

Title:

Federated Prepares to Absorb May Department Stores

Word Count:

406

Summary:

The American retailing industry is witnessing the absorption of The May Department Stores Company ["May"] by the Federated Department Store group of companies. Pending federal approval, Federated will sell off as many as 68 May stores after the upcoming holiday season has been completed. How this plan will affect shoppers is only beginning to now be realized.

Keywords:

Federated Department Stores, Macy's, Filene's, May's, Lord and Taylor, David's Bridal Shops

Article Body:

The American retailing industry is witnessing the absorption of The May Department Stores Company ["May"] into the Federated Department Store group of companies. Pending federal approval, Federated will sell off as many as 68 May stores after the upcoming holiday season is complete. How this plan will affect shoppers is only beginning to now be realized.

When Federated announced their interest in acquiring May earlier this year, not too many people were surprised. Yes, the size of the acquisition is huge and some wondered aloud how Federated would fit May into the fold, especially with a huge overlap of store brands and locations. Still, Federated was looking at the merger as an opportunity to expand their venerable Macy's name to areas of the country not served by the chain.

With the pending acquisition we know the following:

All 330 May's stores will be converted to the Macy's brand.

Long time brand names such as Filene's, Hecht's, and Kaufmann's will disappear.

Lord and Taylor, with 58 stores, will remain a brand and could be expanded, as well as Marshall Fields which has 60 stores.

The 243 David's Bridal stores, 453 After Hours Formalwear stores, and 11

Priscilla of Boston stores compromising May's Bridal Group will probably be left alone.

Analysts are concerned that the bigger Macy's brand may run into some difficulty. Long accustomed to serving a higher end clientele, Macy's may find it difficult selling their wares in stores throughout the heartland that is currently dominated by the likes of Target and WalMart. Income levels in many of these served areas are far lower than the major metropolitan areas where Macy's dominates. Some are wondering if the Macy's name will have to "drop down" to accommodate the new markets.

It has been forecast that federal approval will be given by the end of the third quarter, just in time for the big holiday shopping season. Federated's present to itself this Christmas season will be a bigger retail family to support; time will tell if consumers "buy into" the expanded retail giant or go elsewhere in search of other opportunities, especially in the heartland where the Macy's brand is currently unavailable.

Regardless, 2006 will shape up as a year of change with recognized store brand names such as Filene's disappearing and with the Macy's name expanding. Let's see how the American consumer reacts!