

RETAIL

Nordstrom loses \$81 million y-o-y in Q4, meets adjusted fiscal outlook

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Menswear showed the strongest year-over-year growth in the retailer's fiscal fourth quarter. Image credit: Nordstrom

By LUXURY DAILY NEWS SERVICE

U.S. department store chain Nordstrom reported net earnings of \$119 million in its fourth quarter which ended on Jan. 28, 2023, down from \$200 million in the period prior.

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These earnings met the luxury retailer's expectations which were adjusted before the fiscal year's first-half, in anticipation of global economic turmoil and a slowdown across the luxury sector. More specifically, the flagship banner's net sales decreased by 2.4 percent while Nordstrom Rack lost 8.1 percent of net sales year-over-year, one of several elements that the brand will address going forward.

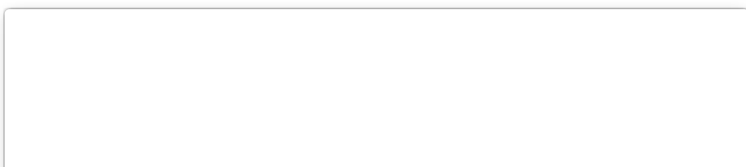
"As we enter fiscal 2023, we are focused on enhancing the customer experience, improving Nordstrom Rack performance, increasing inventory productivity and continuing to advance our supply chain optimization initiatives," said Erik Nordstrom, CEO of **Nordstrom** in a statement.

"We remain confident in the strength of our brands and our ability to drive profitable growth and deliver long-term value to our shareholders," he said.

Year in review

The brand ended its 2022 fiscal year with net earnings of \$245 million, a total that adjusts for, among other elements, the costs of closing its subscription clothing service, Trunk Club, in May.

As it did in the second quarter, men's apparel showed the strongest year-over-year revenue growth in the fourth quarter, landing it among the top three strongest growth categories for the year, joined by shoes and women's apparel. The latter two categories' year-end placement was bolstered by double-digit 2022 Q2 y-o-y growth, reflecting a return to occasion dressing ([see story](#)).



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A post shared by Nordstrom (@nordstrom)

The brand's fourth-quarter digital sales fell by 13.1 percent year-over-year, which can partly be explained by shoppers' enthusiastic return to in-store shopping in the first-quarter of this year ([see story](#)).

Those who visited select Nordstrom stores beginning in May and through July were treated to Concept 017: SPORTS!, an ephemeral store featuring exclusive sports-oriented capsules from brands such as Lacoste, Paterson and Reigning Champ.

While the brand opened three new stores in southwestern U.S., including a 30,000-square-foot space in Los Angeles' outdoor complex, The Grove, it plans to close its 13 locations across Canada seven of which are Nordstrom Rack in an effort to focus on growing the U.S. business in the long term.

"We entered Canada in 2014 with a plan to build and sustain a long-term business there," Mr. Nordstrom said in a statement.

"Despite our best efforts, we do not see a realistic path to profitability for the Canadian business," he said. "We want to thank our team for their performance and dedication in serving customers in Canada.

"This decision will simplify our structure, intensify focus on our growth and profitability goals, and position us to create greater value for our shareholders."

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