

COMMERCE

## How will the Macy's Chinese ecommerce expansion affect Bloomingdale's in the long run?

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By RACHEL LAMB

Macy's Inc. is using third-party Chinese retailer omei.com to increase sales, which may give Macy's and sister company Bloomingdale's a better understanding of Chinese consumers while increasing sales in a booming luxury market.

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Bloomingdale's previous ecommerce presence in China, in addition to its upscale identity in the United States and other markets, could help the retailer to move forward in a way similar to its sister company Macy's. Because Bloomingdale's is known this way, it could have a better chance of reaching a more affluent consumer in a market than a retailer that sells mainstream brands.

“The strategy is that we want to better understand the Chinese consumer,” said Jim Sluzewski, spokesperson for [Macy's Inc.](#), New York. “The interest in international for both Bloomingdale's and Macy's is in the longer-term future and we are trying to learn as much as we can about what this consumer expects from Macy's and how they react to our merchandise.

“We will also learn what they want to buy and do not want to buy, their preferences in

styling, colors and sizing and all other components that give us an opportunity and chance to better know the consumer in China," he said.

## Sights set East

Macy's and Bloomingdale's already have an ecommerce presence in China, provided by FiftyOne Global Ecommerce.

However, to the more affluent and upscale customer, Bloomingdale's may be a better fit. Whether or not it decides to display this will be up to the brand.

"The Chinese are very sensitive towards brands and brand names, and the fact that Bloomingdale's probably has a better perception in the U.S. market as being more upscale will help it in China," said Al Ries, chairman of Ries & Ries, Roswell, GA.

"However, they have to use their marketing efforts to show that Bloomingdale's is more upscale than Macy's, and to the extent of how they can do that will determine their future," he said.

Macy's section on [omei.com](http://omei.com) will start selling in spring 2013, beginning with the I.N.C. brand. Other private brands are planned to roll out soon after.

In addition, shoppers to Macy's section on omei.com can link to the full merchandise assortment available to Chinese customers on the brand's Web site, according to the brand.



## Celine section on omei.com

Orders placed through omei.com will be filled locally through China where orders placed through macys.com will be filed through the United States.

In addition to the decision to sell on omei.com, Macy's Inc. made an equity investment of \$15 million in VIPStore Co., parent company of omei.com.

The company's investment in VIPStore joined other capital providers in acquiring a minority stake in the company. VIPStore also operates jiapin.com, a flash-sales site.



### *Versace on omei.com*

“There is some incremental sales opportunity, but it is longer-term in that we know the Macy’s brand, in particular, and also the Bloomingdale’s brand is well-known through tourism in the U.S., the Macy’s Thanksgiving Day parade and other events,” Macy’s Inc.’s Mr. Sluzewski said.

“Consumers around the world know Macy’s and we think there is an opportunity to better serve these customers internationally, so we are learning and looking to do the right thing longer-term,” he said.

### Foreign waters

China is producing some of the youngest and richest consumers in the world. Therefore, many luxury brands are jumping at the chance to get on board.

Earlier this year, Neiman Marcus Group took a \$28 million stake in Glamour Sales Holding, a private ecommerce company that specializes in authorized online flash sales for consumers in China and Japan. The company will host Neiman Marcus’ first ecommerce site in China ([see story](#)).

In addition, Italian label Missoni is using Shangpin.com as its exclusive Chinese retailer to tap into one of the fastest-growing luxury markets in the world.

The high-end ecommerce site now has exclusive rights to the M Missoni brand to offer products from the designer’s youth-oriented collection to the Asian luxury market. This is M Missoni’s first ecommerce partnership in China ([see story](#)).

The use of a third-party ecommerce site could help Macy’s and Bloomingdale’s to get a better grasp on how Chinese consumers interact with their products.

This could also make it easier for Macy’s Inc. to sell through China since it is not directly handling the ecommerce efforts.

“For both Bloomingdale’s and Macy’s, there are cross-learnings, but this will give us some

direct experience through the Chinese consumer,” Mr. Sluzewski said. “We sell through Macy’s and Bloomingdale’s, but we do so through the U.S.

“Right now, we have international duties and shipping involved, but it is harder from a distance to understand the customer and what the relationship with the customer is,” he said. “This will give us an opportunity to have some hands-on experience.”

Final Take

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