

RETAIL

## Nordstrom prioritizes personalization in revamped loyalty program

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*Affluent consumers are more apt to take part in loyalty programs. Image credit: Nordstrom*

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By SARAH RAMIREZ

Department store chain Nordstrom is revamping its loyalty program to include additional personalization and more convenient ways to shop.

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Dubbed The Nordy Club, the new rewards system will launch in October and will allow participants to earn points faster than before. The benefits are not limited to cardholders, making it more appealing to younger shoppers who tend to eschew credit cards.

"Our latest research found that department stores rank near the bottom when it comes to member satisfaction so we applaud Nordstrom's move to innovate and improve the member experience," said Sean Claessen, executive vice president of strategy at [Bond Brand Loyalty](#).

### Nordy Club

Nordstrom already had a robust loyalty program through which its 10 million members could earn points to redeem for Nordstrom Notes.

In the second quarter of 2018, the retailer increased the portion of sales to customers that are members of its loyalty program from 56 percent in 2017 to 58 percent ([see story](#)).



*The Nordy Club will launch in October. Image credit: Nordstrom*

The tiered structure of Nordy Club means members can earn certain benefits based on their annual spend, starting with a "member" level for non-cardholders who spend less than \$500 a year. Those who are not cardholders earn one point for every dollar spent, while cardholders receive two or three points for using brand debit or credit cards, respectively.

All Nordy Club members receive early access to brand and product launches, attendance to beauty and style workshops and free basic alterations. They can also reserve online and try on in-store or use curbside pick-up.

Additional benefits include personal bonus point days, sale events and use of Nordstrom's in-home stylists.



*The new Nordy Club also includes an invite-only level. Image credit: Nordstrom*

Insider status starts at annual spending of \$500 and more, followed by Influencer at \$2,000 and Ambassador at \$5,000 annual spend. An invite-only Icon tier is reserved for the retailer's top cardholders and will grant access to more exclusive events.

An updated Nordstrom mobile application will include a member dashboard so users can view their points and status. Through the app, points can also be redeemed for Notes for \$5, \$10 or \$15 instead of waiting for the standard \$20.

"From what we know about this to be launched program, The Nordy Portrait app stands out as a unique feature that allows for better personalization and ease of managing the program," Mr. Claessen said. "We also applaud the introduction of non-monetary rewards, like in-home Nordstrom stylists who will make house calls, as human interactions are more critical than ever to engender loyalty among members."

#### Brand loyalty

Nordstrom's renewed focus on its loyalty program is likely to pay dividends in the future, especially with its biggest spenders.

Consumers with higher incomes are more apt to be part of a loyalty program than their peers, pointing to the potential benefit of these membership clubs for luxury brands.

According to a report from CrowdTwist, affluent consumers are some of the most active loyalty users, with these shoppers most frequently cashing in rewards. As consumers become more distrustful of data collection, luxury brands can leverage loyalty programs as an incentive for opting in ([see story](#)).

Successful loyalty strategies today are integrated into the overall customer experience, taking the programs beyond points to drive positive brand sentiment. Seventy-eight percent of upper-affluent individuals say that loyalty programs are a significant part of their brand relationships, more than the average 71 percent among all consumers, according to a report from Bond Brand Loyalty ([see story](#)).

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.

In the Luxury Institute's annual rankings of brands with the most emotional intelligence, Nordstrom came out on top, beating out retailers such as Net-A-Porter, Neiman Marcus, Bloomingdale's and more with a score of 7.65 out of 10. Emotional intelligence is a key factor for brands and retailers today, helping them engage with customers and keep them loyal.

Nordstrom ranked highly in the key emotional intelligence factors including empathy, trustworthiness and generosity ([see story](#)).

"Brands that create personalized experiences see increased member spend, frequency and advocacy," Mr. Claessen said. "Members tell us that same old earn-and-burn elements of rewards and redemption are only one third of what drives their satisfaction with a program; two-thirds are the experiences that the program facilitates with the brand."

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