

# Research paper on history of macy's inc.: then and now

[Business](#), [Company](#)



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Macy's is the miracle of United States' retail industry and the largest chain of department stores in the world. However, it is not a mere store - it truly is the embodiment of priceless experience and traditions of American nation. Macy's Inc. is headquartered in Cincinnati, Ohio and New York, New York. As of January 30, 2010, the company operates a total of 800 shops in the U. S (Macy's Inc., n. d.).

During 150 years Macy's Inc. has been doing impossible things to continuously surprise their customers care (Grippio, 2009, p. 23). Their department stores have absolutely everything for people with any taste and any budget. For this reason we say: " If you cannot find it in Macy's, it simply does not exist." Its rich and revealing history is a powerful showcase of magical transformation from dry goods store into the symbol of success and customer.

## **The Beginning**

In 1858 in New York City, on the corner of 14th Street and 6<sup>th</sup> Avenue, a small dry goods store named “ R. H. Macy & Company” was opened and over the years expanded into the famous Macy’s Inc. The founder, Rowland Hussey Macy, after five previous failed attempts to open a store in Manhattan, managed to reach sales of one million dollars by 1870 offering its clientele not only dry goods, but also ties, costume jewelry, silver, and fancy imported goods (Grippio, 2009, p. 56).

In 1875 Robert M. Valentine and Abiel T. La Forge became Macy’s partners, and soon proprietors after unexpected death of Rowland Macy in 1877. However, in 1887 Charles Webster, Valentine’s relative who became a single owner of “ R. H. Macy & Company” was unable continue operating a difficult business solely by himself. For this reason, he approached Straus brothers, who later in 1895 acquired the company (Hower, n. d.). During thirteen years the Straus family was selling chinaware in Macy’s store, generating a quarter of total store sales back then. Under Straus family Macy’s was successfully competing, out pricing its rivals, and within a year reached five million dollar sales (Hower, n. d.). They were the first to use psychological pricing, charging 3. 99 instead of 4 dollars, thus making their customers buy more in order to save more. Soon they started selling new lines of merchandise including bicycles, ornate furniture, and rugs.

In 1901-1902 the original R. H. Macy and Company Store was built in Broadway by famous architects De Lemos and Cordes, while later additions

to the design were made by Robert D. Kohn in Art Deco style, making the building a National Historic Landmark (Grippio, 2009, p. 67).

In the next decade Macy's department stores were opened outside New York City in Toledo, Atlanta, San Francisco, Kansas City, in 1983 in Miami, and New Jersey in 1986 (Macy's Inc., n. d.). In the years of Great Depression and World War 2 Federated Department Stores, Inc. as Macy's was renamed, were doing its best adapting to new conditions by becoming more flexible and resilient. The company implemented " pay when you can" credit policies, and started arranging goods by size replacing brand or price store management.

### **Division and Bankruptcy in 1992-1994**

In 1986 Macy's purchased Californian Bullock's, Bullock's Wilshire and I. Magnin divisions of Federated Department Stores, and as a result, the company was comprised of three divisions, namely Macy's Northeast, Macy's South, and Macy's California. However, in spite of countless efforts, Macy's poor management and diminishing public image inevitable led to profit losses (Grippio, 2009, p. 124). Already in 1992 the company was unable to repay its suppliers, and on January 27 Macy's was officially bankrupt. The management team developed a new business plan which had to reduce advertising expenditures, and proposed focused promotions, significantly improved client service, and a brand-new inventory management system. The plan was successful and the company started to increase its profit, even though in 1993 eleven stores were closed in Connecticut, California, Seattle, and New Jersey (R. H. Macy, n. d.). Nonetheless, Macy's continued to take

actions and following its strategy of cutting costs and increasing the level of productivity. Day by day their sales were growing, bringing new opportunities and paying off all past failures.

## **Merging with the May Department Stores**

As of 28 February, 2005, Federated Department Stores have merged with The May Department Stores Company. Since that day, Macy's became one of the largest U. S. chains of department stores with more than one thousand stores all over the country, selling merchandise worth 30 billion dollars annually. The company acquired 330 May department stores, including May's Marshall Fields, Kaufmann's, Foley's, The Jones Store, and others. This event received negative reaction of many May's customers, who promised to switch to competitors and never shop in converted May stores ever again (Grippio, 2009, pp. 145-147).

## **A National Brand**

In September of 2006 the company owned a total of 850 stores in the U. S., and used the most effective marketing communication tools in order to acquire new customers and grow sales. Television advertising became one of the most promising investments, as well as developing brand management techniques. The company used "Dancing in the Street" hit song in its advertising, and in 2007 appeared in television series *Desperate Housewives*. Macy's traditional Thanksgiving Day Parade is an effective method to gain customer loyalty (R. H. Macy, n. d.). It is considered as a gift to the nation, which aims to unite families and provide entertainment, privately sponsored by Macy's.

## **Recent Years**

Macy's Inc. 150th birthday was celebrated two years ago in 2008. The company launched a commercial, which informed the entire nation of Macy's past and present accomplishments, values and philosophy. In 2009 an opened Lifestyle Center Store was opened in Gilbert, Arizona, followed by additional stores in Idaho, Texas and Missouri. The new concept was meant to meet modern customer needs and offer a more convenient shopping experience, by providing wireless internet and comfortable fitting rooms (Grippio, 2009, p. 183).

In October 2006, the company signed a contract with Zoom Systems, turning over Macy's electronic sections to hundreds of eSpot ZoomShops. In 2009 Macy's have started its nationwide expansion, and created 49 local stores, which possess a unified operating structure (Macy's Inc., 2009). In addition, Macy's extensively uses social media advertising as an innovating contemporary way of customer acquisition and retention.

## **Conclusion**

Former Federated Department Stores Inc. is now a company that after seventy-nine years of its existence continues to prosper and gain respect by adapting to our ever-changing world. As one of Macy's founders said: " The company succeeds by striving to be a living mirror of our civilization in which we see the constant changing needs and wishes of our people" (Macy's Inc., 2009). This saying demonstrates real, original understanding of marketing - a philosophy, according to which the company seeks and understands changing customer needs, creating genuine customer value. The success

story of this company is an excellent representation of how effort and continuous struggle over circumstances, flexibility and innovation can win the hearts of the millions and transform a small dry goods store into nation's miracle.

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