Macy’s: Athleading the Industry

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Today’s Agenda

★ Current Activewear Market
★ Millenial’s Usage of Social Media
★ Importance of Exclusivity and Branding
★ Proof
What is Activewear?

★ Men’s and Women’s sports apparel and sweat clothes

★ Athletic shoes, athletic accessories, and fitness equipment **NOT included**
The Market

Market Growth

- 25-44 Age Group
- Trendline for 25-44 Age Group

Year | Population (in million)
--- | ---
2018 | 105
2023 | 120
Casual Lifestyle
Macy’s & Activewear

★ Spring 2012: Women’s Activewear Brand Ideology Launched

★ January 2017: Men’s Activewear Brand ID Ideology Launched
Ideology & ID Ideology

Ideology Long-Sleeve Wrap, Created for Macy's Special Savings
$49.50
Sale $34.65
Free ship at $75

Ideology Space-Dyed Cutout-Back T-Shirt, Created for Macy's
$29.50
Now $17.70
Free ship at $75
More Like This

Ideology Ruffled Tennis Skirt, Created for Macy's
$39.50
Now $23.70
Free ship at $75
More Like This

Ideology Woven Pants, Created for Macy's Special Savings
$54.50
Sale $40.87
Free ship at $75

Ideology Coatedblock Cropped Leggings, Created for Macy's
$17.50
Extra 30% off code LDAY With offer $12.25
Free ship at $75

Ideology Lattice-Back Long-Sleeve Tunic, Created for Macy's
$39.50
Now $19.75 - 23.70
Free ship at $75

NEW! ID Ideology Men's Mesh-Back Long Sleeve T-Shirt, Created for Macy's
$25.00
Free ship at $75

ID Ideology Men's Performance 10" Shorts, Created for Macy's LAST ACT
$30.00
Now $11.93
coupon excluded
Free ship at $75
More Like This

ID Ideology Men's Mesh-Trimmed Sleeveless T-Shirt, Created for Macy's
$20.00
Now $10.50
Free ship at $75
More Like This

ID Ideology Men's Mesh-Trimmed Sleeveless T-Shirt, Created for Macy's
$35.00
Free ship at $75
More Like This

ID Ideology Men's Colorblock Hoodie, Created for Macy's
$65.00
Free ship at $75

NEW! ID Ideology Men's Colorblock Hoodie, Created for Macy's
$55.00
Free ship at $75

More Like This

More Like This

More Like This

More Like This
Regarding Macy’s Ability to Penetrate Athleisure Market
Strength

Liquidity
Weakness

### ANNUAL MEASURED U.S. MEDIA SPEND

<table>
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<th>CATEGORY</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
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Opportunity

macy's $90,000
Threat

Too Late!

NORDSTROM

TARGET
More than Half (56%) of the age group 18-34 uses four or more social media services daily.
Percentage of people who have made purchases based on the ads on social media

Millennials -
1) Largest living generation (73 million)
2) $1.14 trillion Purchasing power
Millennials

★ Sensitive towards advertising
★ Reliance on peer recommendations
★ Engagement with Brand
Collaboration with Ariana Grande
Exclusivity

★ Recession causes shift to exclusivity
★ Macy’s is familiar with exclusive and celebrity-endorsed lines
★ Missed the mark with millennials in terms of social media and influencers
In-House Labels

★ Macy’s private labels known for quality, competitive pricing

★ Striving for 11% increase in sales contribution from private labels

★ Ease of shopping without decision making
★ 2014: sales declined by 20%
★ 2015: sales increased by 7%
★ 2016: sales increased by 22%
Sneaker Battle
Year-over-year growth rate of footwear sales

- Under Armour
- Nike
- Adidas

2015 Q1
Under Armour debuted Curry One in partnership with NBA MVP Stephen Curry.

2016
The Adidas Superstar, a retro style from the ‘60s, was the best selling sneaker of the year.

2017
Sneaker sales have been flat for Nike and Under Armour.

Source: SEC filings of Under Armour, Nike and Adidas
14% Sales Increase

Social Influencer

Bigger Audience

More Influence
Today’s Summary

★ Current Activewear Market
★ Millennial’s Usage of Social Media
★ Importance of Exclusivity and Branding
★ Proof
Thank you!

Questions?