

# Macy's Focuses on the Customer; Builds Comprehensive View Across Touch Points

Customer-centric strategy drives better customer experience and engagement

## Acxiom client

When the first Macy's department store opened in 1858 in New York City, sales totaled \$11 that day. One of the nation's most iconic department stores, the Macy's brand now has 810 stores across the country and online sales at Macys.com. In 2010, the Macy's Inc. family of stores, which includes Macy's and Bloomingdale's, recorded fiscal sales of just over \$25 billion.

The first retailer to offer Depression-era "pay when you can" credit policies and arrange merchandise by size continues to make innovative decisions that put the customer first and contribute to the company's growth.

## Challenge

At Macy's, the customer is definitely "queen," and every decision is made with her in mind. So when Macy's recently set out to more deeply understand and better serve her needs, executive leadership knew it first had to better understand her personal experiences and relationship with its brand. There's never a shortage of customer and purchase data in the retail environment, and much of the retailer's customer data was scattered across data warehouses siloed by business function and channel, which made customer recognition across the system difficult, error prone and time consuming. Furthermore, its database marketing systems were focused on the execution of direct mail campaigns and analysis of customer promotions, but even those activities could take weeks to organize and execute.

**Only a comprehensive view of all interactions with her could give Macy's the kind of insight necessary to drive a corporate strategy determined to put the customer first.** Implementing an enterprise-wide ecosystem, synchronized across the entire organization, would allow Macy's to build a rich, accurate record of each recognizable interaction with her — enabling the retailer to more accurately and precisely understand her individual purchasing preferences and behaviors and centralize efforts to coordinate and personalize all customer engagement activities for her.

*"The goal is to have a single definition of the customer and a 360-degree view of all of our interactions with her. This includes her responses to our marketing efforts across the*

## Customer

Macy's

## Key objectives

- Data/database integration
- Customer recognition
- Data enhancement
- Data quality/hygiene
- Data analytics/modeling
- Multichannel campaign management

## Solution

A single definition of the customer and a centralized, 360-degree view of its interactions with her helps Macy's coordinate and personalize all customer engagement activities for her.

## Results

- Customer data previously siloed by business function and channel is now accessible from a single, enterprise-wide source.
- A rapid, reliable and automated customer recognition process yields a cleaner, more comprehensive view of customer.
- Customer data is available for reporting and ROI analysis in hours or days, not weeks.
- Multidimensional view of customers through behavioral activity, purchasing preference, customer survey responses, appended demographic data and other interactions are available.
- Insight-driven modeling, analysis and targeting boosts response rates and marketing ROI.
- Localized, customer-focused merchandising mix and marketing strategy lead to better-than-projected results in challenging economic times.

entire company, whether it's direct mail, email, telemarketing, clienteling, customer surveys, loyalty offers or through any of our other customer communication points and media channels," said Macy's Vice President of Customer Marketing Systems.

Since 1999, Macy's has partnered with Acxiom to manage its customer data; and given the trust it had built over time with Acxiom, Macy's felt confident that Acxiom's data and technology expertise could help the company achieve the single, 360-degree view it desired. Macy's turned to its partner to connect and progressively consolidate all of its siloed data sources into one fully integrated system — now called Customer Intelligence at Macy's, or CIM.

*"There's a very close working relationship between Macy's business user community, our systems organization and the Acxiom team. Over time, we've built a very successful relationship with Acxiom, one that is based on a high level of transparency and confidence in Acxiom's ability to support and partner with us on fulfilling our customer-centric strategy,"* Macy's Vice President of Customer Marketing Systems said.

## Recognizing Customers Across Touch Points

It all starts with recognition — being able to match and link an engaged customer to her individual record in CIM. Using Acxiom's AbiliTec® solution, Macy's can recognize its customers with great certainty, regardless of where or when she decided to shop. **The result is that over time Macy's continues to build an increasingly deeper, cleaner and more complete view of each customer with each interaction. Today, Macy's matches more than 70 percent of all historic purchase activity to a unique customer record in CIM.**

*"With Acxiom's support, we've been able to take transactional data from across the enterprise and extract the pertinent parts, and then, using a variety of advanced linking technologies, recognize unique customers and establish links from new accounts to existing ones,"* Macy's Vice President of Customer Marketing Systems said.

## A customer intelligence partner

When it comes to customer intelligence, Macy's sets a high threshold. "Knowing her" now means not only capturing her basic household and customer information such as primary addresses, email addresses, and phone numbers; but also having secondary addresses, purchase and promotional history, demographics, attitudinal data, survey responses, and online activity with Macy's.

With Acxiom's InfoBase®, the nation's largest repository of customer intelligence, Macy's can ensure CIM records reflect a multidimensional view of her. InfoBase enhances CIM customer records with details such as buying activity and preference outside of Macy's, behavioral data, as well as life stage events like births, marriages or home purchases.

Acxiom also helps Macy's take deep customer knowledge a step further by rapidly incorporating interaction-specific feedback from customers into CIM via surveys within 24 hours after store visits, online purchases and other customer interactions with the Macy's brand. CIM also provides Macy's with a robust, automated model development and scoring platform coupled with a user-friendly reporting and analysis environment to enable targeting and decision-making with greater certainty and efficiency.

Remarkably, Macy's objectives to achieve a more complete view of its customers have been accomplished without placing greater demands on Macy's marketing teams or budget. In fact, with strategic investments by both Macy's and Acxiom, just the opposite is true. Appending data from various sources to customer records takes place automatically, and is available for customer recognition or analysis in days or hours, compared to weeks.

This means Macy's can understand her preferences and her purchase behaviors closer to realtime and with more granularity and flexibility than ever before, allowing the retailer to interpret customer behavior from a 360-degree view and drill up or down with greater ease, confidence and speed. **As a result, Macy's is able to provide personalized marketing, improve customer service and begin to better meet the customer's needs as the company defines a localized merchandise selection. These efforts allow Macy's to deliver a magical customer experience that transcends shopping closer to the moment when she interacts with the brand.**


*"CIM is at the center of our customer-centric strategy. It gives us the ability to pull multiple data points together under a single master key and leverage them at every touch point for near real-time interaction and dialogue with our customers. That becomes even more beneficial as we expand our dialogue into other channels like mobile and social,"* Macy's Vice President of Customer Marketing Systems said.

It also allows the retailer to focus investments on reaching and engaging only those people who are Macy's target customers, while reducing investment in unproductive marketing activities. Whether supporting company-wide loyalty marketing programs or local direct mail and newspaper inserts, Macy's can invest marketing dollars with greater confidence that campaigns will result in profitable outcomes through the appropriate channels in each market and across the company.

### **A True Strategic Partner**

Macy's credits the company's close working relationship with Acxiom for contributing to the company's success. During a tough economic time for most retailers, Macy's beat earnings estimates for fiscal year 2010 and recorded sales totaling \$25.003 billion, up 6.4 percent from total sales of \$23.489 billion in fiscal 2009. According to company leadership, these and future results are directly attributable to the implementation and execution of its customer-focused strategy.

Terry J. Lundgren, chairman, president and chief executive officer of Macy's, Inc., stated in the fiscal year 2010 corporate earnings release, *"We believe that our company is now on a clear path that will lead to continued growth in sales, earnings and cash flow in the years ahead. We remain in the early phases of implementing several key strategies — localizing assortments through My Macy's, embracing customer centricity and driving omnichannel integration."* He also said, *"We have a focused, energized and experienced organization that has seen the initial success of these initiatives and we now are pursuing new ideas for further improvement and sharpened execution. We have entered 2011 with momentum and confidence that we believe will continue to result in great things for our customers, our associates, our vendor partners and our shareholders."*

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