

RETAIL

Nordstrom tops other luxury retailers for emotional intelligence, relationship building

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Nordstrom had the highest emotional intelligence score among luxury retailers. Image credit: Nordstrom

By DANNY PARISI

According to a survey of affluent consumers, department store chain Nordstrom has more emotional intelligence than its competitors.

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In the Luxury Institute's annual rankings of brands with the most emotional intelligence, Nordstrom came out on top, beating out other large retailers such as Amazon. Emotional intelligence is a key factor for brands and retailers today, helping them engage with customers and keep them loyal.

"Delivering great products and quality today are merely a cost of entry, even if you deliver them instantly," said Milton Pedraza, CEO of the **Luxury Institute**, New York. "Even having great customer service is insufficient to be sustainable today.

"Many will only see the short-term impact, yet Nordstrom, while having its challenges lately, looks more adaptable and agile for the long-term functional and emotional needs of consumers than Amazon."

Luxury Institute's report is based on a survey of 1,200 affluent U.S. consumers with a household income of at least \$150,000.

Emotional intelligence

The Luxury Institute compiles an annual ranking of major retailers sorted by their emotional intelligence. The consultancy defines emotional intelligence as the deep personal connections that retailers forge with customers that add some soul and personality to the transactions.

For the ranking, Luxury Institute looked at a number of different luxury retailers, analyzing their marketing efforts, surveying customers for their feelings on the retailers and other factors. Then, the survey scored each retailer between one and 10 based on their results.

Nordstrom is in many ways outranked by Amazon. But while the ecommerce giant beats Nordstrom in terms of

revenue, size and familiarity to consumers, it falls behind in emotional intelligence.



Nordstrom builds relationships with customers online and offline. Image credit: Nordstrom

The Luxury Institute found that many consumers think of Amazon as a kind of soulless utility. While those consumers shop at Amazon regularly, many do so only out of convenience and do not have much of a personal connection to the retailer.

Conversely, Nordstrom inspires loyalty and a deep personal connection with consumers thanks to its personality-filled marketing and the ways in which it cultivates relationships with consumers.

Overall, Nordstrom beat out retailers such as Net-A-Porter, Neiman Marcus, Bloomingdale's and more with a score of 7.65 out of 10.

Nordstrom ranked highly in the key emotional intelligence factors including empathy, trustworthiness and generosity.

Retail engagement

Some of Nordstrom's recent efforts show the way the retailer always strives to put emotion and personality first.

For example, Nordstrom is taking a humorous approach to marketing its Anniversary Sale, showing that fashion can also be fun.

The retailer has called in a handful of comedians to highlight its deals, asking them to share their personal perspectives on the sale. Dating back to the 1960s, the Anniversary Sale is the retailer's biggest shopping event of the year ([see story](#)).



Other retailers lacked the soul and personality of Nordstrom's efforts. Image credit: Nordstrom

The findings of this report are also consistent with other surveys of Nordstrom's relationship to its customers. Nordstrom came out on top of new fashion retail rankings by Market Force due partly to its atmosphere and selection.

Nordstrom's loyalty index was 56 percent, placing it above more mass players such as Lane Bryant and Dillard's. While consumers' decisions of where to shop are largely driven by value, 37 percent consider customer service a key differentiator, showing the continued importance of sales associates ([see story](#)).

Many of the retailer's decisions all feed towards the same goal of building an emotional and personal relationship with customers. By doing that, Nordstrom is able to draw in new customers and ensure that existing ones continue to come back.

"This analysis makes it crystal clear that while Amazon is the current product category killer, it has a long way to go to be an admired and beloved brand," Luxury Institute's Mr. Pedraza said. "Amazon, to many affluent, even those who buy from it frequently for convenience, is a soulless utility.

"Jeff Bezos needs to lead this brand to establish emotional connections with the human beings who work for the brand, and purchase products through the brand," he said. "Sooner or later, just as with humans, your brand's deep lack of emotional intelligence will catch up to you, with negative results."

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