



**2018**

**Supplier Diversity**

**Economic Impact Report**

MACY'S | BLOOMINGDALES | BLUEMERCURY

macy's inc

# EXECUTIVE SUMMARY

Macy's recognizes that at the heart of retailing is creativity, and that by bringing together a broad array of talents, our business is enhanced. This is particularly true in our vendor relationships. As our diverse-owned vendors have grown, we continue to see the benefits this diversity brings in the retail industry. From a business perspective, we know that if we want to continue to be the best at what we do, then we need to attract and retain the best talent, both as employees and suppliers. This is essential to the future of our business.

In 2018, Macy's purchased

**\$937**

**million**

from diverse businesses

Of the many initiatives Macy's has pursued on behalf of our expanding diversity strategy, Supplier Diversity is an area of special importance. Through this program, Macy's strives to purchase goods and services from diverse business enterprises and encourage prospective suppliers to join us as partners. Partnerships are truly win-win – Macy's discovers talented new suppliers for high quality, competitively priced merchandise and our vendors see their businesses grow.

In 2018, Macy's spend with diverse businesses contributed \$1.8 billion to the US economy and sustained almost 10,800 jobs. Our Supplier Diversity Program's support of diverse businesses contributes to the health and growth of the communities where we all live and do business.



## EMBRACING DIVERSITY STRENGTHENS OUR COMPANY

Diversity and inclusion are at the core of our approach to doing business, touching all areas of our company. We expect our colleagues and the companies with which we do business to mirror the diverse multicultural marketplace we serve.

We believe that access to a supplier base that reflects our diverse customer base is a competitive advantage because it enables us to source distinctive merchandise and service our evolving customer needs. It also allows us to support businesses that contribute to the economic health of our local communities.

*“Our vendor relationships are an important aspect of our diversity and inclusion strategy. To be the best at what we do, we must continue to support the next generation of minority and women-owned businesses and diverse vendors by ensuring they are integrated into our merchandising and business development strategies.”*

**JEFF GENNETTE, CHAIRMAN &  
CHIEF EXECUTIVE OFFICER,  
MACY'S, INC.**

# ECONOMIC IMPACT THROUGH SUPPLIER DIVERSITY

Supplier diversity programs help foster jobs and economic activity in underrepresented segments of the business and customer community. Inclusive procurement practices provide opportunities to diverse businesses, that in turn provide greater representation, employment and economic advancement for minority, women, veteran and LGBTQ communities.

## WHAT IS ECONOMIC IMPACT?

The impact of spending with a company is greater than direct purchases made from the company. This is because money spent with the company is spent again on payroll, goods and services, and with other suppliers in its supply chain. Employees use their salaries to purchase goods and services from other businesses. Downstream suppliers similarly use the proceeds from their sales on their employees and other businesses. A chain reaction of indirect and induced spending continues. The combined effects of this activity are analyzed using a standardized and widely accepted methodology known as Economic Impact Analysis<sup>1</sup>.

## ECONOMIC IMPACT METRICS

### Total Production Contribution

Economic activity generated due to the purchases made by Macy's from diverse businesses.

### Supported Jobs

Jobs supported at diverse-owned companies, their suppliers and within their communities.

### Employee Wages

Wages measure the cumulative earnings of the employees in the supported jobs.

### Taxes Generated

Taxes measure the federal, state and local tax revenues that are generated through the economic activity.



# OUR IMPACT THROUGH SUPPLIER DIVERSITY

In 2018, Macy's spend with diverse businesses created jobs at these businesses. Those jobs are an important channel for contribution to the communities in which we operate. Our impact through our programs is magnified by the multiplier effect of our spending as our diverse suppliers and their employees make additional purchases from other businesses, which supports additional US jobs.



## TOTAL US ECONOMIC IMPACT OF MACY'S SUPPLIER DIVERSITY PROGRAM

**\$1.8  
billion**

**Total Production  
Contribution**

**10,800**

**Supported  
Jobs**

**\$652  
million**

**Employee  
Wages**

**\$618  
million**

**Taxes  
Generated**

# DIRECT IMPACT

## OUR IMPACTS ON OUR DIVERSE SUPPLIERS

Our diverse suppliers hire employees and purchase additional materials in order to produce the products and services they sell to us. The \$937 million in purchases from these suppliers supported 5,381 jobs at these companies.

MINORITY OWNED BUSINESSES	<b>\$574M</b> PRODUCTION	<b>\$212M</b> WAGES
WOMEN OWNED BUSINESSES	<b>\$360M</b> PRODUCTION	<b>\$126M</b> WAGES
VETERAN OWNED BUSINESSES	<b>\$3M</b> PRODUCTION	<b>\$1M</b> WAGES
LGBT OWNED BUSINESSES	<b>\$857K</b> PRODUCTION	<b>\$332K</b> WAGES
<b>TOTAL</b>	<b>\$937M</b> PRODUCTION	<b>\$339M</b> WAGES

**5,381**  
JOBS AT  
DIVERSE  
SUPPLIERS

### AWARDS FOR OUR SUPPLIER DIVERSITY PROGRAM



In 2018, Macy's, Inc. was awarded America's Top Corporation, Gold Level, by the Women's Business Enterprise National Council for its efforts in advocating and promoting women owned businesses in Macy's, Inc.'s supply chain.



Macy's, Inc. recognized as 2017 Corporation of the Year by the Ohio Minority Supplier Development Council.



Macy's named one of the 2017 Top Companies for Supplier Diversity in by Black Enterprise.



Macy's, Inc. recognized by MBNUSA Magazine as a 2017 and 2016 Champion of Supplier Diversity.



Macy's named a Top Supplier Diversity Program by the Black EOE Journal.



Macy's named to the Million Dollar Club by the United States Hispanic Chamber of Commerce (2014 through 2017.)

# INDIRECT & INDUCED IMPACTS

## THE MULTIPLIER EFFECT OF OUR SPENDING

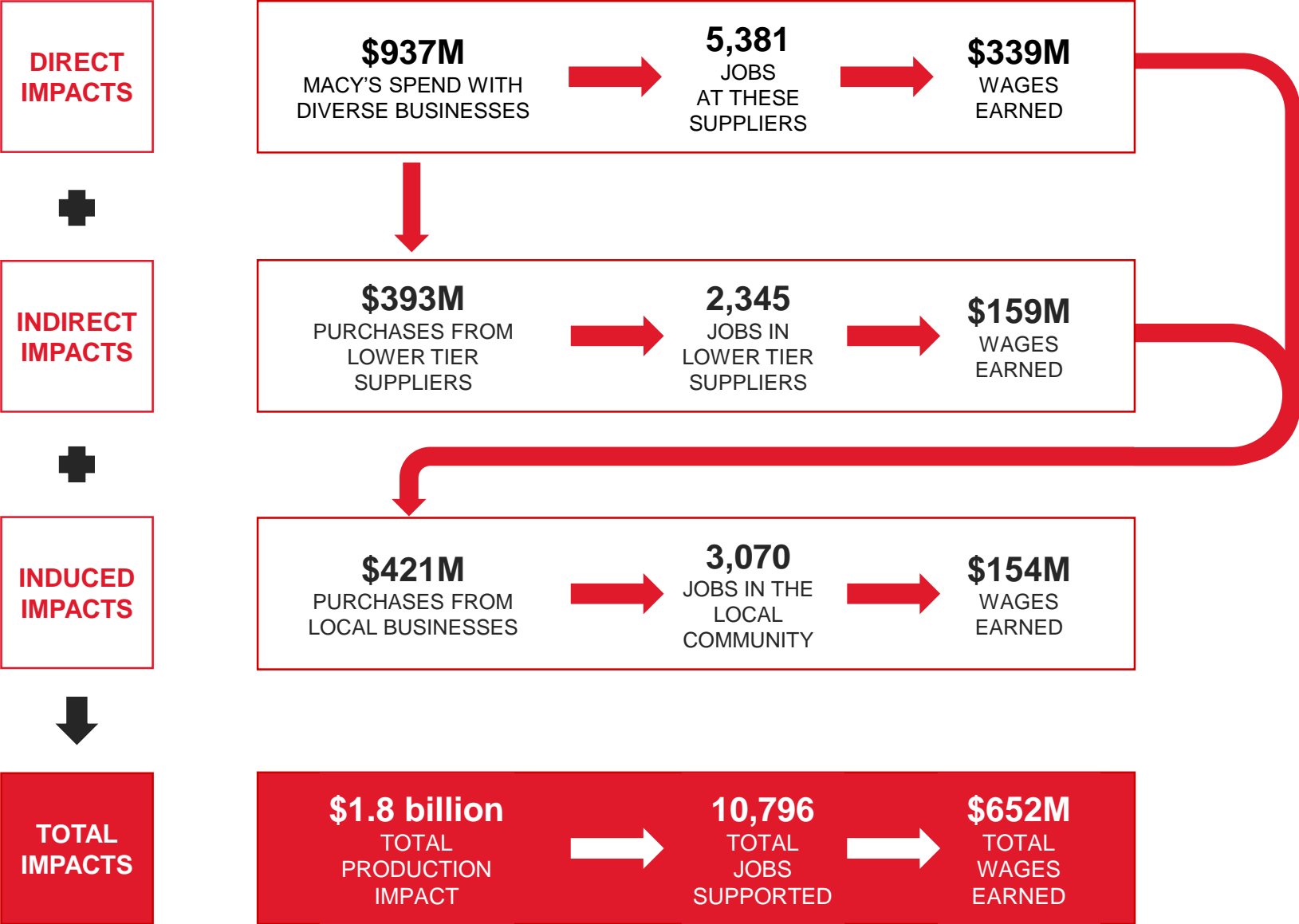
Our purchases from diverse businesses set off a series of additional business-to-business activity as our suppliers must in turn purchase from other businesses to provide their products and services. This ripple effect of purchases in the supply chain is called the **indirect effect**.

The jobs supported in the supply chain through the direct and indirect effects creates household wages. These wages are spent in the local communities, and this spending supports additional jobs. This is called the **induced effect**.

INDIRECT IMPACT	<b>\$393M</b> PRODUCTION	<b>2,345</b> JOBS	<b>\$159M</b> WAGES
INDUCED IMPACT	<b>\$421M</b> PRODUCTION	<b>3,070</b> JOBS	<b>\$154M</b> WAGES
<b>TOTAL MULTIPLIER EFFECT</b>	<b>\$814M</b> PRODUCTION	<b>5,415</b> JOBS	<b>\$313M</b> WAGES

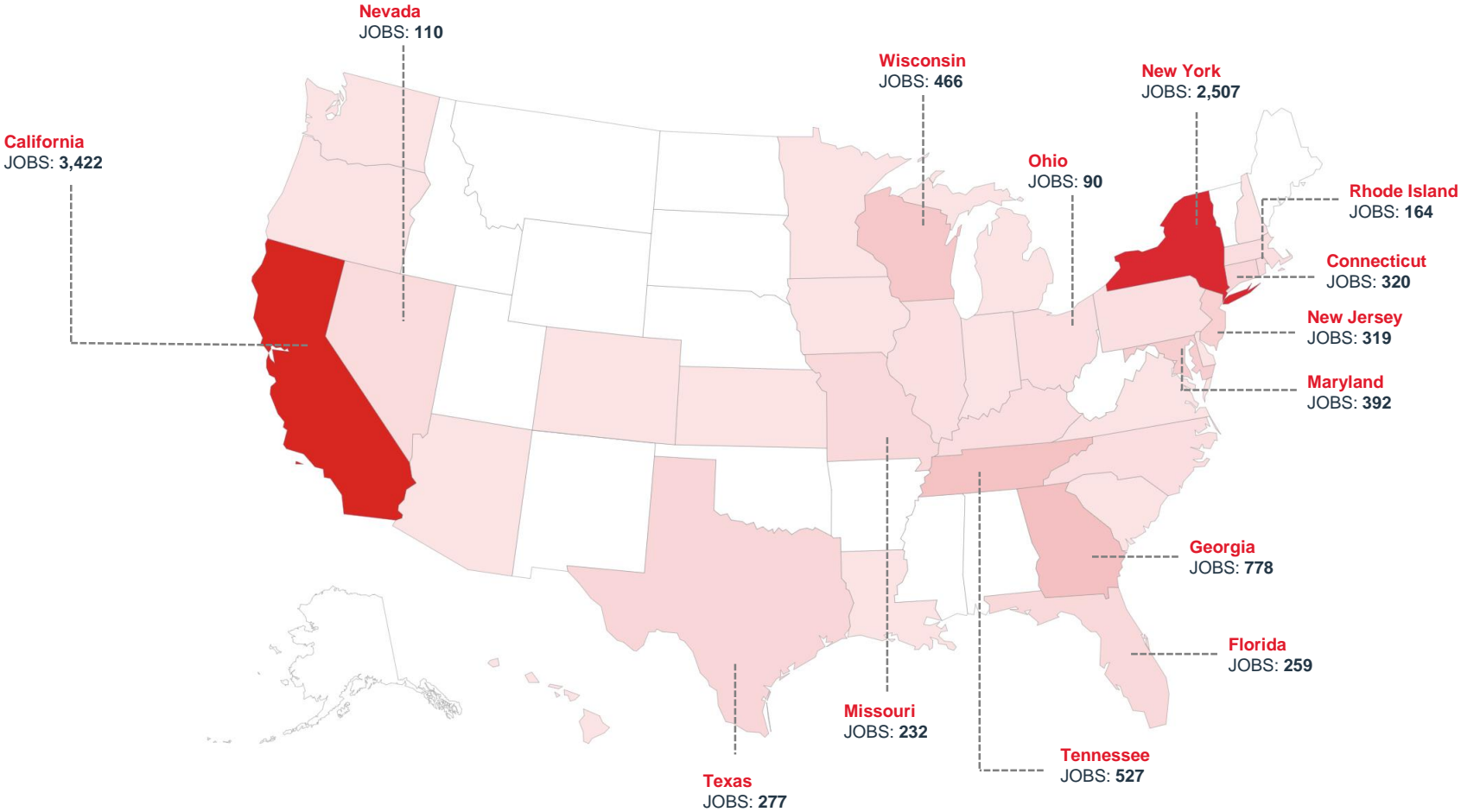


# ECONOMIC IMPACT THROUGH MACY'S SUPPLIER DIVERSITY PROGRAM





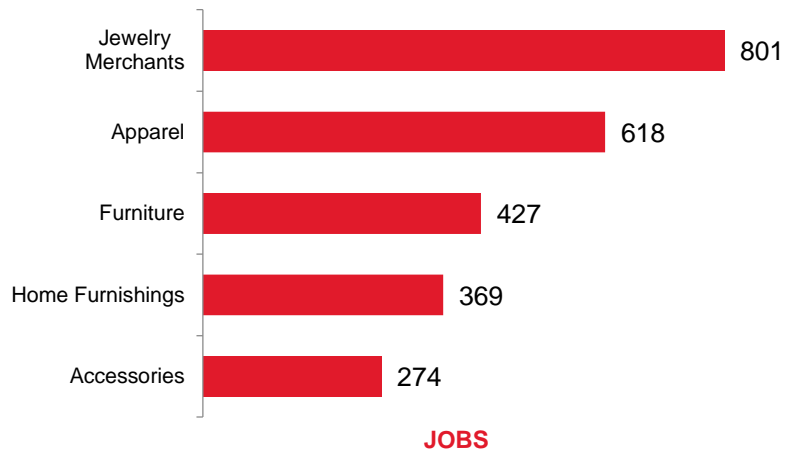
# JOBS SUPPORTED THROUGH OUR PROGRAM



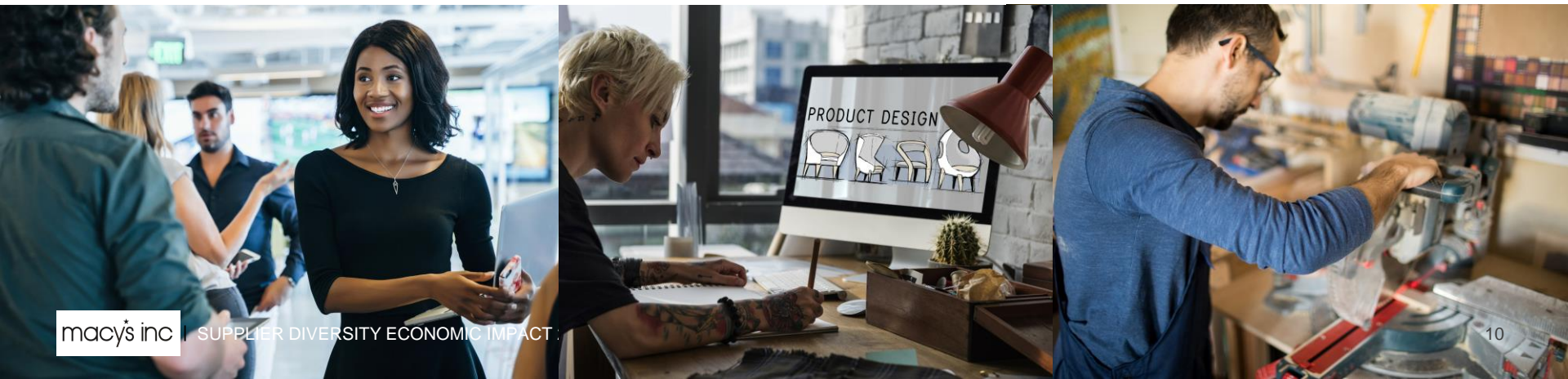
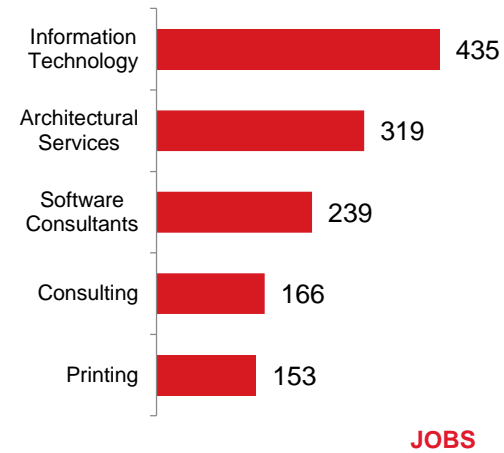
Note: All Macy's spend is allocated to suppliers' headquarters states.

# JOBS CREATED AT DIVERSE SUPPLIERS BY INDUSTRY

## RETAIL DIVERSE SUPPLIERS



## NON-RETAIL DIVERSE SUPPLIERS



# MACY'S DIVERSE SUPPLIER DEVELOPMENT INITIATIVES

## THE WORKSHOP AT MACY'S

The Workshop at Macy's is an exclusive retail vendor development program designed to give select high potential diverse businesses the tools to better succeed and sustain growth in the retail industry.

This business development program was launched in 2011 to foster growth in the next generation of diverse merchandise suppliers. Conducted annually, this program is a foundational element of our commitment to vendor diversity.

May 2018 marked the eighth year of the program as well as the continued creation of a viable pipeline of enterprises that will grow to become successful partners with Macy's, Inc. and other retailers.

Learn more at [theworkshopatmacys.com](http://theworkshopatmacys.com)



Since its launch in 2011

111

companies

have graduated from  
this program

*"This program has expedited my company's development and growth exponentially. It has been absolutely invaluable and will be a key component to our long-term success."*

**The Workshop at  
Macy's Participant**

# Appendix: Economic Impact Modeling

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spending, cycles through the economy in terms of “indirect and induced output,” or additional spending, personal income, and employment.<sup>2</sup>

There are several Input-Output models used by economists to estimate multiplier effects. supplier.io employed the IMPLAN input-output model in developing estimates of spending, income and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

An Input-Output model uses a matrix representation of a nation’s interconnected economy to calculate the effect of changes in spending by consumers, by an industry, or by others, on other industries and the entire economy. This matrix representation and the related Input-Output tables ultimately measure “multiplier effects” of an industry by tracing the effects of its inter-industry transactions – that is the number value of goods and services that are needed (inputs) to produce each dollar of output for the individual sector being studied. In essence, an Input-Output model is a table which shows who buys what from whom in the economy.<sup>3</sup>

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This analysis was performed by:

**supplier.io**

supplier.io helps companies increase their use of small and diverse suppliers through innovative solutions that support the execution of highly effective supplier diversity strategies. To learn more, visit <https://supplier.io>.

This report is based on an analysis of data provided by Macy’s and information from the following sources

1. Economic Impact Analysis: [https://en.wikipedia.org/wiki/Economic\\_impact\\_analysis](https://en.wikipedia.org/wiki/Economic_impact_analysis)
2. US Government Revenues: [http://www.usgovernmentrevenue.com/total\\_2014USr17r1n](http://www.usgovernmentrevenue.com/total_2014USr17r1n)
3. IMPLAN (<https://implan.com>)
4. United States GDP: <http://www.tradingeconomics.com/united-states/gdp>

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