

RETAIL

Nordstrom improves full-year outlook in response to Q2 results

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Image from Nordstrom's fall 2017 campaign. Image courtesy of Nordstrom

By STAFF REPORTS

Retail group Nordstrom saw net sales growth of 3.5 percent in the second quarter of fiscal year 2017, leading the company to increase its financial projections for the year.

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A focus on its Nordstrom Rewards loyalty program drove some of the retailer's sales growth, with 56 percent of total sales during the quarter coming from its members. Combating what has been a challenging market for retail, Nordstrom is focusing on delivering customer service while also keeping its costs down.

Optimistic outlook

In the second quarter, Nordstrom's total net sales were \$3.7 billion, up from \$3.6 billion in 2016. Comparable sales also grew by 1.7 percent.

Nordstrom's digital sales on its mainline ecommerce site grew 20 percent during the quarter. In the three-month period, the retailer also saw its largest volume day.

The quarter, which ended July 29, included the flagship Nordstrom brand's Anniversary Sale.

For this year's event, Nordstrom teamed with six influential artists, designers and style makers who served as "anniversary ambassadors" for a multichannel campaign ([see story](#)).



Nordstrom Anniversary Sale campaign. Image credit: Nordstrom

This event, which is typically the retailer's largest of the year, saw better results than recent years.

Nordstrom's merchandising strategy includes a focus on bringing shoppers something new and different. During the Anniversary Sale, three of the five best selling labels were Nordstrom proprietary brands.

The retailer has increased its margins, which it attributes to selling more full price merchandise. However, its retail gross profits fell compared to 2016 due to increased costs from new store openings.

In May, Nordstrom extended its loyalty program into Canada ([see story](#)). Nordstrom Rewards has grown its number of active members to 9.4 million across the United States and Canada, an increase of 50 percent from 2016.

The retailer sees loyalty as a way to draw new clientele and engage existing customers.

As a result of its achieved goals for the second quarter, Nordstrom has raised its projected net sales increase from 3-4 percent to 4 percent for the year.

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