



★macy's presents

etsy

NEST PRETTY THINGS  
HANDMADE IN VERMONT

*“Unique handmade jewelry with a bohemian touch meets the Macy’s modern customer”*

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## Introduction

Macy's has been an industry leader in retail for decades now, mastering the skill of providing the products customers want. Although Macy's has had tremendous success for years, they have recently identified they are missing the millennial customer market. Given that this market represents about a fourth of the entire population, with \$200 billion in annual buying power it is rhetorical that Macy's maximizes on this market (Schawebel, 2015). To address this, Macy's developed a partnership with Etsy, called "The Etsy Shop". This collaboration initially featured over 50 items from stationary, jewelry, and homewares from three shops (Sol del Sur, Neera Lee Patel, and Modern Mud). The point of this partnership was to bring a new customer to Macy's and in return, promote Etsy's unique business model. In a blog post by Dana Mauriello, January 2016, she writes, "this partnership offers the opportunity for these Etsy sellers to share their designs with the tens of thousands of customers from around the world that visit Macy's Herald Square each day" (Mauriello, 2016). Etsy's current customer looking for unique handmade quality items. The main goal of this collaboration will be to cross promote and generate a new customer base for each company. Although this collaboration generated some buzz, the exposure was low. By analyzing what was unsuccessful about this collaboration, the selection of a more compatible product line and marketing campaign will ensure a better turn out.

The shops featured in the first round were very similar but were missing a unique factor that would set them apart. The shop that will be the best fit for the next round is Nest Pretty Things, handmade jewelry from Vermont. Tamar Schechner is the owner and she creates one of a kind colorful necklaces, bracelets, and earrings. Her style is very young and fresh which is perfect for attracting the customer that Macy's wants to gain. With very careful planning this collaboration could be very beneficial to all parties involved.

## Part One: End-Use Consumer Analysis

### **Strengths**

- Macys buying power and wholesale accommodations helps get the Etsy shop in circulation easier.
- Etsy's Beta Manufacturing program helps to fulfill the large Macy's order demand.
- Macys strong retail experience in combination with unique Etsy platform will attract new customers.



### **Weaknesses**

- Macy's and Etsy customer are not the same.
- Mix of reasonable priced fashion with higher end specialty products could be hard to mesh.
- Large financial investment from both companies to bring a small shop to big box status.

### **Opportunities**

- Etsy shop has access a bigger pool of shoppers.
- Connects Macys with fresh innovative designers.
- Allows Macy's to reach a new specialty/millennial customer base.
- Exposure for Etsy's seller program to emerging entrepreneurs.



### **Threats**

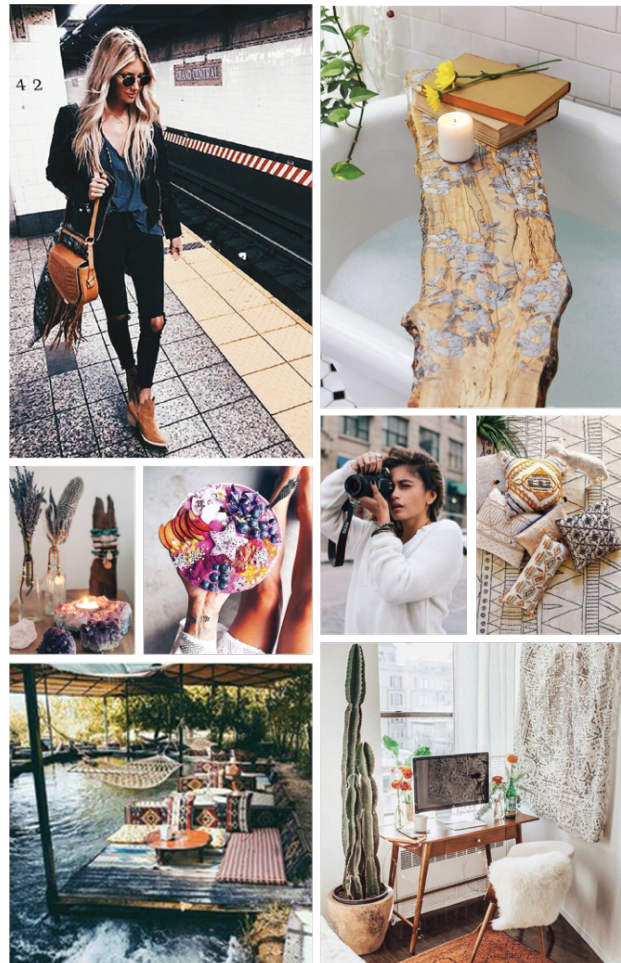
- Handmade specialty products made on a large scale could lose quality and take longer to produce.
- Etsy Sellers could branch away from Etsy once they become successful.



## Opportunity: End-Use Consumer

The target customer that this collaboration has the opportunity to capture is a female college graduate, young professional, with an income between \$25,000 and \$30,000. She is a free spirited, traveler between the ages of 22-35 years old. Named Taylor, she loves nature, color, and experiencing new things. Although she is very in tune with nature, she is also much invested in her career as a photographer. She lives her life through her lenses and loves to capture every moment she experiences to share with others. Spending her time mostly traveling and working, she never forgets to make time for family. Taylor loves spending quality time with her family and friends making each moment unforgettable. Her style is creative but minimal, she needs to be able to get around easily and comfortable. The accessories Taylor collects have to be easy to style with her current looks. Taylor makes very conscious decisions when it comes to buying so her expectation for quality and durability is very high.

Presented to the right is visual presentation of Taylor and her life style. She surrounds herself with eccentric objects and collects unique and colorful things from her travels. She has a low maintenance life style as she likes to go with the flow and enjoy the finer things. Taylor's furniture is important to her each piece has a very special story and is precious in its own way. She also loves to foster her creativity when working on photography projects, with things that inspire and stimulate her. Taylor's style reflects her personality; fun, unique and curious.



## **Part Two: “The Etsy Shop”**

### **Etsy Shop Compatibility**

Although Etsy is known for its handmade nature and unique style, which is what Macy’s wants to acquire it’s important that the collaboration resonates a little with the style of both companies. After conducting SWOT analysis from part one, it became more clear that Nest Pretty Things (NPT) would be successful because it retains its own unique bohemian style while also attracting the traditional Etsy shopper and the sophisticated modern Macy’s customer. Macy’s target Millennial consumer will not be obtained overnight and it’s important not to sacrifice the current customer base in the process. What’s nice about the style that designer Tamar Schechner has created is that it’s extremely versatile and fluid. Tamar’s jewelry is for all ages because her aim is to create jewelry that is both seamless and timeless.

Macy’s support of independent designers like Tamar showcases their unique creations and Etsy’s seller support Beta Manufacturing program is the key strength of this collaboration. Etsy offers everything from personalized support teams to portals to match shops with manufactures/retailers and information articles to asset the sellers in their journey to wholesale. Macy’s being a big box retailer would be asking for a tall order but Etsy has a team of manufacturers to pool from for support. NPT would never be able to reach this type of retail space with her current business without this partnership, the company would have a hard time reaching the end-use customer that Tamar has developed.

The niche market that NPT fulfills is “Boho Chic”, this is a style missing from Macy’s current jewelry selection. The Macy’s Jewelry selection is also missing color, it seems like majority of the pieces are fine jewelry, mainly gold and silver. Nest Pretty Things jewelry is made from high quality raw materials so they are both beautiful and durable. Owner of Etsy’s Loops and Lines, Lisa T, writes “Beautiful, dainty, and perfect to wear with almost anything. Love my purchase. Thank you!”, in a review of her recent necklace purchase. With over 19,000 sales on Etsy, it’s very clear that Tamar has mastered the balance of function, fashion, and versatility.

## **The Etsy x Macy's Shop Launch**

In efforts to satisfy both current and future potential customers the assortment for this collaboration will consist of pieces that represents NPT as well as Macy's. The assortment chart, figure 1 of the appendix summarizes how the merchandise will be allocated. The stores have been selected based on the top metropolitan areas in the country to insure good foot traffic as well as the Macy's locations that participate in the annual flower show. (All assortment plans are estimated for one month of inventory)

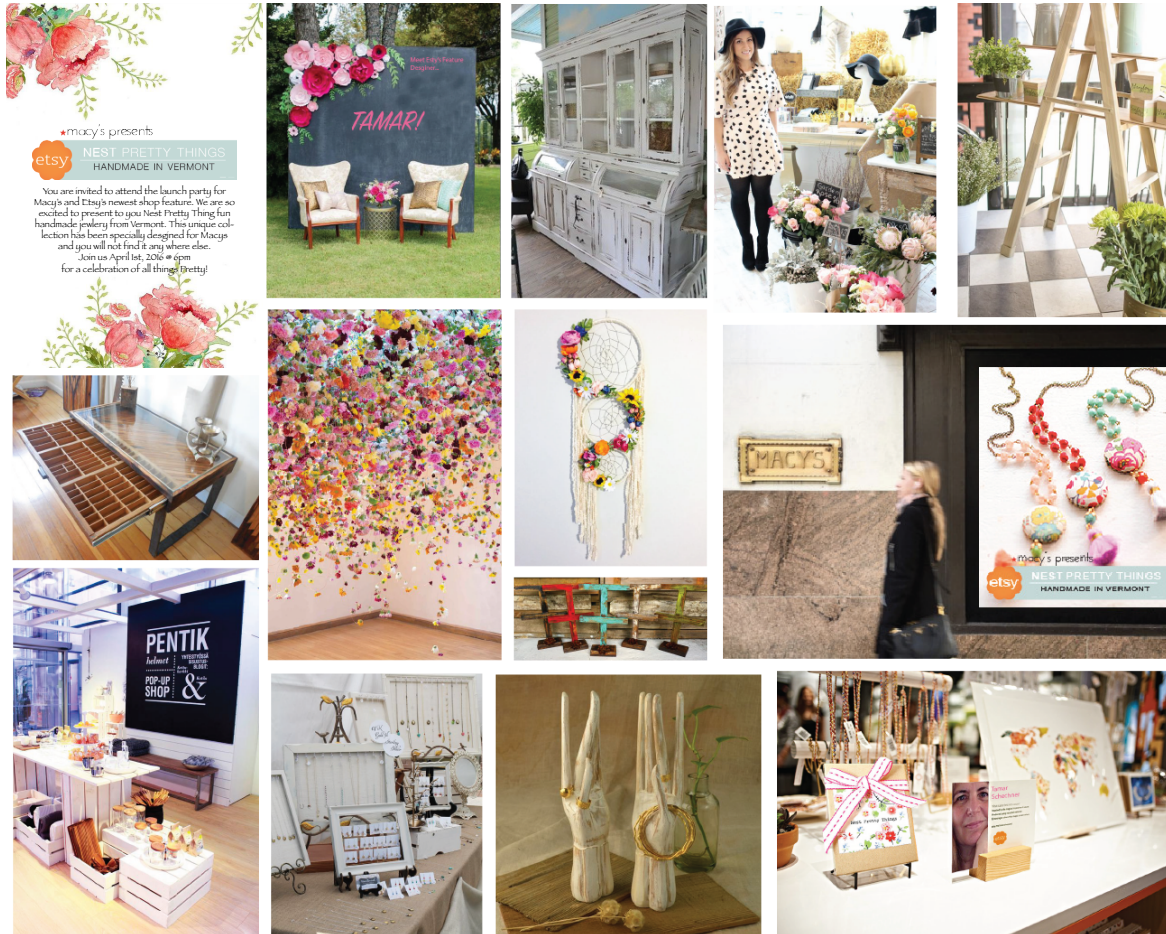
- (figure 2) Flagship stores from San Francisco, Chicago and New York will have items that are easily paired with their wardrobe. These areas are extremely busy business hubs, majority of the shoppers are on the go and make quick buying decisions. There is a balanced assortment of colorful statement pieces, muted bohemian pieces and easy every day wear pieces.
- (figure 3) Medium stores from Philadelphia, Houston, and Atlanta will carry merchandise that offers a middle ground mix of simple muted pieces and colorful eye catching pieces. This selection will ensure that a customer can find something that is simplistic as well as unique.
- (figure 4) Small stores from Dallas, Washington, and Miami will carry merchandise that is colorful and includes matching sets. This makes it more likely that customers will buy items in pairs.

In order to cut down on launch cost and maximize profits, effective use of the current selling floor is key. The layout of the booth will be very open and inviting; utilizing the furniture to create a space for people to engage with the merchandise. Below is a mood board that illustrates the theme of the layout of the shop, as well, at the launch party. The merchandise will be displayed on antique repurposed furniture to communicate the handmade, rustic and specialty nature of the brand. The section will stand out from the rest of the selling floor allowing customers to be drawn in to the display. Nest Pretty Thing's jewelry is delicate and beautiful so the display units should replicate this as well.

As mentioned earlier the stores selected in the assortment plan were partially based on their participation in Macy's Flower Show. This is a key event at Macy's and attracts a lot of customers young and old. This will be a perfect time for a launch party especially since the line is the spring collection and the flower shows represent the mark



of the first day of spring. Nest Pretty Thing's collection is very influenced by nature and the designer mentions in on her website her love of color inspired from actual flower arrangements. Tamer shares her creative process with the world through her blog, which it is important to utilize for this event launch. To embody Tamar's style for her brand, following the aesthetic of Macy's and execute the goal of Etsy's involvement the following are ideas for the launch event activities...



- **Flower Pop-Up:** Customers can have flowers as a take way, and celebrate the first day of spring (given that there may be scraps from the flower shop displays) this will be a bright attention getter to draw the customers to the section.
- **Designer Meet and Greet:** Tamar is a very hands one designer so she will come in for a Q + A session about her design process. She will also share her experiences with Etsy selling/buying to customers. A representative from Etsy could also be in attendance to educate and promote their business to potential sellers/patrons. This will be a major brand exposure opportunity for Etsy.



## Marketing Campaign

Apart from the launch event, it is important to engage with the customers throughout the entire duration of this collaboration. Macys wants to attract new customers, Etsy wants to promote their support platforms for sellers and Nest Pretty Things wants a large scale exposure. One thing all parties have in common is revenue, which can all be assisted with the appropriate use of social media and product promotion. In reference to figure 5 of the appendix 7% of the revenue will be used for advertising. The following are ideas to maximize all promotional avenues.



- NPT and Etsy Current Customers Promotion:** Tamar has an email list of her current customers and sends out weekly updates and coupons. Promotion through this platform will bring in people from all over because her business is already over 17k sales with customers from all over the world. There could also be a special discount promotion for current NPT and Etsy customers for shopping in store. This is an email blast example.



- **Live Facebook and Snapchat Stream:** Macy's could show live coverage of the event on social media. Millennials are all over social media, 78% have social media accounts and 58% make purchases online. Getting them involved in the online conversation will spark interest. (Schawbel, 2015).

**Social Media Campaign #MacysEtsy:** Using this hashtag as the official hashtag will also spark online buzz. There can be a monitor to display at the launch outlining the number of people mentioning the hashtag and those who use the hashtag could be entered in a drawing to win a prize as well as have their profile mentioned/ reposted by the main Macy's account.

- **Instaprint Selfies:** In connection with using this hashtag at the launch there can also be a selfie printing station that prints actual photo of images people post using the hashtag. Customers who want their pictures have to use the hashtag in order to get their prints. This is a creative way to engage users and give them something to talk about.



- **Launch /Spring Count down:** On the social media accounts for Macy's, Etsy and NPT there should be a countdown for the launch of the shop which includes sneak peaks and exclusive content. This will generate anticipation for the launch. The concept is like the 12 days of Christmas, in which people have something new to look forward to as the launch date gets closer. Macy's will also be able to maximize the promotion of both the flower show and the shop launch.

### **Six-Month Financial Plan**

Please refer to figure 5 in the appendix for the detailed six-month financial plan. To summarize, the plan represents 9 total stores (3 Flag ship, 3 Medium and 3 Small). The projected sales are \$1,313,000 with a total purchases at retail at \$2,466,000 and a turnover of 3. April will be the peak month with 25% of the sales and purchases at retail within in this period. The figures are estimated based on the examination of Macy's last year business in which 38% of the sales were attributed to women's accessories ("Investor Relations - Macy's, Inc.", 2015).

## **Nest Pretty Things Future Implements**

Ideally the goal is always success first and never failure. Nevertheless even with all the careful planning of this collaboration there is always something that could go wrong. The additional perk of this collaboration is that it allows Macy's to test the marketability of including NPT in their product mix. Etsy can access their efforts for getting into manufacturing of handmade items for mass production of handmade quality items. Lastly NPT can get feedback on the success of their product, judged by a larger more diverse audience. Given that the threats from the SWOT analysis come to play or some unforeseen problem is encountered below are the execution strategies.

- **Success:** after the trail of the collaboration is complete the possibility of scaling Nest Pretty Things can be accessed. If the products went over well with the customers and sales were good, then Macy's should continue carrying this brand in the store permanently. The merchandise could also be expanded to be carried in other Macy's stores. On the other hand, Macy's could also work with NPT to carry it exclusively as a private label brand.
- **Failure:** Following the end of the collaboration and if the sales goals were not reached, then the plan is to finish business and cut ties. The merchandise that is not sold could go on to be sold at Macy's Backstage stores to be liquidated. Nest pretty things could also buy back the merchandise purchased by Macy's and sell it on her personal Etsy and online store.

## **Conclusion**

The partnership between Macy's and Etsy is extremely creative and is bound for success. What was done in the past collaboration is a good resource for making changes for the future. Given the obstacles of executing the Etsy shop are worked out, the collaboration launch will be accomplishing the goal of reaching millennial customers while expanding Etsy's brand image. Nest Pretty Things is the perfect Etsy shop to ensure the goals of this collaboration are met because this unique brand speaks to the eccentric millennial while also attracting the attention of the current modern Macy's customer, thus ensuring everyone is happy.

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## Appendix

*Figure 1: Assortment Plan Details*

Assortment Details			
<b>Store Size</b>	Small	Medium	Flag Ship
<b>Styles Per Store</b>	8	10	12
<b>Amount per Style</b>	100	100	100
<b>Inventory per Store</b>	800	1000	1200
<b>Total Inventory</b>	2400	3000	3600
<b>Target Store locations</b>	Dallas-Fort Worth Washington D.C. Miami-Palm Beach	Philadelphia Houston Atlanta	San Francisco Chicago New York

*Figure 2: Assortment Plan for a Small Store*









Small Store Sample Assortment (3)									
Image	Description	Delivery Date	Units	Units Per Store	Unit Cost	Retail	Total Cost	Total Retail	Target Mark Up %
	Aqua Bead Strand and Tassel Necklace, Lilac Tassel Necklace, Boho Long Necklace	1-Feb	225	75	\$ 24.00	\$ 42.00	\$ 5,400.00	\$ 9,450.00	43%
	Pink Quartz and Gemstone Hoop Earrings, Beaded Hoop Earrings, Gold Hoops, Silver Hoops	1-Feb	225	75	\$ 16.00	\$ 32.00	\$ 3,600.00	\$ 7,200.00	50%
	Turquoise Pendant Necklace	1-Feb	225	75	\$ 20.00	\$ 38.00	\$ 4,500.00	\$ 8,550.00	47%
	Green Hombre Bead and Brass Chandelier Earrings	1-Feb	225	75	\$ 17.00	\$ 32.00	\$ 3,825.00	\$ 7,200.00	47%
	Colorful Tassel Necklace, Liberty Of London Necklace, Beaded Tassel Necklace, Tassel Necklace	1-Feb	225	75	\$ 28.00	\$ 56.00	\$ 6,300.00	\$12,600.00	50%
	Multi Bead Red Pink and Crystal Bracelet	1-Feb	225	75	\$ 17.00	\$ 38.00	\$ 3,825.00	\$ 8,550.00	55%
	Red Bead and Golden Brass Pendant Necklace	1-Feb	225	75	\$ 18.00	\$ 36.00	\$ 4,050.00	\$ 8,100.00	50%
	Coral Chandelier Earrings, Coral Jewelry, Statement Coral Chandelier Earrings	1-Feb	225	75	\$ 16.00	\$ 36.00	\$ 3,600.00	\$ 8,100.00	56%
<b>Totals</b>			<b>1800</b>	<b>600</b>			<b>\$ 35,100.00</b>	<b>\$ 69,750.00</b>	<b>50%</b>

Figure 3: Assortment Plan for a Medium Store











Medium Store Sample Assortment (3)									
Image	Description	Delivery Date	Units	Units Per Store	Unit Cost	Retail	Total Cost	Total Retail	Target Mark Up %
	Bee Earrings, Bee Post Earrings, Bee stud earrings, bee jewelry, little bee earrings, gift for her	1-Feb	225	75	\$ 8.00	\$ 15.00	\$ 1,800.00	\$ 3,375.00	47%
	Square Pendant and Blue Quartz Tassel Necklace, Tassel and Gemstone Necklace	1-Feb	225	75	\$ 24.00	\$ 48.00	\$ 5,400.00	\$ 10,800.00	50%
	Leather and Turquoise Tassel Dangle Earrings, Long Tassel Earrings, Leather Earrings	1-Feb	225	75	\$ 17.00	\$ 34.00	\$ 3,825.00	\$ 7,650.00	50%
	Green Jade Necklace, Gemstone Necklace, Druze Gemstone Necklace, Jade Necklace	1-Feb	225	75	\$ 32.00	\$ 65.00	\$ 7,200.00	\$ 14,625.00	51%
	Beaded necklace, bead necklace, glass bead necklace, single strand necklace, layering necklace, colorful bead necklace, long bead necklace	1-Feb	225	75	\$ 17.00	\$ 38.00	\$ 3,825.00	\$ 8,550.00	55%
	Gold and Black Bohemian Dangle Earrings, Gold Dangle Earrings, Gold drop earrings, Bohemian jewelry, boo jewelry, long earrings, Holiday	1-Feb	225	75	\$ 14.00	\$ 28.00	\$ 3,150.00	\$ 6,300.00	50%
	Little Boho Beaded Golden Chandelier Earrings- Choose one	1-Feb	225	75	\$ 14.00	\$ 34.00	\$ 3,150.00	\$ 7,650.00	59%
	Homespun Up Cycled Bracelet	1-Feb	225	75	\$ 20.00	\$ 32.00	\$ 4,500.00	\$ 7,200.00	38%
	Leather Cord and Multi Tube Bangle Wrap Bracelet No.1	1-Feb	225	75	\$ 19.00	\$ 38.00	\$ 4,275.00	\$ 8,550.00	50%
	Little Rose Posts Earrings	1-Feb	225	75	\$ 7.00	\$ 14.00	\$ 1,575.00	\$ 3,150.00	50%
<b>Totals</b>			<b>2250</b>	<b>750</b>			<b>\$ 32,850.00</b>	<b>\$ 66,150.00</b>	<b>50%</b>



Figure 4: Assortment Plan for a Flagship












Flag Ship Store Sample Assortment (3)									
Image	Description	Delivery Date	Units	Units Per Store	Unit Cost	Retail	Total Cost	Total Retail	Target Mark Up %
	Beaded Bracelet with Pink Tassel, Beaded Stretch Beaded Stretch Bracelet, Tassel Bracelet	1-Feb	225	75	\$ 10.00	\$ 18.00	\$ 2,250.00	\$ 4,050.00	44%
	White Agate Triangle Necklace, Gemstone Necklace, Druze Statement Gemstone Necklace	1-Feb	225	75	\$ 32.00	\$ 65.00	\$ 7,200.00	\$ 14,625.00	51%
	Mixed media Leather Tassel and Gemstone Necklaces, Leather Tassel Necklace	1-Feb	225	75	\$ 21.00	\$ 42.00	\$ 4,725.00	\$ 9,450.00	50%
	Crystal Dangle Earrings, Pink Earrings, Mountain Jade Earrings	1-Feb	225	75	\$ 12.00	\$ 24.00	\$ 2,700.00	\$ 5,400.00	50%
	Pink Blush Bead Strand and Tassel Necklace, Red Tassel Necklace, Boho Long Necklace	1-Feb	225	75	\$ 24.00	\$ 48.00	\$ 5,400.00	\$ 10,800.00	50%
	Long Amethyst Gemstone Necklace, Amethyst Slice Necklace, Druze Statement Gemstone Necklace	1-Feb	225	75	\$ 40.00	\$ 85.00	\$ 9,000.00	\$ 19,125.00	53%
	Pink and Gold Beaded Strand Necklace	1-Feb	225	75	\$ 32.00	\$ 64.00	\$ 7,200.00	\$ 14,400.00	50%
	Casablanca Beaded Tassel Bracelet, Beaded Stretch Bracelet, Tassel Bracelet	1-Feb	225	75	\$ 10.00	\$ 20.00	\$ 2,250.00	\$ 4,500.00	50%
	Modern Turquoise Multi Chain Geometric Tube and Bar Bracelet	1-Feb	225	75	\$ 18.00	\$ 38.00	\$ 4,050.00	\$ 8,550.00	53%
	Modern Bar Turquoise Strand Necklace	1-Feb	225	75	\$ 18.00	\$ 38.00	\$ 4,050.00	\$ 8,550.00	53%
	Little Dangle Earrings, Dangle Earrings, Small Dangle Earrings, Colorful Dangle Earrings, gift for her	1-Feb	225	75	\$ 9.00	\$ 18.00	\$ 2,025.00	\$ 4,050.00	50%
	Leather Cuff Bracelet, leather bracelet, women's leather bracelet, Magnetic Clasp bracelet	1-Feb	225	75	\$ 19.00	\$ 32.00	\$ 4,275.00	\$ 7,200.00	41%
Totals			2700	900			\$ 55,125.00	\$ 110,700.00	50%

Figure 5: Six-Month Financial Plan

Spring 2017	Month	February	March	April	May	June	July	Total
	% OF SALES	10%	20%	25%	20%	15%	10%	100%
Sales	ESTIMATE	\$ 131,300.00	\$ 262,600.00	\$ 328,250.00	\$ 262,600.00	\$ 196,950.00	\$ 131,300.00	\$ 1,313,000.00
BOM	PLAN		\$ 85,101.00	\$ 255,303.00	\$ 468,055.50	\$ 638,257.50	\$ 765,909.00	\$ 2,212,626.00
EOM	PLAN	\$ 85,101.00	\$ 255,303.00	\$ 468,055.50	\$ 638,257.50	\$ 765,909.00	\$ 847,071.00	\$ 3,059,697.00
Markdowns	PLAN	\$ 19,695.00	\$ 39,390.00	\$ 49,237.50	\$ 39,390.00	\$ 29,542.50	\$ 19,695.00	\$ 196,950.00
Employee Discount	PLAN	\$ 3,939.00	\$ 7,878.00	\$ 9,847.50	\$ 7,878.00	\$ 5,908.50	\$ 3,939.00	\$ 39,390.00
Workroom	PLAN	\$ 6,565.00	\$ 13,130.00	\$ 16,412.50	\$ 13,130.00	\$ 9,847.50	\$ 6,565.00	\$ 65,650.00
Shrink	PLAN	\$ 3,939.00	\$ 7,878.00	\$ 9,847.50	\$ 7,878.00	\$ 5,908.50	\$ 3,939.00	\$ 39,390.00
Purchases at Retail	PLAN	\$ 246,600.00	\$ 493,200.00	\$ 616,500.00	\$ 493,200.00	\$ 369,900.00	\$ 246,600.00	\$ 2,466,000.00
Purchases at Cost	PLAN	\$ 73,980.00	\$ 147,960.00	\$ 184,950.00	\$ 147,960.00	\$ 110,970.00	\$ 73,980.00	\$ 739,800.00
Markup \$	PLAN	\$ 123,300.00	\$ 246,600.00	\$ 308,250.00	\$ 246,600.00	\$ 184,950.00	\$ 123,300.00	\$ 1,233,000.00
Markup %	PLAN	50%	50%	50%	50%	50%	50%	50%
Gross Margin	PLAN							44%
Turnover	PLAN							3.00

Workroom Costs	5%
Cash Discounts %	0%
Season Stock Turnover	3.00
Average Stock	\$ 437,099.57
Markdown %	15%
Markup Goal	50%
Employee Discount	3%
Shrinkage	3%
Total Expenses	7%
Total Inventory	\$ 3,059,697.00
Average Stock	\$ 437,099.57

Women's Fashion Jewelry for 9 Macy's Stores  
(3 Flagships, Medium, and Small Stores)