

RETAIL

Nordstrom co-president: Engagement beyond transactions creates more valuable customers

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Nordstrom's New York flagship is designed so that each floor is a display window. Image courtesy of Nordstrom

By SARAH JONES

NEW YORK Department store chain Nordstrom is investing in store experiences that extend beyond purchasing, looking to engage consumers through services and hospitality to build more long-term relationships.

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During a conversation at NRF's The Big Show on Jan. 14 moderated by NBC News Correspondent Jo Ling Kent, the co-president of Nordstrom explained how the retailer is evolving to take shopping in an omnichannel, customer centric direction. With the increasing importance of digital interactions in the purchase path, the executive stressed that every company now has to be a technology company.

"The customer is changing and our only hope of navigating these changes well is to be hyper-focused on the customer and how she wants to shop," said Erik Nordstrom, co-president of **Nordstrom**. "And we have a long legacy of customer service but that's not always the same as being customer centric."

Multichannel mindset

The retail purchase path today is not siloed in a single channel. More than half of purchases that take place in Nordstrom's stores are influenced by online channels, and many digital transactions include bricks-and-mortar interactions along the research journey.

Services including buy online pick up in store and cross-channel operations such as fulfilling ecommerce orders from stores have also necessitated a more fluid approach. Starting in Los Angeles and rolling out to new markets, Nordstrom has been leveraging its stores to expand the offerings of products available for next-day delivery.

Because of this blurring of physical and digital, Nordstrom does not incentivize any of its employees based on sales on a single channel.

As technology plays a growing role in retail, Nordstrom has needed to balance its traditional operation structure. Usually the company has given employees carte blanche to serve the customer in a way that they see fit, rather than

stressing organization-wide best practices.

However, some technology processes require more of a rigid and data-driven approach rather than flexibility.

Aside from cross-channel shopping, ecommerce has provided Nordstrom with extended audiences. Despite not having a physical store in New York until recently, Manhattan had become the company's biggest ecommerce market.

Investing significantly in New York, Nordstrom has opened a men's store, two Nordstrom Local locations and a flagship. The weekend that Nordstrom's New York flagship opened, 85,000 consumers visited the store.



Nordstrom Local on the Upper East Side. Image credit: Nordstrom

While convenience is a key aspect of retail today, when consumers can get almost anything with the click of a button, Mr. Nordstrom stressed that stores need to go beyond ease towards engagement. Aside from traditional purchases, Nordstrom sees the value in service interactions that are not necessarily tied to a sale.

The executive noted that the New York store is the brand's most experiential environment. Among the offerings are food and beverage destinations that mingle with sales floors.

For instance, the footwear department includes a bar that enables shoppers to grab a drink while trying on shoes, creating a more convivial atmosphere.

"I don't know why it took us so long to put drinking and shoes together, but it's a great combination," Mr. Nordstrom said.

The Nordstrom customer is typically not entering a store already knowing what he or she wants. The store therefore plays a crucial role in driving discovery and making that process simpler.

The next generation

Nordstrom has 35 million active consumers. According to Mr. Nordstrom, the most valuable consumers are those who shop across full price and off price.

One challenge for retailers is adapting to reach new, younger audiences. Some of the retailers that have struggled have faded out due to an aging customer base.

In an effort to keep its own average customer age stable, Nordstrom has been working to bring millennials and Gen Zers into the fold by telling the stories behind products on social media and in-store.

Despite being digitally driven, Generation Z consumers value bricks-and-mortar shopping and tactile retail experiences.

A recent report from Criteo finds that while three-quarters of this up-and-coming consumer group prefer to shop

online, 80 percent enjoy visiting physical stores when possible and 65 percent want to touch items before buying. Rather than eschewing traditional retail entirely for ecommerce, Gen Z is instead seeking bricks-and-mortar stores that incorporate technology and seamless omnichannel shopping ([see story](#)).

Nordstrom has also linked up with influencers to develop personality-driven product lines. For instance, Something Navy's Arielle Charnas inked a deal with Nordstrom in 2018 to create an exclusive line of clothing and accessories ([see story](#)).

As part of Nordstrom's customer centric approach, the executive says he talks to consumers every day because it keeps him "humble."

"What's served us well is to be a learner," Mr. Nordstrom said. "Be curious, and really humble, to the customer and to our teams, and be respectful and being open to all the changes coming in."

"It's cliché to say we're in a time of change and that things are happening faster," he said. "I think it does, I think we all go through that, but I do think that's what makes it interesting."

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