Macy's Business Analysis

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Abstract

Macy’s foundation started in 1858 from an entrepreneurial idea of Rowland H. Macy of creating one of the largest departmental stores in New York and Northern America. The company has performed greatly since the first day and increasing its share price every despite the various economic challenges and competition within the departmental store's sector in the American Market. The company’s management consists of highly qualified and experienced personnel some who have served the company all their career life. The company faces stiff competition from other well established departmental stores in the market and it is out of their innovative and constant improvement of the customer’s shopping experiences that the firm has remained to enjoy its competitive advantage over other related firms. Macy’s Strength, Weakness, Opportunity, and Threat (SWOT) analysis indicate that the firm has quite a few strengths and very few weaknesses. Furthermore, despite the threats such as stiff competition, the company has several opportunities that it can manipulate to improve their competitive advantage and amount of sales in the coming years. For Macy’s to remain as a competitive firm in the market, it should consider improving its sales and management techniques, furnishing its online outlets, expanding its market and increase the shareholder’s wealth.

Keywords: departmental stores, competitive advantage, shares, shopping experience

Macy’s Business Analysis

Founded in the year 1858 as R.H. Macy and Co. by Rowland H. Macy, the fashionable dry good store has dominated New York City and the Northern America market rising from $11.06 sales at the first day to $90,000 gross income at the end its first year (Howard, 2015). Since then the company has risen to become one of the most popular firms among American departmental stores and across the world. According to M Stock Price, the company’s stock prices have risen over the years recording $21.83 on March 23, 2010, and currently at $26.85 per share.

Among the firm’s top management is Jeff Genette who serves as the CEO, Elisa Garcia, Chief Legal Officer and Hal Lawton, the firm’s president and nine other board officers. Jeff Genette has served the company since 1983 as the company’s executive trainee at the company’s branch in San Francisco and grew to become the company’s president in 2014 and later March 23, 2017, took over the role as the company’s CEO (Howard, 2015).

The competition the company faces include Belk and Dillard’s, J.C Penny, Sears. Walmart and Ross. According to the current market performance, J.C Penny and Sears have been categorized as Macy’s two top biggest competitors. The company has been credited for introducing revolutionary products in the highly competitive departmental stores market with products such as all sexes clothing, accessories, and beauty products. They include tea bags, colored bath towels, and Idaho baked potato. In addition, to maintain a competitive advantage, the company consistently introduces new and better shopping styles, new private brands and constantly using the media to improve its brand name appearance. Some of the private brands include John Ashford and Gianni Bernini. Furthermore, Macy’s business strategic priorities include improving customers shopping experiences, compelling market, distinct goods and services and customer-friendly pricing.

The SWOT analysis of Macy entails strength such as properly organized stores, sound business strategy, excellence marketing, high purchasing power and global name recognition. However, the weakness of the company includes excess support personal and poorly distributed regionally. On the other hand, the firm has the opportunity to utilize its popularity to penetrate new markets, making use of its high purchasing power to get better prices from its suppliers, utilizing the regional products to improve their sales and consistently providing its customers with unique products. However, the threats the company faces include high competition from the related well-established firms, its stores being too centralized, too many unnecessary support staff and management and unstable economic state.

For the company to improve its sales and maintain a competitive advantage over its competitors, it should implement new and innovative management techniques both when dealing with their suppliers and handle their inventory. As a result, the company will have efficient and timely movement of their orders and goods to their outlets. Despite the great performance in the North American market, the company should also consider expanding their stores to South America and Europe for expanding their market and increase their purchasing power.

Also, the company should consider increasing its online sales because of the increased use of internet and advancement in the e-commerce. For the firm to be a leading department store and a preferred choice for the customers, it is important that the firm transforming its online outlets to a high powered and excellence user-friendly websites that ensures the customers easily make online purchases at their comfort zone. Ward (2016) states that the current advancement in technology has led to most of the departmental stores' customers making use of their phones and laptops to make purchases for products and services at the own comfort. Fleisher and Bensoussan (2015) further state that the online markets allow the customers to sample on the best quality and prices of the product before they can decide to go ahead with purchasing the merchandise.

Lastly, the company should consider maximizing the shareholder earnings. This can be done by cutting down the salaries of most of the managers and executives and add the amount to the stock price. According to Grant (2016), such a move will result in the company gaining more investors, and increasing the employee output since they will develop more interest in the firm.

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