

Retail Royalty- Terry Lundgren

Written by Interview by Amy Strand

Although Terry Lundgren may not be a household name, his companies surely are. As the chairman, president and C.E.O. of Macy's Inc., which operates more than 800 Macy's and 40 Bloomingdale's, and the former C.E.O. of Neiman Marcus, this University of Arizona graduate also lends his name to the Terry Lundgren Center for Retailing at the U of A. *AFM* spoke with Lundgren at the Global Retailing Conference at Tucson's Westin La Paloma—where Lundgren was the keynote speaker—to discuss fashion and business.



You've been chairman, president and C.E.O. of Macy's since early 2004, but you've been in the fashion and retail industry since the 1970's. What originally inspired you to make your career in the retail business?

People. It was the interview process that I went through, on campus at the University of Arizona, and I interviewed for every company that would talk to me. I was very fortunate because it was a very different time and I got 13 job offers coming out of college. But what made me choose retail specifically in the company, [Federated Department Stores], that I went to work for was the people that I met, starting with the interviewer. I met some fantastic people that I could relate to, and I always say to young students who are graduating, "If you go through a process and you meet a bunch of people who are smart and intelligent but they aren't like you, don't go to work there," because you're probably going to run into that problem later on where you're not going to necessarily fit into the culture of that company, so you should try to find a company where you think you have a chance of fitting into the culture.

Although Macy's and Bloomingdale's are two very different stores, they are both owned by Macy's Inc. Are they geared toward two different shopper profiles?

Yes, indeed. The Bloomingdale's customer is a much more high-end consumer, [with a] higher average household income and a much more contemporary lifestyle than the Macy's customer. That's why there are only 40 Bloomingdale's in the country; because they require a high household income and there are just so many pockets of the United States where that is possible. Macy's really caters to the average household income being under \$100,000, and so now you have a broad population that can satisfy that consumer lifestyle, and that's why there are 800 Macy's.

Bloomingdale's is opening its first Arizona location within the next few years at CityCenter of CityNorth. Why did you decide on a Phoenix location?

I've always wanted a Bloomingdale's in Phoenix and Scottsdale and in those areas but for us, and for me, it's always about supply and demand—I want to make sure I can bring something to the market that doesn't exist today. Scottsdale has a great group of fantastic stores with high-end brands. But by going a little further north into this new center that's really rolling and developing, that's far enough away from Fashion Square to attract the new, younger population that's moving in that direction but also the population that is upwardly mobile in terms of their income. We felt that was a very good market opportunity for us up there.

Are there any labels that you think will do specifically well in the Arizona market?

Yes. We have a business called YES, it stands for Young Eastsider, but it's just taken an interpretation of the contemporary consumer. Within the contemporary business we have a number of brands, and frankly a lot of them are not very well known—they're smaller brands and that's what makes Bloomingdale's so unique is that we're always looking for new, young designers that are still within affordable price points but that are contemporary in nature. This has become a bigger and bigger part of our business. I think that will be what we bring to the marketplace that is going to be very different from the more traditional upscale specialty stores that we compete with.

What about your career do you love more, the fashion or the business side?

It's hard to separate because to me they're both so connected and I've felt this way all of my life. When I was the C.E.O. of Neiman Marcus and we'd go to Paris [and Milan] for the fashion shows, I'd always come back and on the plane I'd sit with my fashion director and I'd say, "Well, you tell me what you liked and what you thought were the trends," and she'd describe 15 or 18 different trends that she thought were important and I'd say, "Well that's great. Now let's you and I talk about what's going to sell." Because obviously I want to make sure that our company is known for having all the right fashions and setting the tone but at the same time I want product that's going to sell, so you might [think we should] have a mini skirt that barely covers what's legal walking down the street—and that may be very important in Paris—but if I've only got six customers that are going to buy it, I'm not interested in setting that as a fashion. I need to have product that is fashionable and that sells.

What have you accomplished so far in your career with Macy's Inc. that you can say you're most proud of?

I think we've assembled the most fantastic team of people in the retailing industry. That's first and foremost, and then second I would say we've continued to evolve the business—as the customers have changed we've changed—we've grown, we've identified the opportunities and we've addressed them and we've responded to them. This company was not a national company three years ago. We were an East Coast and West Coast store with 400 stores called 13 different names in different cities. Now we're 800 Macy's stores across the country plus 40 Bloomingdale's so we've totally changed the landscape. We've become really the only national department store in America that has all of the

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brands that consumers aspire to purchase—brands like Ralph Lauren and brands like Tommy Hilfiger (which is now exclusively sold in our stores) and brands like Coach Handbags. We're the largest seller of any of those brands in America, and so we've really created something quite unique.

Do you wear head to toe Macy's or Bloomingdale's everyday?

Everyday. Without question, are you kidding me? Do you think I would actually shop in another store? Because someone like you is going to ask me that question! So there's no possible way that I'm going to wear anything other than from my own stores. Every single thing I'm wearing today and every other day, whether I'm going to the gym, or out for a run, or playing basketball, or going to work, I'm wearing Macy's or Bloomingdale's.