

# [Differences amongst the two department stores](https://assignbuster.com/differences-amongst-the-two-department-stores/)

This report presents data describing the differences amongst the two department stores, their fundamental visions, and comparative statistics. Macy’s and Dillard’s: Differences amongst these competitors and their trend analysis. There are several aspects you can analyze from each department store. Major pieces do set each one apart from the other. Brand names carried by Macy’s and Dillard’s from an average shoppers point of view can go completely unnoticed unless price is involved. For trend shoppers, brand names can either make or break a retail store. It can easily determine if he or she will walk to Macy’s or Dillard’s because they already know the store does or does not carry that brand. This is consistent with each department throughout both stores and affects revenue significantly.

Macy’s currently has 15 private labels which include: Alfani, American Rag, Charter Club, Club Room, First Impressions, Green Dog, Hotel Collection, I-N-C International Concepts, JM Collection, John Ashford, Material London, Style & Co, Taso Elb, The Cellar, and Tools of the Trade. Dillard’s brand names include: Cypress Links, Lawton Harbor, Oak Creek, Roundtree & Yorke and St. Durand, Bechamel, Cabernet, Copper Key, Preston & York and Westbound, Class Club, Brioso , and Simply Comfort. Store appeal is another difference between the two retail stores. Macy’s has recently revamped all of their stores with a new trendier design and customer friendly use. Dillard’s is still conservative and plain when you walk into one of the department stores. The younger crowd would gear more towards Macy’s as a first choice of shopping. Elements that Macy’s brought into play were minor, but important customer satisfactions such as wider fitting rooms with waiting areas, international visitor centers and a dining experience in select stores. Macy’s also integrated the self-price check throughout their stores which relieves a lot of customer service, when you have the famous, “ How much is this?” question. Dillard’s is trying to keep their upscale appeal. The older crowd is a majority of Dillard’s customer appeal. The store tends to be quieter, subtle and relaxing. Dillard’s also has a larger variety of luxury items which tend to be pricier when compared to Macy’s.

Marketing strategies between the two department stores are also different. Macy’s marketing strategies have a lot to do with the sale of the week or current holiday. You can open any newspaper or mail-in advertisement and 90% of the time you are offered a Macy’s coupon or notified of the current sales going on. Macy’s national brand advertising includes network and cable television, fashion magazines and an increasing amount of digital and online media. Complementing the brand marketing is a balanced level of promotional advertising and direct marketing, often including specific items and prices, which drive traffic and sales. Macy’s excels at layering on events and activities that touch the customer directly. This includes the worldwide impact of the Macy’s Thanksgiving Day Parade (with 3. 5 million live viewers and a TV audience of 50 million), down to a local store personal appearance, which may attract hundreds of customers to see a fashion show or a cooking presentation by a celebrity chef.

Both stores have suffered within the past couple of years due to a decrease in consumer spending, so marketing strategies are a key component for both retail chains to succeed in sales and revenues. When compared to Dillard’s, you are rarely given a coupon. Dillard’s will advertise their new merchandise for the fall lineup or the new makeup counter promotion going on. Coupons tend to drive the consumer to that particular retail store because everyone can use savings. Dillard’s advertising and promotional costs, which include newspaper, television, radio and other media advertising, are expensed as incurred and were $197 million, $205 million and $229 million, net of cooperative advertising reimbursements of $67. 1 million, $67. 1 million and $57. 8 million for fiscal years 2009, 2008 and 2007, respectively.

Fundamental Visions: Who is more consumer friendly? Consumers are always satisfied with good customer service. When it comes to retail store customer service and satisfaction it is important because department stores are large in size and finding help can be difficult. Colloquy, a company concerned with building customer value, released a survey and asked 3, 000 consumers across five geographical areas to rate their personal experiences with retailers. Macy’s was ranked number one in the department store category, with the most loyal customers. To keep up with technology advances Macy’s has invested time and money into developing a more efficient online shopping site, Macys. com and Macy’s weddingchannel. This investment cost nearly $300 million in 2006-2008 is being used to scale-up these fast-growing businesses through improvements in delivery efficiency, online site functionality and customer service. To enhance the shopping experience at Macy’s 100 stores in 2007 experienced remodeling and began introducing the most advanced POS registers and systems to the sales floors nationwide. Macy’s passion is product and people. There continuing pursuit is to have unique fashionable merchandise ready for customer satisfaction. Macy’s promise is to always carry the best brands and the most-wanted items. They also believe in hiring the right employees. With the right employees, there will be a sense of motivation and helpfulness. The American Customer Satisfaction Index covers 200 companies’ products and services and each company is scored is based on telephone interviews with 250 customers from randomly selected sample of households. Macy’s, Incorporated scored 71 in 2007 with a 0% change from the year before. Dillard’s, Incorporated scored a 75 in 2007 with an o% change from year before as well.

Comparative Statistics: Macy’s vs. Dillard’s with the ups and downs of the suffering economy, department stores have been greatly impacted. Now is the time to sit down and invest your dollar wisely. Customer appeal, new technological advances, and satisfaction will keep the retail giants operating despite the weakened financial system. Dillard’s Inc. said same-store sales, same-store sales is a business term which refers to the revenue generated by one of a retail chain’s specific outlets during a certain period of time (often a fiscal quarter or a particular shopping season), compared to an identical period in the past, usually in the previous year, fell 7 percent in May and total sales were off 5 percent. Total sales dropped to $499. 7 million, compared with $527. 9 million for May 2009. Wall Street analysts expected a drop of 3. 3 percent in same-store sales. Sales for the 17 weeks ended May 31 were $2. 18 billion compared with $2. 29 billion for the year-ago period. Sales are down 5 percent in total stores and 6 percent in comparable stores for the period. While sales of cosmetics and shoes were significantly above trend, sales in the home and furniture category were significantly below trend. Dillard’s released their operating results for an ongoing 13 weeks that ended on November 1, 2008. Net loss for the 13 weeks ended November 1, 2008, was $56. 0 million ($0. 76 per share) compared to net loss of $11. 3 million ($0. 15 per share) for the 13 weeks ended November 3, 2007. Included in net loss for the 13 weeks ended November 1, 2008, are asset impairment and store closing charges of $9. 3 million ($6. 0 million after tax or $0. 08 per share) related to closure of under-performing stores and $4. 4 million ($2. 8 million after tax or $. 04 per share) of hurricane-related expenses. Included in net loss for the 13 weeks ended November 3, 2007, is a pretax gain of $11. 1 million ($7. 0 million after tax or $0. 09 per share) related to hurricane recovery and asset impairment and store closing charges of $3. 7 million ($2. 3 after tax or $0. 03 per share). Currently Dillard’s has 49, 938 full-time employees. As of August 2, 2008 there are 318 locations and 9 clearance centers located in 29 states. Revenue as of February 2008 stands at $7, 370, 806. Macy’s Inc. experienced a loss in the third quarter also as sales dropped more than 7 percent, with the retailer saying the holiday season would be successful, and it saw no benefit in being optimistic for next year. The department store operator also claims that Macy’s has slashed its budget for the 2009 capital expenditures by almost half as it navigates the weakening economy. Macy’s recapped its profit point of view for the year, but said it would be at the low end of the range if current sales trends continue. Shares in the Cincinnati-based chain fell 49 cents, or more than 5 percent, to $8. 92. Macy’s claimed to have lost $44 million, or 10 cents per share, in the quarter, after a profit of $33 million, or 8 cents per share, a year earlier. Apart from costs related to the consolidation of three regional divisions that totaled $16 million, the third-quarter loss was 8 cents per share. Sales fell to $5. 49 billion from $5. 9 billion. Analysts surveyed by Thomson Reuters were expecting, on average, a loss of 19 cents on $5. 49 billion in sales. Despite its weaker results, Macy’s has performed better than most of its major competitors in sales at established stores. For October, Macy’s reported a same-store sales drop of 6. 3 percent, while rival Dillard’s, Inc. saw an 8 percent drop. Macy’s announced a restructuring in February that will disperse more managers to local markets. As part of the preparation, the company combined three regional divisions and slashed about 2, 300 management jobs. The company expects earnings in the range of $1. 30 to $1. 50 per share this yearend $1. 10 to $1. 30 per share in the fourth quarter. Analysts surveyed by Thomson Reuters forecast $1. 37 per share for the year, and $1. 24 per share in the fourth quarter. Meanwhile, to distinguish itself from its rivals, Macy’s is expanding its offerings in exclusive merchandise. This past fall, it became the exclusive department store retailer for Tommy Hilfiger U. S. A. men’s and women’s sportswear. It also has an affiliation with FAO Schwarz to open toy stores in close to 700 Macy’s stores across the country; about 75 full-size FAO toy stores have opened in the department store chain this fall. Macy’s has reduced its budget for 2009 capital expenditures from approximately $1 billion to a range of $550 million to $600 million. That compares with about $950 million in 2008. Currently Macy’s has 182, 000 full-time employees. As of August 2, 2008 there are 853 locations located in 45 states, the District of Columbia, Guam, and Puerto Rico. Revenue as of February 2008 stands at $5, 718, 000.

In conclusion, Macy’s and Dillard’s both relatively have the same number of likes and differences. Macy’s is becoming successful by keeping themselves up-to-date with the current trends and fashions right up to every detail even concerning the look of their store and Dillard’s is slowly recognizing that this is what they need to do to make it through the economy. Graphics recently gathered information shows how Macy’s and Dillard’s income compare from the year 2007 up until 2009. Macy’s and Dillard’s are two very similar department stores when it comes to merchandise. Income each year varies between the two department stores making them relatively different. The result it the income variation is a result of brand-name products sold customer service and quality of products. The most significant aspect of these two charts is 2008. As the economy weakens, consumers spend less money, resulting in a decrease in the income of a company. Macy’s and Dillard’s are two of the top leading department stores in the nation today. In 2004 and 2005 both department stores held a steady flow of income. In 2006 Macy’s income increased greatly due to a number of new store openings and new marketing techniques. Although both companies will suffer due to the recent weakened economy, there is no doubt the incomes will rise again.

Macy’s, Inc. Income Statement

All amounts in millions of US Dollars except per share amounts.

Jan 10

Jan 09

Revenue

23, 489. 0

24, 892. 0

Cost of Goods Sold

13, 973. 0

15, 009. 0

Gross Profit

9, 516. 0

9, 883. 0

Gross Profit Margin

40. 5%

39. 7%

SG&A Expense

8, 062. 0

8, 481. 0

Depreciation & Amortization

1, 210. 0

1, 251. 0

Operating Income

1, 063. 0

(4, 378. 0)

Operating Margin

4. 5%

-17. 6%

Nonoperating Income

0. 0

(5, 780. 0)

Nonoperating Expenses

(556. 0)

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Income Before Taxes

507. 0

(4, 938. 0)

Income Taxes

157. 0

(135. 0)

Net Income After Taxes

350. 0

(4, 803. 0)

Continuing Operations

350. 0

(4, 803. 0)

Discontinued Operations

0. 0

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Total Operations

350. 0

(4, 803. 0)

Total Net Income

350. 0

(4, 803. 0)

Net Profit Margin

1. 5%

-19. 3%

Diluted EPS from Total Net Income

0. 83

(11. 40)

Dividends per Share

0. 20

0. 53

Dillard’s, Inc. Income Statement

## All amounts in millions of US Dollars except per share amounts.

Jan 10

Jan 09

Jan 08

Revenue

6, 226. 6

6, 988. 4

7, 370. 8

Cost of Goods Sold

4, 102. 9

4, 827. 8

4, 786. 7

Gross Profit

2, 123. 7

2, 160. 7

2, 584. 2

Gross Profit Margin

34. 1%

30. 9%

35. 1%

SG&A Expense

1, 702. 5

1, 994. 2

2, 125. 3

Depreciation & Amortization

262. 9

284. 3

298. 9

Operating Income

84. 5

(117. 8)

159. 9

Operating Margin

1. 4%

-1. 7%

2. 2%

Nonoperating Income

## —

(174. 9)

(1. 6)

Nonoperating Expenses

## —

## —

## —

Income Before Taxes

84. 5

(380. 0)

60. 5

Income Taxes

12. 7

(140. 5)

13. 0

Net Income After Taxes

71. 8

(239. 5)

47. 5

Continuing Operations

68. 5

(241. 1)

53. 8

Discontinued Operations

## —

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Total Operations

68. 5

(241. 1)

53. 8

Total Net Income

68. 5

(241. 1)

53. 8

Net Profit Margin

1. 1%

-3. 4%

0. 7%

Diluted EPS from Total Net Income

0. 93

(3. 25)

0. 68

Dividends per Share

0. 16

0. 16

0. 16