In 1993, I coined nineteen “Retailing Principles for the Nineties,” for my first book, *Like No Other Store*, and in rereading them today, I’ve realized they seem as appropriate now as they were then. I wrote of the need for centralization, direct marketing, identifying global opportunities, approaching retailing as theater, and using various organizational principles. I feel these principles are still germane today. But before writing about the future of retailing from the perspective of 2008, it’s worth noting the changes that have occurred in the fifteen years since I published my first book and where I think these changes are taking us.

In the realm of the American department store, the trend toward centralization has moved at breakneck speed. In 1993, there were about twenty-five major and minor department-store nameplates. In 2008, there are eleven. Of that number, there are only five major department-store players left; Dillard’s, Nordstrom, Lord & Taylor, Belk, and Macy’s. Upscale retailers include Neiman Marcus, Saks Fifth Avenue, Bloomingdale’s, and Barneys New York. Moderate-priced retailers include Kohl’s and J. C. Penney, plus the major discounters. Has this been good for consumers? Clearly, their choices are narrowing.
Americans have grown up with the image of the downtown department store as much more than a place to shop—these stores are a part of our childhood memories. Whether it was Wanamaker’s in Philadelphia, Marshall Field’s in Chicago, Hudson’s in Detroit, Rich’s in Atlanta, Filene’s in Boston, or Famous-Barr in St. Louis, many household names have been relegated to retailing history.

If I had lived in Chicago, for example, I would be attached to Marshall Field’s. It would remind me of Frango mints, the parade, and taking my children to see Santa Claus. If I had lived in Philadelphia, I would have joined the throngs of people at Wanamaker’s every Christmas to see the holiday light show and listen to the pipe organ. Every major city had a special retailer which became part of growing up there. If these had been my experiences, I would feel that today something special has disappeared from retailing. The individual identities of place have slipped away under consolidation. Federated, which combined a dozen nameplates under the Macy’s brand, sincerely tries to recreate that atmosphere of familiarity, but so far, I believe there are many unhappy consumers yearning for something more.

We are raising a new generation that is very comfortable shopping on the Internet, utilizing home shopping on TV, and ordering from catalogs, which raises the key question: Will the department store be as important to future generations as it was to previous ones?

As I try to visualize the world twenty years from now, if the mid-market department store is to retain its importance, it needs to reinvent itself considering the impact of the Internet, consolidation, and globalization. How? Retailers need to become more exciting, entertaining; and more multichannel through direct marketing and the Internet and for some, by becoming a global brand. The opportunities and challenges for upscale retailers appear to be somewhat different. There are increasing numbers of affluent consumers interested in quality shopping, be it at a Neiman Marcus, Saks Fifth Avenue, Bloomingdale’s, Barneys, or Bergdorf. With an increase in affluent, well-traveled global customers, this segment of retailing is likely to maintain its importance as a multichannel retailer. In addition, in our
evolving societies, there are increasing numbers of aspirational consumers who derive satisfaction from luxury retailers and luxury lifestyle brands.

In 1993, I wrote “retailing is all about change.” That is still very true today and the eleven concepts I discuss in this section will impact retailing in the coming decades and influence the future importance of midmarket and upscale department stores.

**ELEVEN PRINCIPLES FOR THE COMING DECADES OF RETAILING**

When I supervised Bloomingdale’s, retailing was very simple: The stores were American stores; the brands were American or European. But in the last decade, the growing globalization of business and the increasing affluence of the developing world has changed everything.

The luxury business is new to the Middle East—the United Arab Emirates only became a country thirty-seven years ago. China has become important in the past twenty years, shifting from Mao suits and bicycles to Louis Vuitton and Polo Ralph Lauren. India has 200 million of their 1 billion people who want to buy branded consumer goods. At the same time, very few international retailers have figured out how to make money in India or China. Most of the opportunity for future growth, in my opinion, will come from outside the United States. Consequently, ten years from now the world could be very different.

1. Globalization
2. Consolidation
3. E-Commerce
4. Technology
5. Home Shopping
6. The Retailer of the Future
7. Redefining the Shopping Center
8. The New Luxury
9. The New Consumers
10. Changing Standards for Department Stores
11. Is There a Role for the Great Merchants?
1. GLOBALIZATION

I have long believed in globalization. In terms of retail, the world is one. It used to be that American brands, with few exceptions, had no interest in overseas markets. Now, an ever-increasing number of American wholesale and retail brands feel that their future growth will be in overseas markets.

The main driver of this new interest is the maturing of the American retail market, which results in slower growth. Brands, seeking new ways of growing, are opening their own retail stores or looking to overseas markets. Concurrent with the maturing of the American market is the enormous growth in the Middle East, Moscow, China, India, Brazil, and perhaps Eastern Europe. Over time, people will be looking at other emerging markets in Asia, such as Singapore, Hong Kong, the Philippines, Indonesia, Korea, and even Vietnam. There are opportunities all around the world, and retailers now want to go after them. Who would have expected that Macau would have more gambling revenue than Las Vegas in 2007?

I believe that in the next ten years, the aggressive American retailer or branded manufacturer will be focusing more and more on these markets. Estée Lauder has publicly said it expects to do more than 60 percent of its business outside the United States. Polo Ralph Lauren today is looking for its major growth to come from such international markets as Japan, Europe, the Middle East, Russia, and, in the future, China and India. Calvin Klein, owned by Phillips-Van Heusen, bought back its Italian license to develop the business for itself. The new C.E.O. of Liz Claiborne is looking for international markets to grow his key brands: Juicy Couture, Lucky Brand Jeans, Mexx, and Kate Spade. In 2007, Wal-Mart did $91.4 billion outside of the U.S. L’Oréal reports today that the emerging markets—Asia, Eastern Europe, the Gulf—contribute 33 percent of sales, and the company expects that by 2017 they will contribute 48 percent.

Abercrombie & Fitch has opened a hugely successful estimated $100 million store in London and is planning flagship stores for Japan as well as in Milan and Paris. Even Victoria’s Secret, which for years had no intention of expanding overseas, has changed.
Les Wexner has set up an organization to consider an international expansion plan. Major retailers in many overseas markets are eagerly beating a path to the company’s headquarters, in Columbus, Ohio. I believe this could double the size of Victoria’s Secret in the next decade.

It is clear that the successful retailers and manufacturers of the next century will be those that learn to think globally and take advantage of these new and emerging markets. Interestingly enough, because I believe America produces the best retailers in the world, this will create substantive job opportunities for U.S. retailers willing to travel and work beyond our borders. I would encourage today’s business school and college graduates to consider taking jobs abroad.

2. CONSOLIDATION

As mentioned earlier, when I became a retailer, some sixty years ago, department stores were the hallmark and focus of American retail. Profitable department stores sprouted across the United States. I’m not referring only to Federated, Macy’s, and Dillard’s but also to chains such as Associated Dry Goods, Carson’s, Mercantile, Hudson’s, and May. There were probably forty major department-store chains fifty years ago. Today, there are ten. The last sixty years has seen the closing and a consolidation of department stores as many famous names—Abraham and Straus, Strawbridge & Clothier, Filene’s, Rich’s, B. Altman, and Burdines—have been replaced by the Macy’s nameplate or have simply shut their doors.

We are down to a very limited number of department stores today. The most dramatic event to happen in our industry, in many years, was Federated’s acquisition of May Department Stores in 2005. At that point, Federated had edited down its own nameplates—Macy’s, Rich’s, Burdines, Lazarus, and The Bon—from seven to two: Macy’s and Bloomingdale’s. Then it acquired 480 May stores, sold off 80 and renamed the remaining stores Macy’s. The theory behind this was to take full advantage of the Macy’s Thanksgiving Day parade, the fireworks, the Macy’s Flower Show, and Macy’s
institutional value across the country, creating a national brand. It all makes great good sense. However, thus far, the program is not meeting all expectations.

Macy’s has the potential to leverage its volume and has become the exclusive distributor of such brands as Tommy Hilfiger, Martha Stewart, and T. Tahari. Over time, this could become a unique asset, supplying differentiation and margin in all sectors. Terry Lundgren and Sue Kronick are in the process of creating a unique and potentially very powerful retailing organization. While it is clear there have been inevitable bumps in the road, their long-term objective is very clear, and they have consistently moved toward it.

What is the long-term outlook? In my opinion, over time, Macy’s customers will embrace the Macy’s name and institution. The company will modify and expand its marketing program to win back customers. I believe this strategy makes sense over the long haul. The recent reorganization into four Macy’s divisions—with regional “My Macy’s” offices to give recognition to local preferences—is a very healthy step forward. It sets a priority of making stores locally relevant.

Simultaneously, the trading up of Bloomingdale’s with emphasis on service, higher price points, and greater focus on contemporary and new bridge resources, combined with aggressive expansion, has been healthy and bodes well for continued future growth.

A side benefit for consumers has been the sale of Lord & Taylor. It was once one of the most respected retail names in America, dating back to 1945 when Dorothy Shaver, one of our great merchants, became president of the company. Lord & Taylor was one of the leaders in promoting a generation of talented American sportswear designers including Bonnie Cashin, Tina Leser, and Claire McCardell. However, when Lord & Taylor became part of the May Department Stores, it was homogenized. It lost its uniqueness, its reputation for casual country club and “ladylike” fashion. Now the new owners are giving C.E.O. and president Jane Elfers the chance to bring back the glory days of Lord & Taylor.
Where is consolidation heading in the future? In the United States, there are only a handful of national brands left. There is not much remaining for consolidation. Over time, I believe more and more of the independent stores will be absorbed into regional or national groups, such as Belk, which added Parisian to become a $5 billion regional player.

With fewer stores to sell to, it was inevitable that the consolidation trend would occur on the supply side as well. There are fewer and fewer wholesalers selling to the department stores. And suppliers like Kellwood, Liz Claiborne, and Jones New York are struggling as they have fewer accounts and the stores do more and more of their own product development or work with single-brand suppliers. Some of these well-known names may not be with us in the future, others will focus more on their own retail outlets. For a while, the favorite inside joke in our industry was that one day, there will only be one store left with one supplier, and that store will look at the supplier and say, “I’m sorry, I don’t like your line.” It’s old, but it seems appropriate.

J. C. Penney has in recent years evolved into a new fashion retailer between the mass market and the department store. The addition of Sephora to create a cosmetics department and the development of American Living as a lifestyle brand, cutting across the entire store and created by Global Brand Concepts, a division of Polo Ralph Lauren, could add a new dimension to Penney’s. It is, in a sense, the same path that Macy’s is taking with Martha Stewart and Tommy Hilfiger, and it should add excitement, something that is needed in today’s challenging retail environment. Penney’s is taking on a courageous challenge by moving upscale in a difficult retail environment.

Wal-Mart and Target dominate the retail sector. The sales of all the department stores in the United States combined are less than the Target or Wal-Mart volume. Although their strategies differ, both companies are increasing market share. Target, through creative marketing and product development, has created a chic image (some pronounce it Tar-jay, French style). Upscale customers feel comfortable shopping in its stores. This is a great platform for future growth.
Another retailer that can combine class with retail growth is Costco, which is built on a unique model that can generate substantial income at very low margins since it is funded largely by membership fees. I believe both Target and Costco can increase their future share of the market and someday will examine the opportunity for overseas expansion as well.

3. E-COMMERCE

Today we live in a world in which each successive generation has grown up with greater familiarity with the Internet. I see it with my own grandchildren. The Internet provides an enormously convenient way to shop. Customers can shop any place, at any time, twenty-four hours a day, seven days a week. The skillful operators of shopping sites have learned to overcome the early disadvantages. They have created virtual models where people can see how they look in a particular garment, zoom and rotate the merchandise, or see the item in various colors before buying. The results: Americans last year spent more online on clothing than they did on computers; 10 percent of all clothing sales are online, totaling more than $22 billion. It is the largest single category online. And each year, e-commerce maintains its position as the fastest growing channel of retail distribution. In 2007, online sales (excluding travel) reached $174.5 billion, accounting for 7 percent of total retail sales. In segments of our business such as books, cameras, computers, and music, the Internet is already the dominant channel for distribution.

As the Internet grows, what more traditional forms of retail will lose market share? It would seem that catalogs are losing market share to the Internet. In some cases, it is deliberate, as some catalogs are encouraging their customers to shop online. It is less costly, quicker, and more efficient.

As e-commerce becomes a more substantial part of retailing, it is likely to become a significant portion of department-store growth. Today, Neiman Marcus Direct is Neiman's top "store." Saks Direct is the number-two store for Saks Fifth Avenue and is
on plan to become number one. Macy’s Direct is investing heavily for the future and moving toward a $1 billion volume. J. C. Penney does more than $1.5 billion on the Internet. I believe department stores need to become even more innovative within this sector.

4. TECHNOLOGY

E-Commerce is just one aspect of how technology is changing shopping habits. It is all about ease and convenience. Technology will make life easier for the future shopper in a variety of ways. Clearly, Google and other search engines can do the walking for the consumer—locating the place to buy the product and finding the best price. But search engines are also revolutionizing the way retailers spend their advertising dollars. To be listed first on Google is a very good investment, whether you’re Neiman Marcus Direct, Macy’s Direct, or Target. New Web 2.0 technologies such as Facebook and MySpace are now able to contextualize commerce by connecting like-minded individuals, groups and friends.

New technologies will bring other changes as well. Retailers are now able to track the consumers of their products and learn where all of their products go—thereby discovering how to better spend their marketing dollars. Indeed, almost every aspect of a shopping transaction is going to change. Forecasting sales and markdowns has been the job of the buyers for many generations. Today, technology can do this more rapidly and more effectively, simultaneously replenishing the store’s inventory. Even the checkout process can be automated and sped up. Limitations on how much the shopping process can change lie only in the imagination and creativity of those developing the technology.

It is quite likely that the mobile phone, or “m-commerce,” can become the ultimate purchasing instrument in the future, offering promotions and pricing opportunities and the ability to order products quickly and efficiently. Cell phones in Japan now have barcode scanners on them to compare prices with the Web.
5. HOME SHOPPING

Television and video shopping, like other forms of shopping, have now been consolidated. Three major channels—QVC, HSN, and ValueVision—remain. It is clear that new approaches will be needed in the future to retain market share and compete with the Internet.

Today, QVC reaches 80 million homes and achieves estimated sales of $5 billion in the U.S. and $6 billion globally. Customers are comfortable with the channel, but there are opportunities to sell a far greater range of products and to more people. I believe that in the future consumers should be able to use their TVs to shop for cars, homes, insurance, and travel. Home shopping in a sense has limited retail space—there are only twenty-four hours in a day, seven days in a week. Home shopping channels must make that time more productive or find additional outside sources of income.

As home shopping evolves, it needs to do more to gain viewers, create more buzz and excitement, add personalities (although some clearly exist), and strengthen its image as an innovative place to shop.

Today, HSN is evolving into a lifestyle branded channel that recognizes promoting brands that it shares with department stores. It’s healthy for both the department store and HSN.

Technology will increase the share of market for home shopping. HSN provides customers with on-demand service that can bring up previous programs by classification, so that the customers can order any products they are currently interested in, or review any programs they missed. The technology exists today so that the customer can order simply by pressing a button on the remote control. It does away with the need for a telephone or a computer. This is instant gratification, and in the homes where it exists, it almost doubles the sales.

Like the department store, home shopping can only grow with exciting new merchandise, new brands, and new technology, while increasing sales on its Web site.
6. THE RETAILER OF THE FUTURE

The retailer of the future will be a true multichannel player—one that enhances the traditional department store with an expanded retail presence including a catalog, a Web site, and perhaps the addition of home shopping on television, so that the consumer will be able to shop at his or her favorite store anytime and through a variety of shopping techniques.

The successful retailer of the future will still have to focus on creating an image and excitement across all channels. Technology is simply an asset for doing that. Ultimately, however, it all begins with the product. The big winners in twenty-first century retailing will be those stores that fully take advantage of our ever-changing technology and combine it with great merchandising.

7. REDEFINING THE SHOPPING CENTER

In recent years, shopping centers have seen declining market share and loss of traffic. I believe that the approach to shopping centers will need to be redefined over time. For example, Marvin Traub Associates works with a client in Europe called Value Retail. It runs nine highly focused shopping centers averaging well over $1,000 per square foot, including a hugely successful center called Bicester Village, in a town about one hour by car northwest of London, that achieves more than $1,600 per square foot. Scott Malkin, the C.E.O., developed a new partnership approach. Value Retail subscribes to a unique department-store operating model. There are no tenants and there are no long-term leases. Brands occupy space as licensees, pay a healthy percentage of sales as a royalty, and can be relocated, changed in size, or replaced as in a department store, reflecting a commitment to aggressive merchandising. Value Retail does not consider itself a shopping center company. Its trained merchants work closely with the brands to maximize sales.
Bicester Village has some one hundred and twenty tenants, all on one-year leases. Each pays a percentage of sales, but none pay fixed rent. Scott has an organization of six merchants for each outlet village who work with the tenants to make them successful. The simple formula is that if a store is not successful, Value Retail does not renew the lease. There is a waiting list of people who would like to join the center. This truly creates a partnership between the developer and the retailer. They work together to achieve great productivity. In any given year, about 15 percent of the tenants move, either to larger spaces, smaller spaces, or out altogether.

Although Value Retail operates outlet centers, I have every confidence that the same strategy can work on full price as well—it’s a healthy new direction for shopping centers. Considering the decline in traffic and the lack of growth in most centers across the United States, it is timely to introduce a new approach between developer and tenant.

The traditional shopping center consists of one or two anchor department stores, freestanding retail stores, and some sort of food court. I believe the next generation will be much more about lifestyle and creating an atmosphere that is more like an all-inclusive city. This means not just stores but a hotel, offices, apartments, entertainment, movie theaters with a luxury approach, banks, restaurants, automotive dealerships, upscale food stores, and supermarkets.

The relatively new Time Warner Center in New York, which I worked on for four years, typifies this trend, combining the five-star Mandarin Oriental Hotel with an outstanding 65,000-square-foot Whole Foods supermarket, the Shops at Columbus Circle, apartments that sell for as much as $45 million, and Jazz at Lincoln Center. Customers seem happy with all of these elements. In this way, I believe that the shopping center of the future will become much more like a city.

8. THE NEW LUXURY

Luxury retailing used to be thought of as selling very expensive merchandise, such as $20,000 alligator handbags, $50,000 sable coats, or $100,000 watches. The
new luxury retailing, however, is everyday luxury—a Starbucks coffee for $4, Tiffany sterling-silver jewelry for $125, or a Coach handbag for $300. Luxury is in the details, like the new movie theater concept, which sells first-class accommodations with wider more comfortable seating, bigger screens, and gourmet snack foods. Today, more and more people with increasing affluence get pleasure from adding luxury to all aspects of their lives. Victoria’s Secret has gone from being value-driven to creating a luxury-shopping experience and an aura of fashion associated with its product. My generation can remember the ads, “Calling all men to Barneys,” which invited shoppers to buy inexpensive clothing for men and boys. The new Barneys New York typifies the shift from bargain to luxury. Aspirational customers are increasing globally and supporting such brands as Vuitton, the number-one luxury brand in the world.

9. THE NEW CONSUMERS

There are new consumers in the world bringing about major change in retailing. In the United States, young, hip consumers are attracted to the emerging contemporary fashions. A whole new generation of Wall Street businesspeople is driven by a new degree of affluence to shop for luxury brands, buy larger homes, and travel. But the world is changing. Many in the new group of consumers are part of the BRIC nations—Brazil, Russia, India, and China. Some 40 percent of the world’s population resides in India and China alone. Both countries have emerging middle classes that in the next ten years will grow larger than the population of the entire United States. Experts believe that by 2050 both China and India will have surpassed the United States in gross national product. With these changes come consumers who have grown up with television, the Internet, and an aspirational desire to own globally recognized brands that confer status on them in their communities. Selling these brands to new consumers is a key objective for global retailers and global brands. But the world’s most savvy retailers recognize that it is difficult to make money in China or India today. They are aligning themselves
with local partners, so that during the next ten years they can build profitable businesses there.

When I think about the changes that have occurred in these markets, I’m struck by the memory of my first trip to India, thirty years ago. The only car one saw on the street looked like an early Volkswagen. It was called the Ambassador and came in one model and one color—white. Today, India’s automobile industry is thriving, and all of the world’s global brands compete. The development of the Nano, a $2,500 car by Tata Motors, is an extraordinary step forward, as well as their acquisition of Jaguar and Land Rover, two luxury brands.

As global businesses are put together, there will be a migration of talented personnel. In India, there are a great many expatriates returning to their home country because today they can do better in India than elsewhere. In Dubai, many of the top people come from Australia, South Africa, the United Kingdom, and the United States, as well as the various countries of the Middle East. Many of these emerging markets will be seeking talent, and it will create opportunities for savvy young people who can build very successful, lucrative careers. One wishes that more Americans studied Chinese.

10. CHANGING STANDARDS FOR DEPARTMENT STORES

For the past forty years, I have enjoyed walking through department stores all over the world. Twenty years ago I believed American department stores were far superior in their merchandising, presentation, and creativity to stores in any other place in the world. Ten years ago the gap began to narrow. Today, I believe Harrods in London and Galeries Lafayette in Paris are outstanding and compete favorably with almost any American store. Harrods probably enjoys the finest luxury business of any store in the world, including an extraordinary fine jewelry presentation. Indeed, the levels of excellence have changed dramatically throughout all of Europe. El Corte Inglés in Spain, de Bijenkorf in Amsterdam, La Rinascente
in Milan, Le Bon Marché in Paris, and Harvey Nichols and Selfridges in London are dramatically better than they were ten or fifteen years ago.

Stores like Harvey Nichols Dubai, TsUM in Moscow, and Attica in Athens did not exist in their present form ten years ago. This has created major opportunities for upscale and luxury brands to develop their overseas business. There are many more successful stores to sell to. Much of this is spurred by increasingly affluent, brand-driven consumers in all markets. I believe this trend will be heightened during the next decade with a new generation of retailers in the Middle East, China, Russia, Eastern Europe, and Brazil.

11. IS THERE A ROLE FOR THE GREAT MERCHANTS?

I grew up in an era when the great merchants were some of the most respected members of the business community. The roster included Stanley Marcus of Neiman Marcus, Walter Hoving of Tiffany, Adam Gimbel of Saks, Andrew Goodman of Bergdorf Goodman, Jack Straus of Macy’s, Sam Walton of Wal-Mart, and overseas, Marcus Sieff of Marks & Spencer and Harry Gordon Selfridge of Selfridges. Today’s leadership includes Lee Scott of Wal-Mart; Terry Lundgren of Macy’s; Mike Ullman of J. C. Penney; Burt Tansky of the Neiman Marcus Group; Mickey Drexler of J. Crew; Allen Questrom, the former C.E.O. of J. C. Penney, who sits on Wal-Mart’s board; and Ralph Lauren, who has vision and creativity and has built a unique global brand. All continue in the tradition of merchandising greatness.

I’m certain there are others I’ve forgotten. As one looks ahead twenty years, the challenge lies in predicting where the trendsetters, innovators, and creators will come from. I believe that leadership may very well come from those who make the technological breakthroughs necessary to transform retailing. Today’s leaders in that sector include Jeffrey Bezos of Amazon, Meg Whitman of eBay, and the young geniuses Sergey Brin and Larry Page, who founded Google. There are always opportunities in retailing. Who finds them and who seizes upon them will be the ongoing challenge and will produce the great merchants of 2040.
Marvin has that rare combination of never-ending challenges and absolute trustworthiness. Our business was never good enough, there was always a new mountain to climb and a new challenge. Yet, at the same time, his word was his bond. When he said something, you knew that you could trust him absolutely. I am certain that there is a secret emergency plan in the City of New York that, if the power ever fails, they’ll simply plug Marvin in, and the lights of the city will go on again.

Leonard A. Lauder, The Estee Lauder Companies
AFTERWORD: BLOOMINGDALE’S IN DUBAI

In my sixteen years as a consultant and investment banker, I have never had a project as appealing to me as developing the first international Bloomingdale’s. It began in spring 2007 at a luncheon with Terry Lundgren, the chairman, president, and C.E.O. of Macy’s and a longtime friend.

“I think it might be time to give consideration to how to expand your business globally,” I told him. “Today, Saks Fifth Avenue has licensed partners in Riyadh, Dubai, and Mexico and has announced plans for China and other markets. Harvey Nichols is in Riyadh, Dubai, Hong Kong, Istanbul, and Jakarta and is interested in other markets. Galeries Lafayette has just announced plans to go into Dubai. My client the Al Tayer Group, which I believe is the most professional group in the Middle East, would be very interested in bringing Bloomingdale’s to Dubai and the Middle East.”

I fully expected Terry to tell me why this proposal did not interest him, as many years ago, Bloomingdale’s and Federated walked away from a partnership in Tokyo.
“This could be interesting,” Terry said, surprising me. “Let me talk to some of our principals and I will get back to you.”

He later called to say, “I’m not ready to make a commitment now, but I am prepared to meet with your team from Dubai to discuss how we could expand.”

We held the meeting in New York in April with Terry; Sue Kronick, the vice chair of Macy’s; Mike Gould, the chairman and C.E.O. of Bloomingdale’s; and from Dubai, Obaid Al Tayer, the chairman and C.E.O. of the Al Tayer Group; Khalid Al Tayer, his nephew in charge of business development; Shireen El-Khatib, the C.E.O. of Al Tayer Insignia, the luxury brand division; and me. In that meeting, our team outlined why Dubai is a wonderful opportunity for Macy’s and why our experience in operating the $100 million Harvey Nichols Dubai could be applied to a prospective Bloomingdale’s.

In May 2007, Terry Lundgren was the principal speaker at the World Retail Conference in Barcelona. As Terry spoke about future opportunities, he said that his company was “in the early stages of investigating global expansion of the Macy’s and Bloomingdale’s banners and that a successful international plan held
vast potential.” Terry added that Macy’s was very aware of the overseas expansion of Saks Fifth Avenue, Harvey Nichols, and Galeries Lafayette, and was studying whether that was appropriate for Macy’s.

A week after he was back, I called Terry. “Terry, it sounded to me like you were giving out a help-wanted ad.”

He laughed. “Marvin, you’re right.”

Two weeks later, I contacted Terry and told him that the world’s greatest mall was being built in Dubai with 12 million square feet of retail space, fourteen hundred stores, six hotels, residences, offices, the world’s tallest building, which will feature an Armani Hotel and Residence, as well as the world’s largest indoor aquarium. “This is a very exciting project in a very exciting city.”

Galeries Lafayette had already taken 190,000 square feet. The mall was scheduled to open in fall 2008–spring 2009, and it would be an ideal place to locate the first international Bloomingdale’s, but we had to move quickly. Terry responded that he was interested, and retained Michael Steinberg to represent Macy’s. Mike had been at May Department Stores and had worked with me at Bloomingdale’s, as executive vice president of home furnishings, then became president of Foley’s and the C.E.O. and chairman of Macy’s West.

Mike came to Dubai in late June 2007 to meet with us, the people from Dubai Mall, and the other groups that were seeking to bring Bloomingdale’s to the Middle East. In Dubai in June, 120 degrees Fahrenheit is a cool day, so we spent most of our time in air-conditioned cars and offices. We had Mike meet our management team and made a presentation, then took him to see the Harvey Nichols store in the Mall of the Emirates—where he could see Dubaians and tourists skiing down a four-thousand foot indoor ski run. Meanwhile, we met with the Emaar company, developer of the Dubai Mall, which did a presentation on why this was to be one of the world’s most unique malls. Next, we were invited to make a presentation in New York in August to a review board that Terry had set up. At that point, we were aware of
two major competitors. We negotiated for more retail space, and created a 150,000-square-foot apparel, accessories, and cosmetics store, then planned a separate 60,000-square-foot home-furnishings store, similar to the arrangement of the very successful Bloomingdale’s branch in Chestnut Hill, Massachusetts. This plan gave us a 210,000-square-foot store, which would be the largest store in the Middle East.

We felt we had an enormous advantage over our competitors. Not only were we the successful operators of nearly one hundred luxury boutiques, including Giorgio Armani, Gucci, Jimmy Choo, Bulgari, Yves Saint Laurent, Bottega Veneta, Loro Piana, and H. Stern, but in our stores, we control most of the major American brands that would be important to Bloomingdale’s. In the four years that I served as adviser to the Al Tayer Group, we had arranged to bring in Elie Tahari, Diane von Furstenberg, Juicy Couture, Malandrino, Oscar de la Renta, and a host of successful American brands that would be needed in a Bloomingdale’s.

We felt that we would be very good partners with our high degree of professionalism, our strong organization, and our commitment and dedication to the project. In addition, of course, we felt that having the ex-chairman of Bloomingdale’s play a role in the project gave us an advantage. However, it was clear that at least one of our competitors was promising to open more stores in more markets and do a bigger business. We were skeptical but remained realistic in our projections. Naturally, we waited with great expectations, and I was delighted when, on September 24, Terry sent me an e-mail.

“Marvin, this is very confidential. We have decided to work with your group. However, your financial proposal is too low.” He requested a higher royalty payment.

I was not surprised, and Khalid Al Tayer and I spent the better part of the week drafting a response. We submitted our offer on Friday, September 28. By Monday, it was accepted. The next step would be a “state” visit by Terry Lundgren accompanied by Mike Steinberg, in order that Terry might better understand his new partners and his new overseas market. It was set for the weekend of November 30th. Terry, Mike, and I flew to Dubai on a Friday evening. On Saturday morning, the three of us, along
with Khalid Al Tayer, took a chartered helicopter tour of Dubai. It is an extraordinary sight, with row on row of gleaming new skyscrapers where thirty years ago there was only desert. We flew close to Burj Dubai then out over the water to view a collection of islands newly built from the sea. Subsequently, we toured the Mall of Emirates. Terry enjoyed the indoor ski slope, the upscale stores, and the atmosphere of Dubai as a shoppers’ and retailers’ paradise. We then visited the Dubai Mall to preview what will soon be the world’s largest shopping center including the world’s tallest building and largest indoor aquarium. The day ended with a wonderful dinner in a handsome private dining room, the wine cellar at the Park Hyatt. The next day, we toured Kuwait by chartered jet, visited three shopping centers under construction, and returned for a photo shoot. The visit concluded with another fine dinner in the rooftop dining room of the Burj Al Arab, Dubai’s most prestigious hotel and restaurant.

Terry and Obaid Al Tayer got to know each other well, and by the end of the visit, it was clear that there was an attitude of mutual trust, respect, and friendship. Terry and Mike were convinced that they had made the correct decision, and we felt good about our new partners.
During the weekend of February 9th, Mike Gould, the C.E.O. of Bloomingdale’s, visited Dubai with Tony Spring, the new president, Jack Hrushka, the senior vice president of store design, and me. On Sunday, we had a breakfast meeting, an exchange of ideas, and made visits to competing malls. We concluded the day at the Mall of the Emirates and our very successful Harvey Nichols store. The Bloomingdale’s contingent was properly impressed. On Monday, we took a tour of Dubai, the world’s largest construction site: the Burj al Arab hotel, lunch on the seaside terrace of the Ritz, a presentation of Dubai Mall including the world’s tallest building, ending with a “hard hat” Mall tour. Mike’s enthusiasm grew with each passing hour. By our final private dinner at the Park Hyatt, Obaid, Shireen, Khalid and I felt, as Mike expressed, “this could be the most exciting project Bloomingdale’s has ever done.”

There were warm feelings, respect, and an enthusiastic desire to collaborate to create something unique. All in all, both visits represented a wonderful beginning. I believe this will be the most satisfying consulting project I have ever undertaken. I am proud to be part of bringing a 210,000-square-foot Bloomingdale’s store to one of the world’s most exciting malls and cities. My world has come full circle.
A PERSONAL NOTE

Not everyone has two bites at the apple. This book gave me a chance to rethink the fifteen years that have passed since I wrote Like No Other Store. I continue to feel that I have been truly blessed with my great and satisfying career. At the same time, I continue to be supported by a wonderful and close family.

My wife, Lee, is a loving and supportive companion and has been a sounding board for me throughout the nearly sixty years of our marriage. Our three wonderful children include Andrew, our bright and very capable eldest son who worked with me in India and in my consulting business until he joined a consulting firm working with clients in the Middle East. Andrew is married to Lois, a dedicated labor lawyer and litigator. Jimmy is our brilliant, globe-trotting journalist who writes thoughtful political and social articles for the New York Times Magazine and as of this writing is publishing his sixth book on the changing promotion of democracy worldwide. Jimmy is married to Buffy Easton, who is creating a new, widely praised and much-needed curriculum to train museum curators for museum directorship. Peggy, our outstanding daughter, is a member of the Committee of 200 and has taken a leadership role in women’s business organizations. She shares my passion for business and has established an extraordinarily successful global home-furnishings company, Adesso. Her life companion, Phyllis, is a hard-working, dedicated psychiatric social worker.

Our four grandchildren bring much joy. Rebecca is working at a firm supporting hedge funds and is preparing to go to law school after having graduated from Washington University in St. Louis. Rachel, an outgoing and fun-loving sophomore at Washington University, will be working this summer for a movie producer in Hollywood, after having interned at Diane von Furstenberg last summer. Abigail, our youngest granddaughter, has an unusual and inquisitive mind. She recently returned from living with a family in New Zealand and is an aspiring actress and world traveler. Alexander, our grandson, takes after his parents in being articulate, informed, and sophisticated. He spent a very fulfilling half of his junior year away from Collegiate at a farm school
in New Hampshire—an outgrowth of Milton Academy. We are fortunate that all of our children and grandchildren live nearby and are able to share our enthusiasm for travel. Now, instead of taking them skiing, we take them on a safari in Kenya or to India for vacation.

We have an extended family as well. In 1965, we adopted a child in Hong Kong through foster parents. Thomas Wei Ching Cheung was then fourteen years old and living with his family in a single room above a tenement. We watched with pride as, years later, he married, came to New York to study marine insurance, returned to Hong Kong, and developed a career first with a local company and then with AIG. In October, he called with great news: “Dad, I’ve been recruited to become C.E.O. of a publicly traded $100 million cap company.” In December, Lee and I had the pleasure of having lunch with Thomas and the founder of his new company.

In 1970, we befriended our Japanese guide Akiko Kawano to the Expo ’70 World’s Fair, in Osaka, who came to the United States, married an American, and raised two wonderful children—our first “grandchildren.” Today, Nathaniel Jones is developing a derivatives business in Europe for JPMorgan Chase, and Natalie Jones is a dedicated attorney at a boutique law firm in Chicago. They are part of our family.

If a consultant is to remain competitive in our rapidly changing retailing environment, it is essential to stay on top of changes in our industry and with our consumers. I keep up in two ways—by being in the stores and by communicating. I enjoy walking through stores and shopping centers, both in the United States and abroad. A good merchant can see very quickly who is doing well and who is not without ever looking at actual numbers.

It is my style to regularly schedule breakfasts or lunches with people I can learn from and discuss what I believe is happening in the retailing world, so that it can be a two-way conversation. Typically, I breakfast at the Regency and lunch at the Four Seasons, so the food and surroundings are good as well. I want to publicly thank those good friends and fellow diners who keep me in the loop: Burt Tansky of the

Neiman Marcus Group; Terry Lundgren and Sue Kronick of Macy’s; Mike Gould of Bloomingdale’s; James Gold of Bergdorf Goodman; Ron Frasch and Stephen Sadove of Saks Fifth Avenue; Howard Socol of Barneys; Roger Farah, Jeff Sherman, and Jeff Morgan of Polo Ralph Lauren; Arnold Aronson of Kurt Salmon Associates; Leonard and William Lauder of Estée Lauder; Jane Elfers of Lord & Taylor, Lester Gribetz, Frank Doroff of Bloomingdale’s; Arnold Cohen of Mahoney Cohen; and Larry Leeds of Buckingham Capital Management.

GIVING BACK

I have always considered myself very fortunate to have multiple careers; a great marriage with a loving partner; happy, successful children; grandchildren to whom we are close; and good health for both Lee and me—despite the wounds I incurred in World War II.

Clearly, I am blessed, and I believe in giving back to the community. Earlier in my career, I served on the development committees of the Metropolitan Museum of Art and Lincoln Center, and the boards of the Fashion Institute of Technology, the Hospital for Joint Diseases, the Phoenix Theater, and the Asia Society, among others.

However, my greatest extracurricular interest has always been in education. In 1985, we created the Lee and Marvin Traub Scholarship Program at Harvard College. Its only criteria are that students come from middle-income families and be in the top half of their class. Harvard selects the students, and we typically help them in their sophomore year and beyond. Usually we have five students each year, since inception we have supported almost fifty scholars. We travel to Cambridge every April to take our scholars to dinner and to learn about them. In turn, they learn about us. We consider them to be part of our extended family. We have met some wonderful youngsters through the program. We’ve attended their weddings, met their children—and of course helped in their careers. We helped to place one aspiring theater executive as an assistant to the producer for the Broadway hit Spring Awakening, we met with the judge whom another recipient clerked for, and placed others with Burdines and Saks. We have held two
reunions for these scholars, and it is very satisfying to watch their careers.

Currently, I serve on the board of Parsons The New School for Design. I have been active at Harvard College, Harvard Business School, the Harvard School of Public Health, and I cochaired our twenty-fifth to forty-fifth Harvard Business School reunions, then chaired the fiftieth. And I’ve just joined the advisory council to the dean of the John F. Kennedy School of Government. I serve as adviser to an Indian student there. Lee and I were pleased that I could share this activity with our daughter, Peggy, who funds an intern program at the Kennedy School and is on the women’s advisory board.

I have also discovered that I enjoy teaching, and have taught classes at Brown, the Wharton School of the University of Pennsylvania, Brandeis, Harvard Business School, and at the Columbia Business School, where I now conduct one class every semester in the retailing curriculum. In addition to my work in education, I still make it a priority to continue my activities on behalf of the Asia Society and the United Nations.

Lee, of course, is very dedicated to dance. I believe she has made a great contribution as chairperson and supporter of the Martha Graham Center, and later as a board member of Pascal Rioult Dance Theatre. She’s been involved in a host of other activities in the dance world, and marked eleven years of service on the board of the New 42nd Street, the nonprofit that has revitalized Forty-second Street. She has been an active volunteer all her life including working with HIV/AIDS patients and in the administration of former mayor Ed Koch.

**GIVING THANKS**

A special heartfelt thanks and appreciation to Sue Kronick. She is not only an extraordinary, talented merchant, but a great leader. I am very proud—she wrote the foreword for this book. I also want to take this opportunity to thank Lisa Marsh, a *Women’s Wear Daily*–trained journalist, who has been a great partner in putting together *Like No Other Career*. She has given up many weekends so we could collaborate. Lee
and I have learned to love her daughter, Lillian, who swam in our pool while Lisa and I worked together. And then her son, Daniel, joined us. He was born into the world as we were giving birth to this book. It has been fun working with Lisa.

And to Amy Hafkin and Natalie Bozoyan, my great appreciation for their diligent efforts and very long hours. A thanks to Nigel French and Walter Loeb for their considerable assistance. And a thanks to Erika Imberti for her patience with the author and his corrections.

A great appreciation to Morty Singer for his invaluable advice and help in making me knowledgeable and relevant in e-commerce, technology, and current trends.

And very special thanks to Lee Traub, for keeping my grammar and punctuation honest and serving as an invaluable sounding board for Like No Other Career. You’re a terrific partner.

When I was approached by Assouline’s editorial director, Esther Kremer, about this project, I knew that collaborating with Marvin Traub would be the chance of a lifetime. I’d like to thank her for the opportunity.

Working with Marvin on this book has been an incredible journey, one that I will never forget. Through his eyes and experiences, I feel as though I’ve traveled along for the dealmaking in Dubai, Mumbai, Moscow, Iceland, and New York—all while working from his study in Greenwich, Connecticut. I thank his wonderful wife, Lee, for her hospitality, particularly when it came to showing my precocious and inquisitive two-year-old what seemed like every nook and cranny in her house.

Also indispensable to me are Ben Winters and his colleagues: Team Lillian—Laura Mangan, Mabusi Mbili, Maura Figueroa, and Yanelis “Jenny” Navarro; Team Daniel—Ginger Mangan, Joanne Marsh, Lesly de Groot Axelrod, and Kathleen Ferrall; the incredible poker-playing and playgroup moms of Hudson Heights; and finally, Dan Mangan, the best partner a woman could have and a devoted father to Lillian Mabel and Daniel Joseph, our most important projects.

—Lisa Marsh
MARVIN TRAUB’S PROJECTS: A TIMELINE

**November 1991** I leave Bloomingdale’s and move to the Federated Department Stores.

**February 1992** I leave Federated and create Marvin Traub Associates with Lester Gribetz in Carnegie Hall Towers. Clients include Polo Ralph Lauren, Jones New York, American Express, and Federated Department Stores.

**1993** QVC with Diane von Furstenberg and Barry Diller | Saks Fifth Avenue—Japan | Lane Crawford/Balbina Wong—China

**1994** Block Industries—Big & Tall—Andrew Traub, C.E.O. | Prime Retail—named to the board of directors. | Conran’s Habitat—with Lester Gribetz, Carl Levine, Helaine Suval, and Peggy Traub | Founded Iman Cosmetics with Lester Gribetz and Joe Spellman | association with Financo

**1995** Johnnie Walker Collection—Jim Furyk | *Men’s Health* magazine | Quartier 206 Berlin—August Jagdfeld | Elizabeth Taylor—Avon

**1996** Yue-Sai Kan—We help her sell the company, twice. | Gruppo Coin—major Italian retailer | Adesso—Peggy Traub

**1997** Shanghai Tang—David Tang | Sweet16.com—e-commerce—Britney Spears

**1998** Pout Cosmetics | Lanvin—L’Oréal

**1999** Chairman of Nautica Europe | Licensing Isaac Mizrahi—Lucy Perada—Target (Earth Works)
2000  First trip to Middle East—Kuwait—Al-Shaya Group | Mercury Group—Moscow—TsUM—Alla Verber

2001  Create Financo Global Consulting | Provell board | Beirut project—Tony Salame—Aishti | Home Company | India Conference, Delhi

2002  Time Warner Center | Start with Al Tayer Group in Dubai—Harvey Nichols Dubai | Mortimer Singer joins Marvin Traub Associates | Holt Renfrew—Andrew Jennings—Canada

2003  The Museum Company chairman | Wangfujing Department Stores—China | Carpet One—Liz Claiborne license | Innovative Marble and Tile—funding/consulting | Oscar de la Renta—retail expansion | Linens ’n Things—new store concepts

2004  China—Miles Kwok—Phyllis George | Scott Barnes Cosmetics | Trump Ocean Club International Hotel and Tower—Panama | Kishore Biyani—India | See that Again/Star Styles Internet | Grant Boxing | Oscar de la Renta—retail strategy | Alessandro Dell’Aqua—Claude Arpels | Kelly Hoppen

2005  Sell Stuart Weitzman | Indian Fashions—Lord & Taylor | Move to 350 Park Avenue, leave Financo | Senior adviser to Compass Advisers—Stephen Waters | Sell Slatkin Candles to The Limited—with Compass Advisers | Harvey Nichols Dubai launch | Le Silla shoes | Lenny Kravitz | Drinks Americas board | chairman—SD Retail Consulting—Shopper’s Stop—India | Lane Crawford—Hong Kong/Shanghai | Elie Tahari | Eren Group—Istanbul | Attica Group—Athens | Perry Advisers

2006  Move to 825 Third Avenue | Trump Vodka | The Plaza—Elad Properties | LL Cool J | Tata Industries—India | Trent retail—India | MCM—Sung-Joo Kim | TowerBrook Capital Partners (acquires Jimmy Choo) Chairman—SD Retail Consulting | Tê Casan shoes board | Deerfoot Meadows, Calgary, Canada
2007 Kira Plastinina—Moscow | Join board of NexCen | Polo Ralph Lauren launch—Moscow | Move to 410 Park Avenue | Create TSM Capital | Matthew Williamson | Bloomingdale’s Dubai

2008 André Benjamin | Ellen Tracy

THE BLOOMINGDALE’S ALUMNI CLUB

Fifteen years ago, in Like No Other Store, I listed twenty-nine Bloomingdale’s executives who, after working with me, became principals of significant entities. Since then, ten more have joined the group, and seven of the initial twenty-nine have moved on to newer and larger responsibilities.

NEW PRINCIPALS (SINCE 1993):
Paula Bennet | president, J. Jill
Susan Davidson | group president, Liz Claiborne; president of NRDC Equity Partners
John Demsey | president, Estée Lauder Company
James Gold | president and C.E.O., Bergdorf Goodman
Barbara Kennedy | president, Ralph Lauren Dresses
Ronald Klein | chairman and C.E.O., Macy’s East
Joann Langer | president, Alvin Valley
Paul Raffin | C.E.O., Frette
Glen Senk | C.E.O., Urban Outfitters; president, Anthropologie
Matthew Serra | chairman and C.E.O., Foot Locker

ADDED OR CHANGED RESPONSIBILITIES:
Robin Burns | C.E.O., Victoria’s Secret Beauty
Gordon Cooke | C.E.O., J. Jill
Mickey Drexler | chairman and C.E.O., J. Crew
Susan Kronick | vice chair, Macy’s, Inc.
Denise Seegal | C.E.O. and president, Nautica Enterprises
Jeff Sherman | C.E.O., The Limited Stores; president and C.O.O., Ralph Lauren
Mark Shulman | president, Filene’s Basement

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In the 25 years that I have known Marvin, he has been the unrelenting optimist, always looking for and generally finding the next great opportunity. He is as well-connected today, years after his “retirement” from Bloomingdale’s, as he was as its chairman. This gives his insights special standing because they are so well-founded in historical perspective, only updated and contemnorized. In our many discussions, he has always affirmed for me the wisdom of keeping my mind active and my feet moving, especially as it concerns markets outside the United States. Marvin was an internationalist before having a global strategy became de rigueur. The way Marvin has managed his career, his affairs and his life is exemplary, and a road map for those of us fortunate to have been blessed by his touch.

Paul Charron, former C.E.O. of Liz Claiborne, Inc.


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Jean-Louis Dumas, CEO of Hermès, began his retailing career as a Bloomingdale’s trainee. Equipped with great taste and flair, he made Hermès a widely respected billion-dollar global brand. He loved to sketch and always traveled with a small spiral notebook. I suspect this unique sketch came from that book. I am appreciative that he supplied the folio for the artwork as well.