macy's
6.7%

H&M
27%
daily: 92%
24/7: 24%
MOM

My Macy’s
Omni-channel Retailing
Magic Selling
M A G I C

Meet and make a connection
Ask questions and listen
give options, give advice
inspire to buy and sell more
celebrate the purchase
Zara’s 200 designers in Spain create around 40,000 new designs each year.
unpredictable clothes for unpredictable people

cindy's
Macy's Star Rewards Platinum & Gold members get FREE SHIPPING — NO MINIMUM when you shop at Macy's with your Macy's Card. Exclusions

All other shoppers get FREE SHIPPING with $99 purchase. Contiguous U.S. only. Exclusions

TAKE AN EXTRA 20% OFF EXTRA 15% OFF select depts. Not valid on Last Act. Promo code: BIG Exclusions Value & reg.-priced items also featured.
THOUSANDS OF MARKDOWNS ON THE LATEST STYLES

LAST ACT!
SCORE TONS OF GREAT NEW FINDS NOW!

NEW MARKDOWNS + CLEARANCE & CLOSEOUTS Select styles.

NEW MARKDOWN 30-50% OFF HANDBAGS & ACCESSORIES Select styles.

SHOP NOW
TRENDING NOW

Style & Co Madixe Riding Boots, C...
$39.50
Now $34.73
coupon excluded
★★★★★ (359)

American Rag Fionn Lace-Up Combat...
$59.50
Now $29.73
coupon excluded
★★★★★ (248)

Style & Co Curvy-Fit Skinny Jeans...
$49.00
Sale $29.99
Extra 20% off code: BIG
★★★★★ (1251)

Style & Co Chiffon-Hem Top, Creata...
$34.50
Sale $25.99
Extra 20% off code: BIG
★★★★★ (763)
join our newsletter

ENTER YOUR EMAIL

INSTAGRAM  FACEBOOK  TWITTER  PINTEREST  YOUTUBE
LAST CHANCE! UP TO 70% OFF SALE

Vacay your way
NEW TREND
Sport 'fits and tech bits
SHOP NOW

DENIM
It's all about hue
SHOP NOW

STYLE FEED
Style. Grooming. Inspiration. Advice
OUR LOWEST PRICES OF THE SEASON!

MARCH 28 – APRIL 2
TAKE AN EXTRA 20% OFF

Macy's.com is a US website. All offers are based on USD, US times & dates. International exchange rates will be applied.

LIMITED-TIME SPECIALS ➤ ENDS APRIL 2
HOW TO CREATE YOUR VIRTUAL MODEL

1. Use your webcam to record a 5 second video. If you're wearing glasses, please remove them.
2. Place your head in the oval.
3. Slowly move your face from left to right while keeping your head centered.
4. Your Virtual Model is ready!

START NOW
$550M annual expense savings
$290.5K
initial set-up costs
$4M
design committee salaries
$220K
fashion show costs
$850M manufacturing costs
$855M

total recurring annual costs
April 2018

design committee formation
August 2018

design and production
March 2019
fashion show launch
April 2019
Macy’s Runway national rollout
1.34 annual return on investment
RISKS
and mitigation
fast fashion

= fast landfill
CSR
corporate social responsibility
the magic of

runway

★MACY'S★


“M.O.M – A Star in Retail.” Technology and Operations Management, rctom.hbs.org/submission/m-o-m-a-star-in-retail/.


Simmons Research OneView, oneview.simmonsresearch.com/main/#.


Picture Works Cited


Picture Works Cited


Q&A
Thank You
Appendix Home Page

Appendix A – Demographic Profiles
Appendix B - Gen Z: The Difficulties
Appendix C - The Approach to iGen
Appendix D - Now vs Future
Appendix E – Gen Z Shopping
Appendix F – Income/Age/Gender
Appendix G – Gen Z Advertisement
Appendix H – Gen Z Internet
Appendix I - Omni-Channel Selling
Appendix J - Visual Merchandising
Appendix K - Fast Fashion
Appendix L - Traditional Process
Appendix M - Fast Fit Process
Appendix N - Latest Developments
Appendix O - Mobile Checkout
Appendix P - Virtual Reality
Appendix Q – Breakthroughs
Appendix R - Strategic
Appendix S - Macy’s Backstage
Appendix T – Better Results
Appendix U - Zara Supply Chain Model
Appendix V – Sustainability
Appendix W – Fact Book
Appendix X – Plan Costs
Appendix A – Demographic Profiles
Appendix B - Gen Z: The Difficulties

• This data indicates that there might be a mismatch between iGen expectations of the in-store experience and what is offered by retailers.

• The digitally savvy iGens likely have an expectation that their interactions with brands in-store will be as compelling as their online interactions, and this may not be the case – a lack of customer service, a shortage of inventory, or limited payment options may color their perspective of the in-store experience.

• Additionally, retailers may have struggled in their ability to seamlessly combine these channels so customers can move between the online and offline experience without interruption.
Appendix C - The Approach to iGen

• The iGeneration is highly engaged on social media, with 21% of tween/teen iGens and 29% of adults saying that social media is how they get to know someone.

• Additionally, iGens (adults more so than tweens/teens) use social media to learn about brands, research products, and follow celebrities. This shows a willingness for iGens to connect with brands through social media.

• Data published by Adweek shows that ads within a social feed may be the wrong approach. According to the article, 74% of Millennial and iGen respondents (aged 16-39) object to being targeted by brands on their social feeds.

• A less-intrusive method is for brands to use a social listening approach, in which they mine social data for insights about their key consumers, or a branded page where they can interact with consumers who seek them out.
Appendix D - Now vs Future

• The vast majority of clothes shopping happens in-store due to the need to see and touch items before buying them, and for many, the need to try them on to ensure proper fit. Retailing Today reported in March 2016 that Generation Z and Millennials like physical stores, even more so than their older counterparts.

• Eight out of 10 Gen Zers (and 82% of Millennials) think it’s important to have a physical location rather than selling online only compared to 74% of all respondents.

• Teens in particular are drawn to the sensorial experience they can get from shopping in stores. Chains like Forever 21 allow them to try on various items in order to mix and match and perfect an outfit, something that is harder to do online.

• However, the option of being able to try on clothing before buying may be becoming less important to teens in the future, as shopping continues to shift online.

• Nearly six out of 10 teenagers shop online for apparel. Piper Jaffray’s 2015 study found that while 61% of teens prefer to shop for clothing online from retailers that also have physical stores, this is down from 81% from last year.
Appendix E – Gen Z Shopping

- I go into the store(s): 86%
- Any online (Net): 58%
- I look online using a desktop or laptop computer: 44%
- I look at online sites or apps using a mobile phone: 30%
- I look at online sites or apps using a tablet: 15%
Appendix F – Income/Age/Gender

- All: 58% In-store, 86% Online (net)
- Boys: 58% In-store, 83% Online (net)
- Girls: 58% In-store, 88% Online (net)
- 12-14: 55% In-store, 86% Online (net)
- 15-17: 61% In-store, 87% Online (net)
- Hispanic: 68% In-store, 83% Online (net)
- Not Hispanic: 56% In-store, 87% Online (net)
- Less than $50,000: 43% In-store, 90% Online (net)
- $50,000-74,999: 50% In-store, 87% Online (net)
- $75,000 or more: 70% In-store, 84% Online (net)
Appendix G – Gen Z Advertisement

- I like to be connected to my friends and family wherever I am: 62%
- My cell phone connects me to my social world: 48%
- My cell phone should help me get work done when and where I want: 43%
- My friendships would not be as close as they are without my cell phone: 38%
- I use information from my cell phone to decide where to go or what to do in my free time: 32%
- I am willing to accept advertisements sent to my cell phone if I were to receive something of value in exchange: 26%
- I am likely to purchase products I see advertised on my cell phone: 14%
Appendix H – Gen Z Internet

- Nowadays, I access the internet more through my mobile/handheld device than a computer: 49%
- At times, I feel like I need to disconnect or take a break from the internet: 44%
- I like websites that provide product suggestions based on what I have looked at or purchased in the past: 31%
- If I find something I want in a store, I go to the internet to see if I can get a better deal: 31%
- I need to be connected to the internet from the moment I wake up until the moment I go to bed: 25%
- When I am shopping, I often use my mobile/handheld device to search for local deals: 24%
- All things being equal, I am more likely to purchase a product online than in the store: 21%
Appendix I - Omni-Channel Selling

Macy’s handled its omni channel transformation by:

• Cutting capital costs by positioning its store network as online order distribution centers.
• Training front-line employees in “Magic Selling” techniques, which emphasized digital integration into the customer service experience.
• One of Macy’s omni channel experience initiatives was a $400 million renovation of its flagship store in Herald Square.
• This was done in order to bridge the physical and digital divide to bring the in-store experience in line with the digital experience, but that required a major overhaul to provide a seamless experience.
• It entailed associates armed with iPads to expediters using technology to quickly find inventory, Macy’s is embracing digital at all levels.
Appendix J - Visual Merchandising

1. Less is More- keep your displays simple

2. The Pyramid Principle- step down technique

3. Odd rather than even- more attractive to the eye

4. Repetition- identical elements and repeat them

5. Texture- background material (complement or contrast)
Appendix K - Fast Fashion

- Fast fashion clothing collections are based on the most recent fashion trends presented at Fashion Week in both the spring and the autumn of every year. Emphasis is on optimizing certain aspects of the supply chain for these trends to be designed and manufactured quickly and inexpensively to allow consumers to shop for a lower price.
- It particularly came to the fore during the vogue for "boho chic" in the mid-2000s.
- This has developed from a product-driven concept based on a manufacturing model referred to as "quick response" that developed in the U.S.
- Online retailers are having heightened levels of success.
- The industry is extremely unpredictable and hard to navigate (trends, weather patterns, consumer preferences)
- The online-only fashion retailers are benefitting from their digital business models which enable them to respond quickly to new trends.
- In addition, these retailers have proven their ability to create content that resonates with their target market, setting them apart in a crowded sector."
Appendix L - Traditional Process

• Inspiration is gleaned from catwalk shows, design-led publications, competitors and other industry sources

• Design and garment-technical work is undertaken in-house or by designated freelance contractors

• The resulting industrialised design is then put out to tender (using what is called a tech pack), with several supply chain partners being given the opportunity to demonstrate their ability to produce the garment to the desired standard and at an acceptable cost

• The selected manufacturer then begins the iterative process of constructing samples, shipping those samples to the brand’s designed office until one is approved for final production

• Finally, logistics partners deliver the garment to stores or to intermediary warehouses, where quality assurance typically takes place.
Appendix M - Fast Fit Process

• Inspiration is taken from catwalk shows, design publications, competitors etc.

• Inspiration is shared between global departments in a cloud-based, collaborative environment.

• Design and garment work is done in house or through contractors after input from teams all over the globe.

• The resulting design is then sent out with several supply chain partners being given the opportunity to demonstrate their ability to produce the garment to the desired standard and at an acceptable cost. Those suppliers can share any initial samples or material information they require.

• The selected manufacturer then begins the iterative process of constructing samples in line with the clear feedback and parameters set out by the design and garment technical teams. Comprehensive, 360-degree images of each sample and details of each creative milestone are collected in a centralised location (generally web-based cloud storage) accessible to all, and distributed teams are able to comment on and track each revision until a final production sample is approved.

• Finally, logistics partners deliver the garment to stores or to intermediary warehouses, where quality assurance typically takes place.
Appendix N - Latest Developments

- Macy’s, Inc.’s latest example of its test, iterate and scale approach to innovation - the company is announcing details of the new technology initiatives highlighted by chairman and chief executive officer, Jeff Gennette, at the Shoptalk Conference.

- Mobile Checkout, powered by the Macy’s app and designed to speed the in-store checkout process, is now slated for a nationwide rollout to all full-line stores by the end of this year.

- In addition, an augmented reality furniture shopping experience will be incorporated into the Macy’s app with a rollout beginning in April.

- Macy’s is also scaling to an additional 60 locations a successful Virtual Reality (VR) furniture pilot, which allows customers to virtually design and experience the interior of a room for which they are purchasing furnishings.
Appendix O - Mobile Checkout

• As part of our test, iterate and scale model for innovation; we are excited to expand our launch of Mobile Checkout powered by the Macy’s app, providing our customers with the opportunity to self-serve and speed their transactions with us in-store,” said Jeff Gennette, Macy’s, Inc. chairman and chief executive officer.

• “We think of the Macy’s app as a key we hand to our customers, a key that allows them to unlock an enhanced shopping experience—a world of possibilities. With this powerful tool in hand, we give them the opportunity to engage with us on their terms. And we keep adding exciting new features to it based on what they tell us.”

• Macy’s Mobile Checkout is as simple as Scan. Pay. Go. First tested at the Macy’s Woodbridge, NJ, store and powered by the Macy’s app, available for iOS and Android devices, Mobile Checkout leverages the app’s in-store mode to power the self-service feature. To use the service, customers will need to download the free Macy’s app and join Macy’s free Wi-Fi network.

• As they browse the assortment, customers can scan the items they wish to purchase using their phone’s camera and the app’s built-in scanner. As part of Macy’s ongoing price simplification strategy, the app will easily allow customers to apply relevant offers and rewards to eligible purchases. Once they are ready to checkout, they can pay on the app with their pre-registered credit card to complete the transaction. From there, they will walk to the special Mobile Checkout counters set up in close proximity to store exits to have associates verify the purchase, remove security tags, and bag their items.

• The entire process is quick and easy. Most merchandise in stores will be available for mobile checkout, with the exception of certain product categories as noted per store, such as leased departments or fine jewelry where a sales associate is needed to complete the purchase.
Appendix P - Virtual Reality

• Furniture is traditionally a high touch business, and the new Virtual Reality in-store furniture design experience, powered by Marxent's 3D Cloud and VR solution, is reducing customer worry over fit as they test out potential purchases virtually.

• Piloted at three locations including Macy’s flagship store in New York City, and at Macy’s stores in Paramus, NJ, and Dadeland, FL, the furniture VR technology will be scaled to an additional 60 locations nationwide by fall of 2018, covering Macy’s largest furniture departments.

• “Consumers today don’t just adopt technology, they absorb it at a tremendous pace, but they want it to be useful to their needs. Like a lot of brands, we’ve experimented with VR in a number of areas and we’re excited to have found a practical application that has proven to drive sales. In furniture, we are giving our customers a new tool that will allow them to virtually test out home furnishings, helping them make more informed decisions on these important purchases,” said Gennette.

• Macy’s 3D furniture experience allows customers to place furnishings in a virtual room they design using a tablet. First they will map out the basic dimensions and shape of the room for which they are buying products. Then they will select the items they want from Macy’s furniture assortment and lay them out virtually in the room. Customers can refine the design as needed until they find what works best for them and finally test it out virtually by stepping into the room, using VR headsets to get a true-to-life experience that allows them to walk around the coffee table, couch and other furnishings.

• Additionally, an augmented reality experience in furniture shopping, also powered by Marxent's 3D Cloud, will be rolling out to the Macy’s app starting next month, allowing customers to virtually place Macy’s furniture products in their actual living spaces.
Appendix Q - Breakthroughs

• Unsurprisingly, Vogl wasn’t the only woman with this fashion need. Within two years, the brand had two shipping distribution centers and a physical store in Orlando, Florida. In 2016, Jeff Gennette, the CEO of Macy’s, asked Vogl to create a line for the department store.

• While Macy’s isn’t the first recognizable brand to create a line of modest clothing and hijabs (brands like Dolce & Gabbana, Burberry and DKNY have all done so) this line is different in that a Muslim woman created it. Vogl is the first Muslim woman to sell Hijabs in a U.S. department store, which is another accomplishment that she can add to her ever-growing resume.

• Vogl spoke about her “big break” and the inspiration behind this groundbreaking line with Bustle. In creating this platform, she hopes to reach other women in the Muslim community who experience similar struggles.

• Speaking to Bustle, she said, "My goal when starting Verona Collection was to give my fellow sisters confidence to be proud of who they are, and if they choose to wear the hijab, to wear it with pride."
Appendix R - Strategic Partnerships

- CommerceHub, the Albany, New York, based e-commerce company, added Macy's to its roster of big name drop-ship customers in January.

- The announcement comes as CommerceHub had $111.1 million in revenue in 2017, an 11 percent increase from $100.6 million in 2016. Net income was $9.9 million in 2017, compared to $9.1 million in 2016.

- CommerceHub uses a cloud-based platform that allows retailers to list their products online and ship them to customers directly from manufacturers.
Appendix S - Macy’s Backstage

• Come April 14, Macy’s will expand its off-price brand, Macy’s Backstage, carving out 20,200-square-feet on its second-floor to create a new store-within-a-store.

• The new offering represents a major effort by America’s largest department store chain, which generated $24.8 billion in sales last year, to close the gap with discount retailer TJX Co., its Marshalls brand and their $35.9 billion in sales.

• Just as Macy’s closes 100 stores, it’s adding 100 Backstage locations in 2018 to its total of 51, taking on off-price chains like Ross, Burlington, Nordstrom Rack, Saks Fifth Avenue Off 5th and Off-Aisle by Kohl’s.

• Macy’s Backstage offers the same features as other off-price retailers, while emphasizing hair and nail care, cosmetics and accessories like shoes, designer handbags and jewellery.
Macy’s may have found the formula it needs to survive. At least, that's what its fourth-quarter results suggest, which is happy news for the company and its investors.

Fourth-quarter sales rose by 1.8% to $8.66 billion. Comparable sales on an owned basis climbed by 1.3% and rose 1.4% on an owned-plus-licensed basis. Earnings per share (EPS) also improved coming in at $4.31 up from $1.54 in the same period in 2016.

"Consumer spending was strong in the fourth quarter, and we were ready with improved execution and great products across all categories," said CEO Jeff Gennette in the earnings release. "We were disciplined with our promotional cadence and maintained a good inventory position. We head into 2018 with an improved base business, healthy inventories, a focused and engaged organization and a clear path to return Macy's to growth."
Appendix U - Zara Supply Chain Model

• For students of supply chain Zara is an icon, relying on a contrarian strategy of vertical integration in retail apparel to introduce dramatically more new items each year. The virtuous circle this approach sustains includes more frequent shopper visits to stores, fewer sales on markdown and faster cash conversion cycles.

• Fundamental to this money machine is a massively superior ability to sense both demand and supply.

• On the demand-sensing side, Zara was a pioneer in using technology to capture real-time consumer data not only on transactions, but also on preferences underlying perceptions of value. Stores are also directly linked backwards to internally-controlled production systems, which means demand data flows unimpeded to the supply chain.

• From a supply sense perspective, Zara’s fast fashion operation obliges its in-house design and production teams to work with a limited set of pre-selected fabrics and materials. This may limit creative freedom, but it also eliminates months of lead time and tiers of supplier hand-offs from the network.

• Awareness of capacity, cost, availability and lead time is therefore far better than for competitors, who rely on distant supply bases in Asia or Latin America.
Appendix V - Sustainability

• “London Fashion Week is under pressure to promote a more sustainable fashion industry as the British Fashion Council called for the fashion sector to follow in the footsteps of other sectors and do its bit for the environment.”

• A recently published report by the Ellen MacArthur Foundation has highlighted the impact of the fashion industry on the environment, and the ways that it needs to change to become a circular economy.

• The report found that recycling of materials from old clothing into new clothing stands at less than 1%, and the average amount of times people wear a garment before stopping use is 36% lower than 15 years ago.

• Brands in the beauty and personal care sector are the most likely to be considered ethical, according to Mintel’s Brand Research.

• 58% of consumers agree that fashion retailers should be more environmentally friendly, suggesting that there is scope for brands to benefit from pushing a more ethical agenda.
Giving Back to Our Communities Is Deeply Rooted In Macy’s Culture

Macy’s, Inc. believes in giving back to our local communities. Our contributions, leadership and volunteer efforts help create stronger, healthier places for our customers and associates to work and live.

Collectively, contributions in 2016 from the company— as well as employee contributions through workplace giving campaigns and customer contributions through our signature giving programs—totaled more than $58 million. In addition, our associates gave nearly 180,000 hours of their time for community service.

Across the country, support from Macy’s and Bloomingdale’s giving programs helped sponsor free admission to museums and exhibits, special musical performances, art exhibits, and art and theatre workshops for children. In the education sector, we funded scholarship programs, summer reading programs, mentoring and tutoring, and early childhood education initiatives. Grants in our HIV/AIDS focus area included sponsorship of awareness walks and runs, as well as funding for meals and nutrition programs, housing programs, and research and counseling initiatives. In the women’s issues focus, our grants supported early detection and screening programs for heart disease, breast cancer and ovarian cancer; provided a wide range of assistance to emergency shelters; funded self-esteem and leadership programs for young girls and teens; and sponsored a nationwide program to raise awareness about domestic and dating violence.

The My Macy’s District Grants program supports individual local communities across the country where we have stores or other facilities. Our contributions committees, operating through our My Macy’s District Grants program, awarded nearly 600 individual grants in 2016 totaling nearly $1.5 million.
Social Responsibility

A complete description of social responsibility programs at Macy’s, Inc. is contained in the company’s Report on Social Responsibility, which is available online at macyinc.com/social-responsibility.

VENDOR & SUPPLIER CODE OF CONDUCT

Since 1995, Macy’s, Inc. has had a stringent Vendor & Supplier Code of Conduct (the “Vendor Code”) that sets out specific standards and requirements for any supplier doing business with Macy’s. This includes private brand goods produced through contracted vendors. The Vendor Code is designed to protect workers in this country and abroad. All of the company’s vendors agree to comply with the company’s Vendor Code and Statement of Corporate Policy on Child or Forced Labor and Unsafe Working Conditions. Among other things, the Vendor Code requires that suppliers of Macy’s private brand merchandise allow unannounced factory audits (within a 90-day audit window) for contractual compliance, as well as for compliance with laws and regulations dealing with child or forced labor, wages and hours, and unsafe working conditions. Noncompliance with the Vendor Code has resulted in termination of 124 factories in the 2015-2016 period.

The Macy’s, Inc. Vendor Code, and Statement of Corporate Policy on Child or Forced Labor and Unsafe Working Conditions, are posted on macyinc.com. The Vendor Code also is posted on macyinc.com/vendorcodeofconduct and is available by calling 1-800-269-5385.

Macy’s, Inc. does not tolerate the involvement of its suppliers in human trafficking and slavery. We will quickly investigate any reports alleging human trafficking and slavery in the supply chain and will take swift and decisive action against any supplier that is found to act improperly in this regard. We have enhanced our Vendor Code and our audit tool used for factory audits to emphasize our policies on human trafficking, slavery and unsafe working conditions.

Our associates responsible for core private brand goods procurement receive human trafficking and slavery awareness training. This training presents real-world scenarios to help participants identify both the obvious and more subtle indicators of trafficking or forced labor. The focus of this online course is:

- Increase awareness of human trafficking in supply chains
- Identify human trafficking and slavery risks in company supply chains
- Support prevention and mitigation efforts when human trafficking and slavery is suspected

In addition, each year our executives receive General Legal Compliance training or Code of Conduct training, both of which contain information on human trafficking and slavery. Over the past year, about 32,000 Macy’s, Inc. associates have received this training.

SOCIOECONOMIC RESPONSIBLE PRODUCTS AT MACY’S

Exclusive merchandising initiatives at Macy’s involve products with a focus on international social responsibility. Here are three examples:

Macy’s Path to Peace program includes colorful and symbolic baskets and bowls handmade by Rwandan female weavers who survived the country’s civil war and genocide. The products are available on macyinc.com and in selected Macy’s stores. Introduced in 2005, Path to Peace has dramatically changed the lives of many Rwandans. From public health initiatives and HIV/AIDS care to the spirit of hope and reconciliation fostered by the weavers, the tangible and intangible impact of the project is no longer measured by individual weavers but by whole communities. More information is available at macyinc.com/pathpeace.

Macy’s Heart of Haiti program includes decorative pieces (such as textiles, metalwork and housewears) made by artisans struggling to recover from the tragic earthquake of 2010. The products are available on macyinc.com and in selected Macy’s stores. Purchasing one of these handcrafted masterpieces directly benefits Haitian artisans by allowing them to support their families with dignity and purpose. With steady income comes better nutrition, improved education and access to healthcare. The Heart of Haiti fair trade collection also offers new opportunities for artists to collaborate with U.S. designers, strengthening artisan associations and inspiring and energizing their communities. More information is available at macyinc.com/haiti.

GoodWeave® Rugs In spring 2011, Macy’s introduced a collection of decorative area rugs that have been certified by GoodWeave, an international organization that works to ensure rugs made by hand in Nepal and India are free of child labor. The collection is carried in Macy’s stores nationwide and on macyinc.com. By buying a beautiful handcrafted rug at Macy’s with the GoodWeave label, shoppers are helping to support families and build sustainable communities in Nepal and India, nations where poverty is widespread. GoodWeave-certified rugs are woven by skilled adult artisans, permitting educational opportunities for children who otherwise might be required to work. Macy’s continues to work with GoodWeave to expand the availability of certified rugs in the United States. More information is available at goodweave.org.

CONSUMER CHOICE

In a free society as eclectic and ethnically varied as ours, customers expect and demand a range of choices that meet their individual needs and fashion preferences. In our role as retailers, we recognize that it is the consumer who ultimately determines what products will continue to be viable retail offerings. Those decisions are made daily at point-of-sale by individual consumers and function as a singularly effective barometer for determining what will and will not be sold by retailers in a free and open marketplace. Varied and conflicting viewpoints about what should or should not be sold underscore our belief that factors unrelated to the workings of a free economy are inappropriate determinants of retail offerings.
Our Road to Sustainability: Doing Better Every Day

Macy’s, Inc. remains steadfastly committed to sustainability. For more than a decade, we have made significant progress on many fronts and we continue to look for ways to minimize our environmental impact. As a leading national retailer with a large footprint and 140,000 dedicated associates, we have the opportunity to make a meaningful difference in improving the environment. We do so by using resources more efficiently and striving to reduce our overall impact on the environment. As we do so, we operate within the bounds of good business decision-making so that each action we take is measurable, sustainable and enduring.

1. We will be aggressive in our drive to eliminate wasteful behavior. In some cases, this requires consistent application of very simple principles, such as reminding our associates to turn off lights when rooms are not in use, to print fewer hard copies of emails, to recycle waste, to optimize facility performance and to use mass transit for commuting to work. In other cases, we will be pursuing systematic improvements to the way we do business, such as better targeting customer mailing lists and shifting marketing to electronic media by leveraging the digital and social channels used by our customers.

2. We will reduce our use of scarce resources in a meaningful way. Macy’s, Inc. will pursue ongoing programs to consume less electricity and water, reduce our waste stream, and source more of our power from renewable resources such as solar energy. We will recycle more and seek to use paper made with post-consumer waste (PCW). We will work to migrate more of our output from paper to electronic/digital, including large-scale projects such as monthly customer billing statements.

3. Whenever possible and sensible within the context of our business requirements, Macy’s, Inc. will pursue the most environmentally friendly solution. We will be as aggressive as possible in changing for the better to preserve endangered forests, wildlife, water quality and eco-systems. We will explore ways to make our shopping bags, gift boxes, wrapping tissue, merchandise hangers and other staples of retailing from recycled and/or certified paper sources, with a preference for Forest Stewardship Council (FSC) certification. The building materials used in our stores will be environmentally certified whenever reasonably possible.

4. We will take a comprehensive approach to sustainability, involving everyone around us. Macy’s, Inc. will advocate sustainability and renewability with our vendor partners, associates and customers. This will include developing supplier sustainability standards and promoting eco-friendly products to our customers. We will encourage our associates and ask them to support our initiatives with their ideas, energy, personal actions and volunteer time. We will support efforts in our communities and our nation to clean up the environment and reduce consumption of scarce resources.

5. We will measure what we do and strive toward quantifiable goals. Building on recent progress, Macy’s, Inc. has set the following sustainability goals to guide our progress in the years ahead. Specifically, Macy’s, Inc. will seek to:
   - Reduce our energy use on a square-foot basis by another 3 percent in each of 2017, 2018 and 2019 (compared with 2016 levels), recognizing that we already have reduced our energy consumption by about 36 percent over the past 14 years.
   - Install solar power systems on Macy’s, Inc. facilities to a total of 102 by the end of 2017.
   - Increase the amount of our waste diverted from landfills to 70 percent by 2018 (up from more than 60 percent in 2015).
   - Maintain the percentage of recycled (10 percent PCW or higher) and/or third-party certified paper we use in marketing materials at the 99 percent level, compared with 63 percent in 2009.
   - By 2018, increase the company’s waste diversion from construction by 15 percent over 2016 levels in major capital projects.

Sustainability In Action

Macy’s, Inc.’s commitment to sustainability is multidimensional; some examples of our sustainability in action are:

LED LIGHTING
Macy’s, Inc. has installed more than 1.8 million LED lamps and fixtures in nearly all Macy’s and Bloomingdale’s stores across America. LED bulbs cut energy consumption used in lighting by up to 70 percent compared with the conventional bulbs they replaced. New types of LED installations continue to be piloted and used in new stores and store remodel projects. The 2016 retrofit encompassed 380 stores and 460,000 lamps, saving an estimated 257 million kWh.

SOLAR POWER
Macy’s was ranked as the fourth largest American company in total on-site installed solar capacity in 2016 by the Solar Energy Industries Association. The company is planning and developing nine additional solar power arrays to be installed on the roofs of stores and distribution centers in Colorado, Illinois, Massachusetts, and Nevada in 2017. At year-end 2016, solar energy was being generated on 93 active installations at Macy’s and Bloomingdale’s facilities, most of which is sold to others.

SUSTAINABLE APPAREL COALITION
Macy’s Merchandising Group (MMG) – the company’s product development organization – is a member of the Sustainable Apparel Coalition (SAC), a trade organization working to reduce the environmental and social impacts of apparel and footwear products around the world. SAC is comprised of brands, retailers, manufacturers, government, and non-governmental organizations and academic experts, representing more than a third of the global apparel and footwear market.

In 2016, MMG rolled out the Higg Index (the SAC’s tool to assess sustainability) to 170 factories producing wearing apparel, footwear and home textiles; as well as to 150 facilities for metal trims, hangers, tickets, and mats in our supply
chain, MMG received results for the majority of those facilities, and is in the process of validating results through documentation review.

**PACKAGING REDUCTION**

Macy’s is reducing waste in the merchandise supply chain by standardizing the size of packing cartons, incorporating recycled polyester fibers in many woven garment labels, and minimizing packaging materials. Macy’s has led a process with a group of major home merchandise vendors to explore new ways to reduce waste and cost in product packaging in a manner that facilitates sharing and adoption of best practices.

**SUSTAINABLE TRANSPORTATION**

Macy’s has transitioned cross-country shipments from over-the-road trucks to intermodal rail containers, which reduces by 50 percent the amount of carbon dioxide per freight mile. Macy’s created a new route in our largest vendor shipping markets – California, New Jersey, North Carolina and Illinois. Multiple vendors are combined on a single truck to ensure full utilization of space for trailers going to a Macy’s distribution center. Intermodal use has increased annually over the past six years to nearly 78 percent of all miles traveled in 2016, reducing carbon dioxide emissions by nearly 86 million pounds.

**DIGITAL STATEMENTS**

Macy’s and Bloomingdale’s are driving adoption of digital statements, which are available to all customers. When customers access their accounts online, they can manage their preferences to have statements electronically delivered, thus eliminating the use of paper statements.

Digital statements are a convenience for many customers and support the company’s sustainability objective of reducing the use of paper in its business operations. In 2016, about 23 percent of all Macy’s and Bloomingdale’s statements delivered were digital.

**PROJECT LINUS REDUCES FABRIC WASTE**

When MMG set out to find a way to make productive use of damaged product and fabric samples that were being discarded, they discovered Project Linus. The nonprofit organization – named for the famed Peanuts character and his trustworthy blanket – is dedicated to providing security through handmade blankets for ill or traumatized children and teens. Over the past six years, MMG has dropped off fabric and product samples on a monthly basis. The result has been thousands of blankets that provide comfort and warmth to children when they need it most.

**ELECTRIC VEHICLE CHARGING STATIONS**

Macy’s and Volta Charging LLC will install as many as 18 new, free-to-operate electric vehicle (EV) charging stations outside seven Macy’s stores in northern California. All 18 charging stations were expected to be installed and operating by mid-2017. Completion of these and other installations in the Los Angeles area will bring as many as 54 EV charging stations to customers at Macy’s and Bloomingdale’s store locations in California. Collectively, these charging stations provide an added convenience to EV drivers and help promote the reduction of fuel consumption and the transition to clean, renewable energy. Additional cities are being considered for charging station installations in the future.
ASSOCIATE GIVING

Associates of Macy’s and Bloomingdale’s are extremely generous in their support of nonprofit organizations — with both monetary contributions and gifts of their time and leadership. They make our “give back” value come alive every day.

Macy’s, Inc. Matching Gifts: In 2016, Macy’s, Inc. contributed more than $2 million to charities across the country as a dollar-for-dollar match of our associates’ personal charitable contributions to nearly 2,400 individual nonprofit organizations.

United Way: More than 660 United Way chapters across the United States received contributions totaling nearly $10 million from Macy’s and Bloomingdale’s associates during 2016. Combined with more than $1.5 million in contributions from Macy’s, Inc., our total contribution to the United Way was about $11.6 million for 2016.

Our associates across the country work diligently to support their local communities through projects for the United Way, volunteering for high-impact projects that foster change. Whether it’s through our Give Back Day projects held during the annual campaign — where associates tackle large-scale community projects — or by creating fun, interesting fundraising events in local communities, our associates work as a team to support the United Way.

Bag Hunger: Macy’s and Bloomingdale’s and its associates contributed food, donations and volunteer time equivalent to about $3.3 million in 2016 through our companywide Bag Hunger campaign to help reduce hunger in our local communities. The campaign focuses on alleviating summer hunger — a time when food pantry shelves are often bare and school meal programs are not offered.

In 2016, approximately 11 million pounds of food and equivalent monetary contributions were donated by our associates. Across the country, our associates volunteered to pack food at pantry warehouses, assemble box lunches for hunger relief agencies, and serve meals at soup kitchens.

Since 1998, Partners in Time, the Macy’s and Bloomingdale’s volunteer program, has provided the equivalent of about 129 million pounds of food to benefit families facing food insecurity throughout the country.

HELP USA and Mentoring USA: Bloomingdale’s has been a proud partner of both HELP USA and Mentoring USA since 1998 — supporting each organization through fundraising activities, employee volunteerism and direct donations. Bloomingdale’s employees are particularly active in donating goods and providing volunteer service to HELP USA, including during Hurricane Sandy relief efforts. Since Mentoring USA’s inception, Bloomingdale’s mentors have volunteered their time to serve more than 1,000 children nationwide and it remains mentoring USA’s largest corporate partner. Together, the partnership highlights Bloomingdale’s belief that all children deserve an equal chance at success.

JDRF: Bloomingdale’s has partnered with the Juvenile Diabetes Research Foundation (JDRF) since 2003, helping to fund vital research into the cause and treatment of juvenile diabetes. Many of these funds were raised through employee participation and their individual fundraising efforts as well as vendor support.

Child Mind Institute: Bloomingdale’s is the founding corporate partner of the Child Mind Institute and has been active in growing the organization over the past eight years. Since the partnership began, Bloomingdale’s has raised funds for the Child Mind Institute through sales of the Holiday Bear; marketing programs and events — part of a holistic integration into the Bloomingdale’s annual holiday campaign; Bloomingdale’s has not only helped to raise essential financial support for the Child Mind Institute, but also has provided the priceless gift of public awareness.

EMPLOYEE VOLUNTEERISM PROGRAMS

Macy’s and Bloomingdale’s stand out as organizations committed to their communities. That belief is put into action through our award-winning employee volunteer program, Partners in Time.

In 2016, more than 39,000 participants joined in nearly 3,500 community projects, totaling nearly 180,000 volunteer hours. Since the program’s inception, volunteers have given nearly 2.7 million hours of community service. That’s valued at nearly $70 million to the thousands of charities which have benefited from our service in the past 28 years.

Founded in 1999, Partners in Time won the President’s Volunteer Action Award citation in its first year and began to roll out to every city Macy’s and Bloomingdale’s called home. Partners in Time celebrated its 25th anniversary in 2014 and its mission has been unwavering during those years: sharing our time to make a difference. Throughout its 28 years, Partners in Time has continued to be recognized nationally — receiving the Points of Light / Hands On Network’s “Award for Excellence in Workplace Volunteerism,” among other honors.

In addition to benefiting our communities, Partners in Time benefits our associates, who share pride in working for a company that cares. Partners in Time provides service opportunities that build teams, promote collaboration and develop leadership skills. Today, Partners in Time is focused on the issue of hunger as well as on the company’s philanthropic focus areas — arts and culture, education, HIV/AIDS, and women’s issues.

CAUSE-RELATED PROGRAMS

Because Macy’s, Inc. believes in helping to create stronger, more vibrant communities, we invite our customers throughout the year to join us in making a difference and “giving back.” In 2016, Macy’s, Inc. and our customers contributed more than $28 million to nonprofit organizations nationwide through our signature programs.

BELIEVE: Launched in 2008, the BELIEVE campaign, which was inspired by the New York Sun’s famous “Yes, Virginia, there is a Santa Claus” editorial, invites believers of all ages to drop off letters to Santa at any Macy’s store by depositing them in special, red Santa Mail letterboxes or online at macys.com/believe. Letters to Santa poured in from communities across the country and in total, Macy’s helped to raise $2 million for Make-A-Wish® in 2016 to help grant wishes of children with life-threatening medical conditions. Since 2003, together with our customers and associates, Macy’s has donated more than $100 million to Make-A-Wish through many projects.

Go Red For Women: Macy’s is the founding national sponsor of Go Red For Women®, the American Heart Association’s campaign for awareness and prevention of heart disease in women, launched in 2004. Approximately $5.2 million was contributed to the Go Red For Women movement in 2016 through our Go Red With Macy’s promotion and from our Thanks For Sharing holiday rewards program. Over 13 years, Macy’s and our customers have contributed more than $60 million to Go Red For Women. According to the American Heart Association, this contribution has helped to fund research and education efforts that are credited with saving 250,000 women’s lives every day.

CAUSE-RELATED PROGRAMS

Because Macy’s, Inc. believes in helping to create stronger, more vibrant communities, we invite our customers throughout the year to join us in making a difference and “giving back.” In 2016, Macy’s, Inc. and our customers contributed more than $28 million to nonprofit organizations nationwide through our signature programs.

BELIEVE: Launched in 2008, the BELIEVE campaign, which was inspired by the New York Sun’s famous “Yes, Virginia, there is a Santa Claus” editorial, invites believers of all ages to drop off letters to Santa at any Macy’s store by depositing them in special, red Santa Mail letterboxes or online at macys.com/believe. Letters to Santa poured in from communities across the country and in total, Macy’s helped to raise $2 million for Make-A-Wish® in 2016 to help grant wishes of children with life-threatening medical conditions. Since 2003, together with our customers and associates, Macy’s has donated more than $100 million to Make-A-Wish through many projects.

Go Red For Women: Macy’s is the founding national sponsor of Go Red For Women®, the American Heart Association’s campaign for awareness and prevention of heart disease in women, launched in 2004. Approximately $5.2 million was contributed to the Go Red For Women movement in 2016 through our Go Red With Macy’s promotion and from our Thanks For Sharing holiday rewards program. Over 13 years, Macy’s and our customers have contributed more than $60 million to Go Red For Women. According to the American Heart Association, this contribution has helped to fund research and education efforts that are credited with saving 250,000 women’s lives every day.
Get Your 6: In summer 2016, Macy’s reprised its American Icons marketing campaign and its celebrated partnership with Get Your 6 to raise more than $1.5 million for the organization. Get Your 6 honors and empowers American veterans through top veteran-focused nonprofit organizations. Thanks to our customers’ generosity, in total, Macy’s has raised more than $8.3 million for Get Your 6.

Macy’s Presents Fashion’s Front Row and Fashion Pass: New York Fashion Week got another dose of star power as Macy’s Presents Fashion’s Front Row brought the high-fashion runway to the mainstream. Macy’s Presents Fashion’s Front Row continued the company’s legacy of charitable giving as ticket proceeds from the star-studded event supported Ronald McDonald House of New York and the Council of Fashion Designers of America (CFDA) Foundation. Additionally, Macy’s partnered with CFDA Foundation and The Elizabeth Taylor AIDS Foundation for its annual Fashion Pass in-store cause program. In 2016, the event and cause program combined music, fashion and philanthropy to raise more than $2.3 million.

Shop For A Cause: In summer 2016, Macy’s held its 11th annual Shop For A Cause charity event, a unique, three-day shopping event created to support local charities’ fundraising efforts. More than 4,500 local charities registered to participate. Additionally, Macy’s designated March of Dimes, the leading nonprofit organization in support of pregnancy and baby health, as its national beneficiary of all proceeds of sales Shop For A Cause savings passes in Macy’s stores and on macy.com. Thanks to the generosity of our customers and associates, Macy’s raised more than $3 million for March of Dimes.

Thanks For Sharing: Now in its 14th year, Thanks For Sharing is Macy’s annual holiday rewards program. In 2016, $15 million was raised for charitable organizations across the country. By enrolling in the rewards program during the holiday season, customers are contributing to designated nonprofit organizations located in communities across the country, including Macy’s long-standing charity partners, Reading Is Fundamental and Breast Cancer Research Foundation. Since 2003, Thanks For Sharing has raised more than $171 million.

BLOOMINGDALE’S AND MACY’S SUPPORT BREAST CANCER RESEARCH

Bloomindale’s Pink Campaign: Since the Pink campaign’s inception in 1995, Bloomindale’s has donated millions of dollars to the Breast Cancer Research Foundation (BCRF), supporting five researchers across the country with additional funds going to its grassroots partners – the Marisa Acocella Marchetto Foundation and The Carey Foundation. In addition to ongoing support for BCRF, in 2016 the Bloomindale’s Pink Campaign began funding projects supported through The Carey Foundation (and its Tutu Project) as well as the Marisa Acocella Marchetto Foundation (and her iconic Cancer Vixen). Both organizations strive to eliminate the daily difficulties too often associated with getting treatment and aiding recovery. The 2016 Pink campaign included a partnership with renowned artistDonald Robertson and included exclusive product, in-store events and window displays. Funds raised during the 2016 campaign totaled more than $1.4 million.

Macy’s Pink Pony Campaign: For the fourth year, Macy’s joined forces with the Pink Pony Fund, Ralph Lauren’s worldwide initiative in the fight against cancer, during National Breast Cancer Awareness Month. Macy’s offered customers the opportunity to show support by purchasing a limited-edition Pink Pony bracelet or Pink Pony product to help benefit the Pink Pony Fund of the Polo Ralph Lauren Foundation. Thanks to the generosity of our customers and associates, Macy’s raised more than $18 million in 2016, and in total, the program has raised $7.5 million.

Macy’s Breast Cancer Research Foundation Support: In 2016, Macy’s sold a collection of exclusive merchandise from Ideology, Thalia Sodi, Material Girl, and the Edie Lauer Companies’ Breast Cancer Awareness Campaign to benefit the Breast Cancer Research Foundation. BCRF’s mission is to prevent and cure breast cancer by advancing the world’s most promising research. In total, Macy’s and our customers raised $152,000 to support BCRF through the sale of the exclusive product sold in Macy’s stores nationwide and on macy.com. Since 2003, Macy’s has donated more than $8.4 million to BCRF, working to defeat breast cancer by funding medical research grants worldwide.
# Appendix X – Plan Costs

<table>
<thead>
<tr>
<th>Fashion Show</th>
<th>Website Redesign</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expense</strong></td>
<td><strong>Aspect</strong></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td><strong>(+ or -)</strong></td>
<td><strong>Cost</strong></td>
</tr>
<tr>
<td>Venue</td>
<td>Number of Pages</td>
</tr>
<tr>
<td>$45,000.00</td>
<td>250</td>
</tr>
<tr>
<td>Stylists</td>
<td>Style of Design</td>
</tr>
<tr>
<td>$10,000.00</td>
<td>World Class</td>
</tr>
<tr>
<td>Production and PR</td>
<td>Copywriting # of Pages</td>
</tr>
<tr>
<td>$22,000.00</td>
<td>10-25</td>
</tr>
<tr>
<td>Hair and Makeup</td>
<td>SEO w/ Placement Guarantee</td>
</tr>
<tr>
<td>$15,000.00</td>
<td>150 keywords</td>
</tr>
<tr>
<td>Models</td>
<td>Responsive Design</td>
</tr>
<tr>
<td>$6,000.00</td>
<td>Yes</td>
</tr>
<tr>
<td>Livestreaming</td>
<td>Database Integration</td>
</tr>
<tr>
<td>$12,000.00</td>
<td>Full Development</td>
</tr>
<tr>
<td>Celebrities</td>
<td>e-commerce Functionality</td>
</tr>
<tr>
<td>$30,000.00</td>
<td>Enterprise</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>CMS</strong></td>
</tr>
<tr>
<td>$110,000.00</td>
<td>Enterprise</td>
</tr>
<tr>
<td><strong>Total for Two Shows</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>$220,000.00</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Total Implementation PI</strong></td>
<td>$854,310,500.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manufacturing Cost</th>
<th>Committee Forming Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Year Cost</td>
<td>Salary for 15 individuals (salaries will vary)</td>
</tr>
<tr>
<td>$850,000,000.00</td>
<td>$4,000,000.00</td>
</tr>
</tbody>
</table>