

RETAIL

Nordstrom leaning on digital, expanded offerings in long-term outlook

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Nordstrom is sharing strategies for long-term growth. Image credit: Nordstrom

By LUXURY DAILY NEWS SERVICE

U.S. department store chain Nordstrom has outlined a long-term strategy with a focus on digital as it looks beyond the COVID-19 pandemic.

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Nordstrom expects that ecommerce will account for about 50 percent of total sales in the future. The company will also continue investing in its off-price retailer, Nordstrom Rack.

"We have a unique business model with two powerful brands, highly integrated digital and physical assets, incredible brand partners and employees who are truly unmatched when it comes to their commitment to the customer," said Erik Nordstrom, CEO of Nordstrom, Inc., in a statement. "Looking ahead, we are building on the strengths of our market strategy to fully unlock the potential of the digital-first platform we have built to better serve customers, gain market share and drive profitable growth."

Growth plans

With the growth of ecommerce, Nordstrom is embracing a digital-first philosophy to gain more consumer insights, acquire new shoppers, expand offerings and offer more services.

Its technology platform will help improve customer experiences by providing a cohesive look of individual shoppers and products and inventory. This will also help personalization, a key differentiator for contemporary consumers.

Nordstrom also plans to improve its digital service offerings to engage with consumers. Finally, it will expand its product catalog, with special attention to high-growth categories.

The retailer will continue to focus on its top 20 markets which represent about 75 percent of its sales. This includes updating its distribution capabilities and better integrating Nordstrom Rack assets.



Nordstrom operates more than 240 Nordstrom Racks. Image credit: Nordstrom

At Nordstrom Rack, the company will expand the range of price points offered and improve the connection between the brand's physical and digital inventory. In the long term, Nordstrom Rack is expected to contribute approximately \$2 billion in incremental sales as its consumer basis continues to grow.

Nordstrom's holiday sales results reflected sequential improvement despite a 22 percent decrease from 2019.

December sales across the Nordstrom and Nordstrom Rack brands reflected improvement from November with momentum continuing into January. Digital sales grew 23 percent over last year and represented 54 percent of total sales, compared with 34 percent from the same period in fiscal 2019 ([see story](#)).

For its long-term outlook, Nordstrom expects revenue to grow in the low single-digits annually from 2019's pre-pandemic benchmark. Operating income is expected to grow faster than revenue.

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