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Nordstrom's digital investments pay off in earnings report

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Nordstrom's men's store in New York; Image credit: Andrew H.Walker/Shutterstock.

By STAFF REPORTS

Department store chain Nordstrom has seen a 5.8 percent growth in net sales within the first quarter of 2018 compared to last year, as it further invests in digital and modern strategies.

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Nordstrom has marked this year as an important time for the store, as it opened its first menswear flagship. For the quarter ended on May 5, the department store saw a jump of 250 basis points, which it attributes to its growing loyalty program.

Sales jump

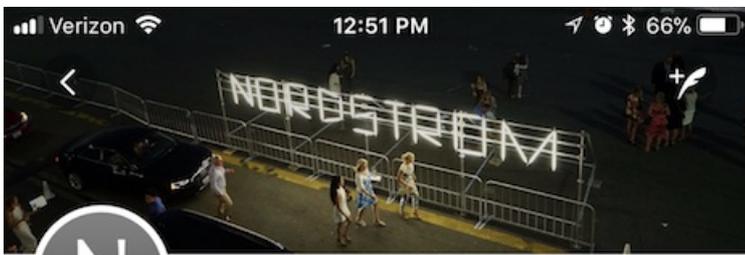
Sales from customers of its loyalty program grew by 6 percent since last year, making up 53 percent of sales within Q1.

The department store is celebrating an 18 percent sales increase through digital capabilities compared to last year's first quarter. Digitally enabled sales rose 25 percent since last year and made up 29 percent of total sales.

Net earnings totaled \$87 million, which grew by \$25 million compared to the same time period last year.

However, higher occupancy prices in regards to Nordstrom Rack in the United States and Canada caused a decrease of 21 basis points in gross profit compared to last year.

While many department stores have been closing a wide range of locations, this past quarter Nordstrom opened eight and only closed one.



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Nordstrom's Twitter account

"During the first quarter of 2018, we adopted the new revenue recognition guidance using the modified retrospective adoption method," said the company in a statement. "Results beginning in the first quarter of 2018 are presented under the new guidance, while prior period amounts are not adjusted.

"Also beginning in 2018, we aligned our sales presentation with how we view the results of our operations internally and how our customers view us, by our full-price and off-price businesses."

The department store chain leaned into the growth of the menswear market with a launch of its first ever men's only flagship.

On April 12, the retailer opened its doors to the new menswear store in New York. The location marks the first ever standalone men's store in Nordstrom's arsenal, at a time where menswear is flourishing ([see more](#)).