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MACY*S "THISIT" SHOPS OFFER LATEST TRENDS, UNIQUE EXPERIENCE TO FASHION-SAVVY TEENS

SAN FRANCISCO, CA, January 2003—Banking on the premise that today's trend-savvy teens are ready for a hip, new shopping experience, Macy's West rolled out THISIT (pronounced "this is it") - a series of junior concept shops designed to give teens a new and exciting venue to shop and hang out. Launched in three locations in 2000, Macy's West now has 24 THISIT shops division wide.

"Recent demographics point to a huge potential in the junior sector, creating more of a demand than ever before and the challenge was to figure how to meet that demand while at the same time communicate Macy's brand message to our juniors customer," said Brian Preussker, senior vice president of visual merchandising for Macy's West.

The answer lies in THISIT. The shop concept was designed with both sales generation and lifestyle in mind. The environment answers the needs of Macy's junior customer while being strategically designed to maximize sales. Trends and highlight shops are a major focus, with highlight pads changing two to three times a month. Some locations feature in-shop "lounges" with couches, foosball tables, and interactive games that allow teens to hang out where they shop.

Moving away from the design and atmosphere of a traditional store, THISIT offers an energy and vibe one might find in a hip, urban dance club. Gone are the neutral colors and acoustic-tile ceilings. THISIT sports the "industrial chic" design of exposed ceilings, cement floors, laser lights and light fixtures radiating colors that give the shops an edgy feel. Some locations feature a DJ booth with sophisticated sound equipment, and video screens showcasing the latest in music videos that attract the Generation X and Y consumer.

"We have designed this space to reflect both a contemporary shopping environment while carrying out the ambient feel of a club," said Mr. Preussker. "The THISIT design philosophy is straightforward let's mix entertainment with retail and see what we discover."

Another media component to THISIT is the store website - <u>www.thisisit.com</u>. THISIT customers can log on to get the THISIT Top Ten list of wardrobe "must-haves," information on special sales and promotions, and special events at the THISIT shops in their areas. Customers can also sign up for the

THISIT Fashion Wire, a direct marketing tool, that provides the email recipient with exclusive information on the latest looks at Macy's, plus cool fashion tips and the low down on the hottest trends.

Macy's executives understand that teen tastes and trends can change at lightening speed. In order to keep up with what's hot for teens, the "IT Girl" teen advisory board was created. "We knew that we had to speak directly to the customer to find out what they like and didn't like about Macy's," said Robert Smith, vice president/DMM for Juniors at Macy's West. "The 'IT Girls' is our way to have an immediate connection with our customer base. Plus, it's a give and take—they tell us what they like and we teach them about the world of retail." The "IT Girls" meet once a month for two hours to discuss what's hot in fashion, what they like about shopping at Macy's and how things in the stores can be changed or improved to cater to the youth market. The "IT Girls" also get training in the business of retail including lessons in buying, planning, and promotions.

Macy's West currently has 24 THISIT shops. Locations include: Macy's in Valley Fair Shopping Center, Santa Clara, CA; Stoneridge Shopping Center, Pleasanton, CA; Northridge Mall in Northridge, CA; Roseville Galleria, Roseville, CA; Stonebriar Shopping Center, Frisco, TX; Del Amo Shopping Center, Torrance, CA; Lakewood Mall, Lakewood, CA; Fashion Valley, San Diego, CA; Sherman Oaks Fashion Square, Sherman Oaks, CA; Houston Galleria, Houston, TX; Montebello Town Center, Montebello, CA; South Coast Plaza, Costa Mesa, CA; Fashion Show Mall, Las Vegas, NV; Ala Moana Center, Honolulu, HI; Mission Viejo Shopping Center, Mission Viejo, CA; Pacific View Mall, Ventura, CA; Oaks Mall, Thousand Oaks, CA; Glendale Galleria, Glendale, CA; Pearlridge Mall, Honolulu, HI; Sunvalley Shopping Center, Concord, CA; Capitola Mall, Capitola, CA; Fashion Square, Scottsdale, AZ; The Promenade in Temecula, Temecula, CA; and Westminster Mall, Westminster, CA. Macy's West plans to continue to roll out more THISIT shops in the future.

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