



Market Reacts To Macy's CEO Terry Lundgren Stepping Down

By Margaret Sutherland from Footwear News
June 23, 2016

Macy's has been looking to make big changes over the past year to keep the consumer shopping, and **longtime CEO Terry Lundgren's decision to step down** is probably the biggest one yet.

Thursday morning **the company announced** Lundgren, the CEO of Macy's since 2003 and chairman since 2004, would step aside to allow current president Jeff Gennette to take over starting in the first quarter of 2017. Lundgren would transition to executive chairman.

Gennette has served in various executive roles at Macy's for 33 years, working as the

chief merchandising officer and managing the men's and children's business, and heading up the business various regional Macy's divisions.

Lundgren spearheaded major successes at Macy's in the 14 years he was at the helm as CEO and chairman, but as the retailer has struggled with changing consumer behaviors, a late arrival to the off-price sector and the volatile economic and retail landscape, there is quite a bit on Gannette's plate.

"Department stores are in trouble for two main reasons: they don't understand their customers and

their products lack differentiation," said Greg Petro, president of retail analytics firm First Insight. **"We've seen department stores like Macy's, JCPenney and Sears implement new strategies to get people offline and into stores...but as stocks continue to tumble, it's obvious these new strategies aren't working."**

Macy's is looking still to find the right stride with its consumer. In the first quarter of this year, Macy's reported its worst sales in years. Revenue slipped 7.4 percent to \$5.8 billion, from \$6.2 billion in the year-ago quarter. Holiday 2015



Market Reacts To Macy's CEO Terry Lundgren Stepping Down

By Margaret Sutherland from Footwear News

June 23, 2016

was one of the most challenging since the 2009 recession.

The company announced a series of aggressive strategies to cut costs and combat the sluggish sales, including shuttering 40 stores affecting hundreds of employees.

Experts expect a continued organized and serious push to get Macy's on track by Gennette.

"I think he's well positioned," said Oliver Chen, Cowen & Co analyst. "But the company has acknowledged the challenges and really said a reset is happening. From what I can tell he will have the

understanding of the art and science of retail."

Chen added that he though Gennette would know not just the technical end of running a store like Macy's, but also understand the experience, merchandise component. He did caution though the macro problems facing department stores, including the challenges re-energizing a younger consumer and speed to market, could be issues Gannette might not be able to directly tackle.

Some analysts have cautioned that Gennette might be missing the outside perspective Macy's could benefit from,

but Petro agrees that he expects Gannette to make big changes.

"Terry Lundgren was quoted saying, 'Now is the time to reset our business model to thrive in a future that is being driven by rapid evolution in consumer preferences and shopping habits,'" he said. "And this is exactly what Macy's will do. We're in a new age of retail and I expect Macy's to introduce new strategies that align with a digitally-savvy consumer and the growing millennial segment."



Market Reacts To Macy's CEO Terry Lundgren Stepping Down

By Margaret Sutherlin from Footwear News

June 23, 2016

Share prices for
Macy's opened up
3.5 percent on the
announcement this
morning and closed
up 1.74 percent to
\$33.38 per share.