

J.P.Morgan

Macy's Marketplace delivers
seamless payments to sellers using
J.P. Morgan solutions



Macy's sought to expand its offerings by building a marketplace that provides consumers with more options and elevates the platform of small businesses. Developing this marketplace came with payments-related considerations that J.P. Morgan helped to solve.

About

[Macy's](#) is a legacy department store founded more than 160 years ago that operates more than 450 stores. The company has established itself as a staple within American retail, and in recent years, expanded its online footprint with more than one million Facebook followers and international shipping. In 2021, the company launched [Mission Every One](#), its social-purpose program that aims to direct \$5 billion in spending through 2025 toward a more equitable and sustainable future.

The challenge

As consumers increasingly demand [personalization](#) in their style and shopping choices, Macy's sought to expand its offerings by including new product categories such as electronics. It also wanted to support its Mission Every One program, which aims to increase diverse-owned brand representation. The company hoped to achieve all of this without increasing its inventory and associated costs.

Like other [businesses](#), Macy's identified that a marketplace could meet evolving customer needs by supporting other sellers on its platform. These sellers are in large part [small businesses](#) that often lack resources to develop an online footprint and spend on customer acquisition. Since diverse owners often operate small businesses, the marketplace could increase product offerings while supporting the unique needs of these diverse owners. Since marketplace sellers maintain ownership of their inventories, Macy's also benefited from incurring no additional inventory costs.

Macy's also wanted to offer features that would support its sellers as much as their customers, but this introduced complexities. Each time a customer purchases another seller's product, the income must be divided into separate pools. Those two pools must remain separate, so Macy's needed help moving the right funds to the right account after every transaction.

The solution

Macy's chose to work with J.P. Morgan because J.P. Morgan offered the [payment solutions](#) that solved the company's unique challenges. [J.P. Morgan Concourse](#) allows Macy's to support a large number of suppliers and their bank account details on a single platform. The solution also supports [tokenization](#), which masks consumers' and sellers' sensitive payment account information. It also utilizes a [single-API](#) integration that supports ever-evolving participant expectations.

The J.P. Morgan solution also solved for complexities related to [third-party money \(3PM\)](#), or cash that belongs to an entity besides Macy's – in this case, the seller. The biggest opportunity centered around leveraging J.P. Morgan's [3PM expertise](#) to manage the flow of funds between Macy's and its partners – a complex process that includes state-related nuances.

Some of J.P. Morgan's hosted payment solutions also support sellers' biggest needs. Many small businesses [operate](#) with low cash reserves and buffers, so these organizations benefit when they can receive payments more quickly. J.P. Morgan's solution allows Macy's to pay sellers weekly compared to bi-weekly or monthly, placing vital funds in the hands of organizations that serve as the lifeblood of local communities. Sellers also benefit from easy enrollment and auto pay.

The results

Thanks in part to J.P. Morgan solutions, Macy's Marketplace has been successful and continues to grow, supporting diverse small business owners and providing customers with increased selection. But some benefits cannot be quantified. When the Macy's Marketplace team considered potential payments providers, it wanted strong solutions and top-notch partnership. An organization that would learn, grow, and collaborate with them – which it has found in its work with J.P. Morgan.

Annual website visits	2.1 billion	Macys.com 2022 annual website visits ¹
Number of third-party sellers	950	at the end of Q1 2023 (450 joined in Q1 '23)
Revenue growth	50%	increase for the overall marketplace between Q4 2022 and Q1 2023

References

¹ Macy's Q4 2022 Earnings Release

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