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# Macy's considers launching an off-price division, among other initiatives

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**Macy's Inc.** will be restructuring in response to changing customer tastes. The company plans to close 14 of its nearly 800 stores and to eliminate some marketing and merchandising jobs. The anticipated \$140 million in annual savings will be put into initiatives to improve omni-channel sales and also toward a possible launch of an off-price division to compete with the likes of **T.J.Maxx** or **Nordstrom Rack**.

"Our omni-channel strategy depends on great Macy's and **Bloomingdale's** stores that not only welcome shoppers through the door and deliver an outstanding shopping experience, but that also fulfill orders that are shipped directly to customers around the country," said Chairman and CEO Terry J. Lundgren in a prepared statement.

Last year about \$1 billion of direct-to-customer shipments originated from Macy's and Bloomingdale's stores, he said. "We continue to maintain a very strong nationwide network of stores through an ongoing process of selectively adding new locations while also trimming those that no longer meet our performance requirements, where the real estate can be redeployed to more productive uses, or where our leases were not renewed."

Going forward, a single merchandising and marketing organization will support the entire Macy's Inc. online and in-store businesses, to encourage both store and digital growth, Lundgren says. Previously, store merchandise and online assortments were purchased and marketed by separate organizations at Macy's and at Bloomingdale's.

Plans for this year include the formation of a team to explore opportunities for a Macy's off-price business, further development of the technology for the online side, and boosting the direct-to-consumer fulfillment capacity at every full-line Macy's and Bloomingdale's store. The company will be expanding its San Francisco-based digital-technology division by hiring roughly 150 people, Lundgren says.

Seven Macy's and Bloomingdale's stores are in the planning or under construction. Macy's and Bloomingdale's stores are scheduled to open in 2018 at **Al Maryah Central**, in Abu Dhabi, United Arab Emirates, under license agreements with **Al Tayer Group**.

The company also announced two new stores last week: a 150,000-square-foot store that is to open in the fall of 2017 at **Westfield Valley Fair Shopping Center**, in San Jose, Calif., and a 155,000-square-foot store that will replace the current 136,000-square-foot store that opened in 1976 at **Westfield Century City**, Los Angeles. That existing Macy's is scheduled to close next January and will be razed to accommodate new development in the mall. The new Macy's is expected to open in November 2016. Westfield Century City also contains a Bloomingdale's, which will be remodeled in 2016 and connected to that new development.