

RETAIL

Nordstrom grows cross-channel shopper base in 2018

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Nordstrom's 2018 holiday campaign. Image courtesy of Nordstrom

By STAFF REPORTS

Retail group Nordstrom's sales dropped 4.7 percent in the fourth quarter, but its fiscal 2018 results were up 2.3 percent year-over-year.

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Nordstrom has been focusing on creating differentiated digital and physical experiences for customers, such as its Local concept and click-and-collect services. One-third of Nordstrom's total customer base in 2018, or 10 million customers, came to the retailer through multiple channels, a 6 percent growth from 2017.

Cross-channel customers

The company was hit by the comparison with 2017, which had a 53rd week. Without the extra week, its sales were up 0.1 percent for the fourth quarter and 3.8 percent for the year.

Thirty percent of all sales came from online channels, and digital sales were up 16 percent year-over-year.

Nordstrom-owned Trunk Club's sales were up by 35 percent, while the group's online off-price business under the Nordstromrack.com/Hautelook name surpassed \$1 billion.

Consumers who engage with more of Nordstrom's channels are more apt to make more visits and purchases. The value of shoppers who leverage services such as buy online pick up in store, alterations and stylists is also greater.



The Nordy Club launched in October 2018. Image credit: Nordstrom

Loyalty members also make up 56 percent of the group's total sales. In 2018, the retailer updated its loyalty program ([see story](#)), and its membership grew 16 percent to 11 million customers.

"Today it's no secret that department stores are facing increasing pressure from Amazon, but Nordstrom's best weapon in the battle may be its Nordy Club program," said Tom Caporaso, CEO of Clarus Commerce, in a statement. "By offering customers exclusive benefits and experiences, the retailer is able to enhance its relationships with existing customers, all while giving new customers more reasons to engage with them.

"And with four established spending tiers and an invite-only 'icon' status for top Nordstrom cardmembers, the program has certainly become a status symbol for its most loyal fashionistas," he said.

Nordstrom's net earnings for the year were 564 million, an increase from \$437 million in 2017.

The company expects its sales to grow between 1 and 2 percent for fiscal 2019.

Affluents are increasingly drawn to online shopping because of convenience, but omnichannel shoppers spend more on luxury items than the average on- or offline consumer.

According to Forrester Analytics' Luxury Retail Forecast, nearly 60 percent of luxury sales growth will originate from ecommerce by 2023. More than 90 percent of affluents worldwide purchase luxury goods and services, but only 5 percent are responsible for a third of luxury spend.

Omnichannel strategies remain valuable. U.S. and European consumers who buy luxury goods in both physical and digital stores spend up to four times more than consumers who shop exclusively on or offline ([see story](#)).

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