macy's Round Two
The Fashion Cycle
The Fashion Cycle

RECURRING FASHION CYCLE

Introduction Rise Peak Decline Rejection Latent Period (period of years) Introduction Rise Peak Decline Rejection (TIME)
Fashion over the Years

1980s-1990s Trend

2017 Trend
GenZ Fashion Trends

Trends change rapidly

Everything is about the moment

Importance of Transparency and Authenticity
The Ultimate Shopping Experience
Macy’s lacks a unique experience

Needs to get people in-store

Differentiate from the competition
The Ultimate Shopping Experience

Macy’s will have Unique Experiences

Music and Designs from each time period

Like a Time Machine
Brick and Mortar
Brick and Mortar is still relevant

69%
“the same or more than before”

53%
GenZ consumers shopping in-store every week
Why is GenZ shopping in-store?

66% Prefer to feel/try-on items

62% Like to take home items
Success with Sub-Stores

- sunglass hut
- Lids

3x Sales

LensCrafters

FinishLine

Mintel
Clothing Implementation
Catalogues

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Less Expensive

Archives and Catalogues

Knows what is “cool”

Knows Customers
Retro Clothes

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NAUTICA

TOMMY HILFIGER

POLO

1992

RALPH LAUREN EST. 1967

STADIUM

POLO

STADIUM

1992

RALPH LAUREN EST. 1967

Levi's
Pop Up Implementation
Pop Up Shop

Quick and Easy
Popular Trend
Inside Macy’s
Operations

One store per week

Creates Hype

Customer Process
Get the magic out
Customers choose
Vehicle branding
Advertising
Advertising Opportunities

Nearly 1m Twitter followers

As little as 50 cents per engagement

Local advertisements as low as $1.13 per engagement
Advertising Opportunities

Pick exact audience demographic based on YouTuber

Gets hype out across the country

Negotiate cost with individual YouTubers
Q&A
THE COSTS OF T-SHIRT PRODUCTION

- Blank Shirt (Gildan): $2.5 USD - $3 USD
- Printing: $0.50 USD - $0.80 USD
- Factory Costs: $1 USD - $2 USD

Total Cost Per Shirt: $3 USD - $5 USD

Sold to You: $30 USD - $40 USD

THE COSTS OF JEANS PRODUCTION

- Manufacturing: $7 USD x 3 = $21 USD
- Labour: $6 USD
- Factory Profit: $8 USD

Total Cost Per Pair: $35 USD

Sold to You: $180 USD - $200 USD
Cost of a pop up shop ranges from $1500-$10000
(http://www.blackenterprise.com/small-business/new-opportunities-in-retail-pop-up-shops-and-franchises/)
Cost of wrapping a truck ranges from $3000-$4000
(https://www.appearhere.co.uk/inspire/blog/what-equipment-do-you-need-for-a-pop-up-shop)
Grid wall panels, shelving, clothing racks, hooks, and other items used for the shop itself.
(https://www.appearhere.co.uk/inspire/blog/what-equipment-do-you-need-for-a-pop-up-shop)
Pop up industry grown to $10 Billion
Pop up shops are great for low pricing, unique items, convenience and a fun experience.
Sprite even had a pop up shop in New York
(https://www.retailtouchpoints.com/features/special-reports/pop-up-stores-become-more-than-just-a-trend)
Fashion Cycle Appendix

Fashion cycle gives us a good idea of how the sales of trends will fluctuate.

Round Two knows to move on to the next trend when the sales show signs of decline.

Cycles for Fad and Classic, compared with normal fashion cycle. (Solid line represents normal cycle)

fashiondesignscope.com
Brick and Mortar

68% of shoppers 18-24 would be disappointed if their favorite department store closed suggesting that brand affinity is inherently still there.

<table>
<thead>
<tr>
<th>Base: 2,000 internet users aged 18+</th>
<th>All</th>
<th>More</th>
<th>Less</th>
<th>About the same</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sample size</strong></td>
<td>2,000</td>
<td>432</td>
<td>418</td>
<td>759</td>
</tr>
<tr>
<td><strong>Any value-oriented department store (Net)</strong></td>
<td>68%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td><strong>Any mid-tier department store (Net)</strong></td>
<td>57%</td>
<td>88%</td>
<td>60%</td>
<td>65%</td>
</tr>
<tr>
<td><strong>Any upscale department store (Net)</strong></td>
<td>29%</td>
<td>66%</td>
<td>22%</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Kohl’s (excluding Off Aisle by Kohl’s)</strong></td>
<td>18%</td>
<td>56%</td>
<td>59%</td>
<td>61%</td>
</tr>
<tr>
<td><strong>Macy’s (excluding Macy’s Backstage)</strong></td>
<td>45%</td>
<td>67%</td>
<td>46%</td>
<td>55%</td>
</tr>
<tr>
<td><strong>JCPenney</strong></td>
<td>10%</td>
<td>52%</td>
<td>48%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Sears</strong></td>
<td>34%</td>
<td>50%</td>
<td>35%</td>
<td>41%</td>
</tr>
<tr>
<td><strong>Nordstrom (excluding Nordstrom Rack)</strong></td>
<td>18%</td>
<td>33%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Dillard’s</strong></td>
<td>16%</td>
<td>35%</td>
<td>11%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Belk</strong></td>
<td>13%</td>
<td>30%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Neiman Marcus</strong></td>
<td>8%</td>
<td>22%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Bloomingdale’s (excluding outlet mall locations)</strong></td>
<td>0%</td>
<td>35%</td>
<td>3%</td>
<td>5%</td>
</tr>
</tbody>
</table>

45% shopped at Macy’s in the last 12 months

Of those who do not shop at a Major Department store (18-34):

- 54% said they rarely go to malls anymore
- 47% said Department stores are too high
- 27% said they have reduced their spending on clothing, accessories, footwear

80% of survey participants 18-24 said that they shopped at a department store in the past 12 months
ADVERTISING

• 960k followers on Twitter
• Advertising budget is for all advertising in US including TV, online, billboards, newspapers
• Twitter “engagement” means a user clicks a link, votes, likes, retweets, etc.
• Cost of YouTubers’ product placement varies significantly due to different followings
• YouTubers are often secretive about how much they get paid for product placements
Eighty-one percent make purchases on their own, 77 percent claim they a close eye on their own finances, and 72 percent have their own checking or savings accounts.

Gen Z is not brand loyal — 81% are willing to switch from their favorite brand if they find a similar product at a higher quality.

“However, our study found that this group is longing for retailers to provide an engaging in-store experience. In fact, when given the choice, over 64% prefer shopping in-store versus online.”

Found that 89% of Gen Z consumers are likely to promote a brand as a result of a positive customer experience.