

Macy's is yet again in activist investors' crosshairs

Article

The news: Macy's is facing yet another push from an [activist investor](#), its second this year, as its weakening influence on the retail landscape makes it an attractive target for investment firms.

This time, the pressure comes from **Barington Capital**, which amassed a stake of unknown size in the company with help from private equity firm **Thor Equities**.

What Barington wants: Barington's main concern is Macy's share price, which it believes is significantly undervalued compared with peers and doesn't reflect the potential of its [turnaround plan](#), the strength of its luxury business, or its extensive real estate portfolio.

It sees four main ways to boost the retailer's value to shareholders:

- Reduce capital expenditures to 1.5% to 2% of total sales, from around 4% currently.
- Initiate \$2 billion to \$3 billion in stock repurchases over the next three years.
- Create an internal real estate subsidiary that would collect rents from Macy's retail operations and make recommendations on how to maximize value from its holdings.
- Explore strategic alternatives—including a potential sale—for its luxury **Bloomingdale's** and **Bluemercury** banners.

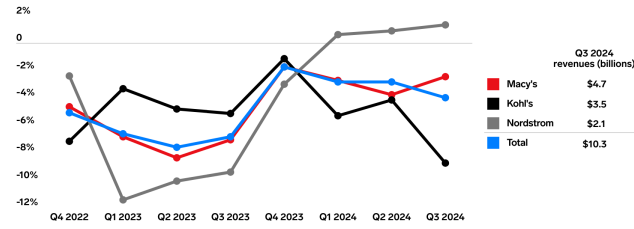
Our take: Macy's struggles—with both declining sales and activist investors—reflect the broader challenges in the department store sector, which is losing traction with shoppers who prefer either the convenience of ecommerce or the value offered by off-price and big-box retailers.

While the retailer didn't dismiss Barington's proposal outright, it reiterated its confidence in its ["Bold New Chapter" turnaround strategy](#), which includes closing underperforming locations, making its assortment more relevant to shoppers, and upgrading stores—and which even Barington admits is showing signs of progress.

Macy's is also unlikely to consider offloading Bloomingdale's and Bluemercury, given that the two banners are both its best performers and key to the retailer's strategy to grow its presence in the luxury and beauty categories.

Go further: Stay tuned for our Q3 earnings report, where we'll unpack the challenges facing the department store sector alongside broader retail trends.

Department Stores Struggled as Shoppers Pulled Back on Discretionary Spend
 % change YoY and billions in US Macy's, Kohl's, and Nordstrom net sales, Q4 2022-Q3 2024



Note: Nordstrom includes the Nordstrom banner only; excludes Nordstrom Rack
 Source: company earnings releases, Nov 2024

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