsin. Macy's won't break down figures for individual regions or stores.

Last week, Macy's Inc. reported that its second-quarter profit was down 77% -- in large part due to costs associated with the integration of the new stores -- and sales at stores open at least a year were down 2.6%.

In a conference call to discuss the figures, Chief Financial Officer Karen Hoguet said the Macy's North stores are especially troubled.

So what happened?

How did Macy's go from being a big deal to a big disappointment?

Why don't we love Macy's?

After conversations with shoppers, retail experts and Macy's officials, a handful of themes emerge.

### **The house brands**

Macy's bought the May Co. -- owner of 400 regional department stores, including Michigan's 22 Marshall Field's -- in August 2005 and wasted no time making it part of its coast-to-coast empire.

When the conversion was completed just 13 months later, Field's stores had a new name and new merchandise -- much of it Macy's largely uninspired private labels.

Among those labels, which vary in quality and comfort: Charter Club, Style & Co., I.N.C. International Concepts (considered to be a major success story), Alfani, Material London, American Rag, Greendog, First Impressions, the Cellar and Tools of the Trade.

In some cases, these replaced national brands.

Part of the problem? Macy's never properly introduced us to its house brands.

Not being familiar with a brand -- especially in this economy where so many of us can afford to only spend on sure things -- may keep us from buying it.

"I buy certain socks, which I've bought for 15-20 years," says Ken Dalto, a Farmington retail consultant. "People are used to certain brands and things. People don't change their habits dramatically."

Macy's has not given us a lot of good reasons to try its store brands -- although a sales associate did raise the hopes of one shopper, telling her that the store was full of Armani. Unfortunately the sales associate had confused high-end Armani with store brand Alfani.

"Could they do a better job getting the word out that these brands are just fine? Yes," says Ed Nakfoor, a Birmingham retail consultant.

He relates a recent Macy's experience:

"I'm there, I'm looking at T-shirts and underwear. There's all these brands -- familiar brands, some little niche brands. Then I see these Alfani products. I look at them. ... I bought just one pack of the Alfani shirts and I wish I'd bought two packs. I like the Alfani undershirts better than the Marshall Field's undershirts.

"My point is, no one was there to tell me, 'Oh, have you tried these shirts? You'll really like these shirts.' "

Meanwhile, more new store brands are on the way.

Epic Threads, an Abercrombie-style line for kids, will be available at some stores next month. Field Gear -- a popular Field's casual wear brand -- is coming back as a North Face-inspired line of outdoorsy wear for men.

Macy's is also launching a housewares, bedding and bath collection -- 2,000 pieces in all -- from Martha Stewart.

At least we know who she is.

### **Macy's lack of style**

Not long ago, Eddie Bornoty went to the Macy's at Somerset to buy a suit.

While searching the racks, he was disappointed to see that many higher-end brands were missing, although he did end up with a Hugo Boss suit. "It's a beautiful suit. I got it for \$190. The original price was \$800 or \$900."

The reason for the extreme markdown?

It's the end of the season. And Macy's is planning to discontinue Hugo Boss.

The brand hasn't been selling well. Department stores discontinue old lines and pick up new lines all the time, says spokeswoman Jennifer McNamara.

But that the store is discontinuing Hugo Boss doesn't really matter. What matters more is perception.

Fashion conscious shoppers think Macy's -- which doesn't carry as many fashion-forward or high-end lines as Field's did -- doesn't care about them.

"There was an entire section of higher-end designer stuff, things that were a little more unique, less mainstream," says Bornoty. "They would carry John Varvatos, Dolce & Gabbana, Giorgio Armani, which I don't see there anymore. Of course, they carry some Polo stuff, but just the same stuff that everybody carries."

Nakfoor, the Birmingham retail consultant, says: "I don't think they've created any compelling reason to go to Macy's. There's an attitudinal shift. There's no fashion leadership."

Next month, in an effort to promote itself as a stylemaker -- or, as McNamara says, "the fashion authority for the mid-tier consumer" -- Macy's North will launch a magazine focused on the brands the store carries and the trends.

McNamara says it is "a way for us to tell our customers who we are." It will be mailed to its best customers.

### **A different experience**

Macy's considers Kohl's and J.C. Penney its competition.

Both are good stores, but neither provides the shopping experience we've come to expect from a major department store. They don't have the amenities or service (a restaurant, personal shoppers) or the breadth of merchandise.

Like Kohl's, some stores have shopping carts.

Like Kohl's, most purchases go into plastic bags. Only shoppers who buy from the store's high-end departments or those who make a special request get the sturdy paper shopping bags. Macy's made the switch to cut costs.

"At first, I thought, 'How cheap and flimsy.' " says Jeanette M. Post, who is 66, lives in Sterling Heights and is a fan of Macy's -- especially its sales. "But the fact that I can pick up these cheaper sale items" -- a \$54 Liz Claiborne blouse marked down to \$11, a \$45 cedar plank grill set with seasoning rubs marked down to \$8.50 -- "more than makes up for it."

Dalto, the retail consultant, says if Macy's continues on this path it will alienate longtime shoppers -- those who don't want a super high-end store yet want something more than a discount experience.

"Macy's North is a problem ... because they're probably orienting to the wrong niche.

"There is a vast market here who is underserved," he says. "Middle- and upper-middle-class people who are looking for quality goods, will spend more for ... old-fashioned home goods and department store goods."

They will spend more for the experience.

"I always find stuff at Kohl's," says Grau, the Clinton Township shopper. "But I don't expect a major department store to have a Kohl's feel. You go to Kohl's because it's Kohl's."

### **Not feeling the love**

In metro Detroit, we still compare everything to Hudson's.

When it went away, we accepted Field's because it understood certain things about us -- that we still wanted our tissue paper and holiday shopping bags and a selection that included ready-to-wear and designer. That we'd eat Frango chocolates and would appreciate still being able to get the Hudson's Maurice salad. And then, it started putting coupons in the newspaper. Discounts on top of discounts! We were hooked!

Rather than ease in, Macy's swept into town with a bravado that comes from being the nation's largest department store chain.

It tried to do sales the way other Macy's stores do them -- without newspaper coupons. (When sales here began slipping, Macy's upped its promotions with more markdowns and occasional coupons.)

Shopping at a department store is rarely only about buying a blouse or pair of trousers -- it's about the experience.

It's about feeling special, and respected, and in some ways, even loved.

And in the end, that's why we don't love Macy's.

We don't think it loves us.

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