

MOBILE

Nordstrom creates separate digital shopping channels for off-price Rack business

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Nordstrom Rack storefront

By SARAH JONES

Department store chain Nordstrom has launched a dedicated Web site and iOS mobile application for its off-price store chain, Nordstrom Rack.

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Luxury Daily

Previously, Nordstrom Rack had a dedicated page on the main Nordstrom Web site. This move to its own Web site will help differentiate Rack from the retailer's full-price business, giving consumers with varying spending habits their own spaces to shop.

"We serve customers in four ways: in Nordstrom and Nordstrom Rack stores, online full price at Nordstrom.com and online, off-price and Nordstromrack.com and HauteLook," said Naomi Tobis, spokesperson at **Nordstrom**, Seattle.

"Many customers who initially shop through one channel with Nordstrom, choose to engage with us in more ways as they get to know us," she said. "Our Nordstromrack.com site will benefit from our full price channels as customer migrate from one experience or way of shopping with us to more."

"The new site allows our aspirational and fashion conscious customers the chance to try out and experience new brands. Nordstromrack.com and HauteLook is a key enabler to how we will continue to earn their business in the years ahead.

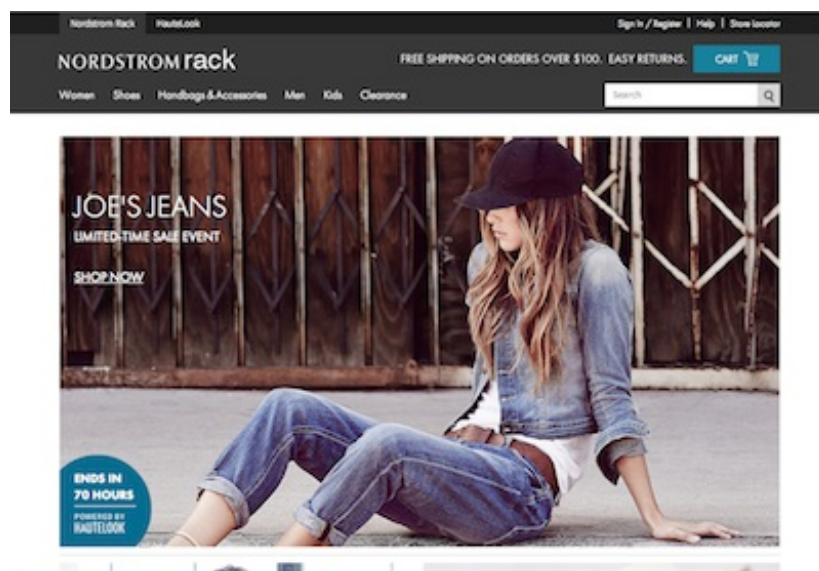
"Nordstromrack.com is also a great way to introduce us to customers who maybe aren't yet shopping with us at our full-line Nordstrom stores or Nordstrom.com."

Rounding out retail

Nordstrom Rack's Web site and app are built on a shared platform with the retailer's flash sale site HauteLook. This connects the two off-price segments of Nordstrom's business, allowing consumers to purchase from both with a shared shopping cart.

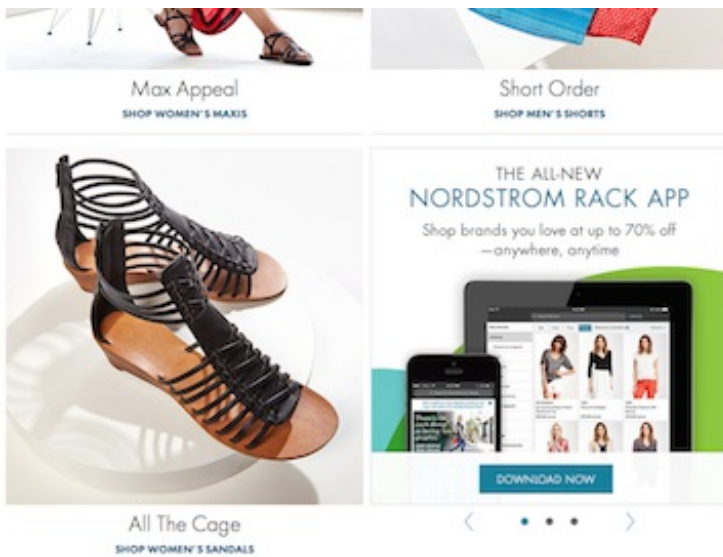
At press time, a HauteLook flash sale on Joe's Jeans was featured prominently on Nordstrom Rack's Web site.

The site is laid out with large image tiles showing different trends, like maxi dresses or sandals. A navigation bar at the top of the page allows consumers to browse by department and type of item.



Nordstrom Rack Web site

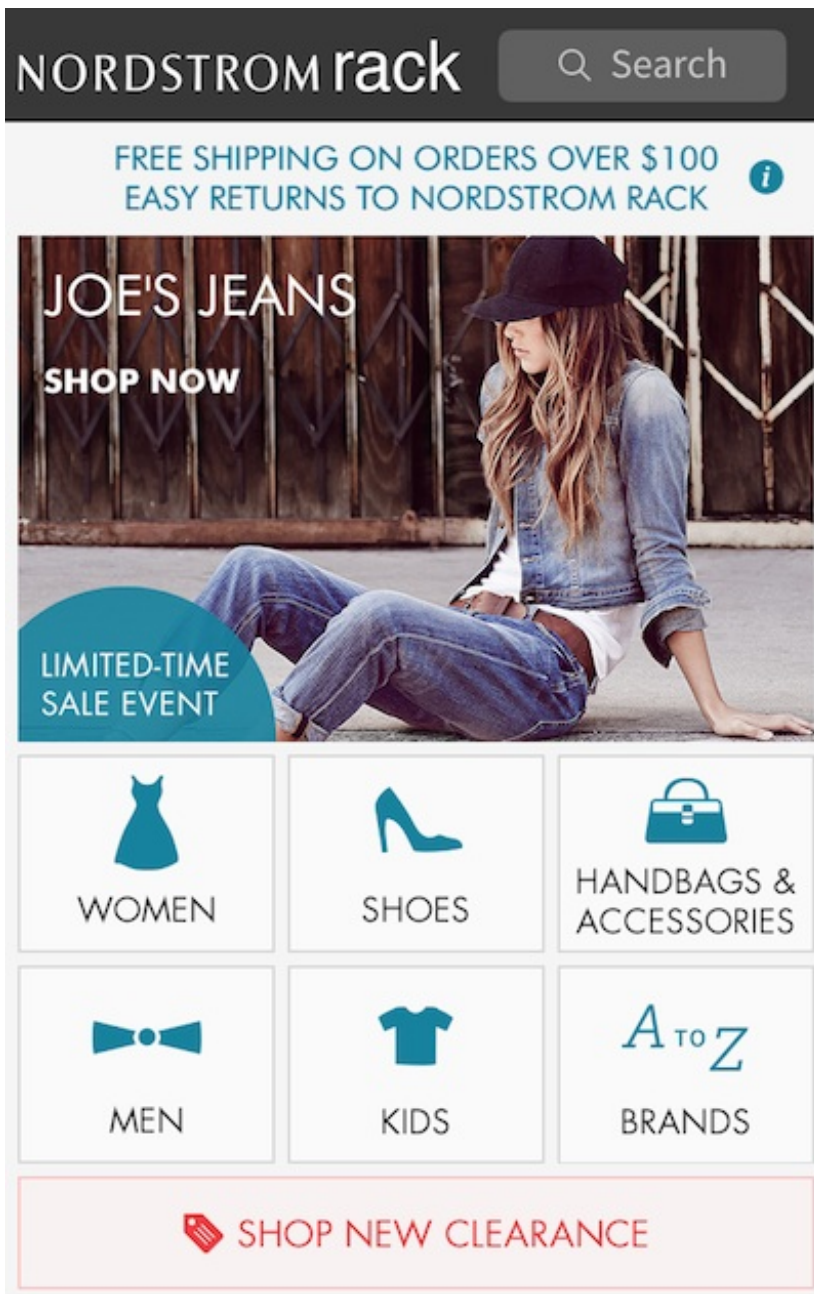
Consumers are encouraged to download the mobile app and shop on a different device through a link on the page.



Nordstrom Rack Web site

At the bottom of the page is a gallery of images from Nordstrom Rack's Instagram. Consumers are encouraged to join the conversation by posting with the hashtag #shopgenius.

Nordstrom Rack's app has a similar layout to the Web site, with the Joe's Jeans flash sale also featured prominently. Below that, tiles provide links to browse in different categories. An added feature is an easy link to shop by brand.



Nordstrom Rack app

A button at the bottom of the app toggles to HauteLook. The home page is dedicated to tiles of different designer sales.

To view any of the sales, consumers need to sign in or create an account for both Nordstrom and HauteLook. Because of this connection to HauteLook, Nordstrom might get additional consumer insights and data as well as increased traffic to the flash sale business.

The Rack app houses only a shopping platform, but Nordstrom's main app contains content for consumers to view on their mobile device.

Consumers shopping on Nordstrom Rack's app receive free shipping on orders over \$100, and enrolled consumers can take advantage of Nordstrom Rewards.

Nordstrom Rack promoted its new Web site on its own social channels, but Nordstrom stayed quiet.

The Nordstrom Rack app can be downloaded for free [here](#).

"We are one team focused on serving many customers but we have two brands - Nordstrom and Nordstrom Rack," Ms. Tobis said. "Our customers have been telling us for a long time that they want a better way to shop the Rack online and we wanted to bring the Rack brand to life through a fast and convenient online experience, reflective of our in-store experience.

"With that intention, we were able to leverage the talent of our HauteLook team and their strength in the online, off-price business to build a site that enable customers to shop off-price in more ways than one, and that offers one of the largest selections of online, off-price merchandise available today," she said. "Customers can shop through a single log-in, shopping cart, and account and combine one easy checkout.

"One other thing to note is that Nordstrom Rack and HauteLook will each have their own unique iTunes storefront and app but both apps will conveniently lead to the same mobile shopping experience. Customer are able to browse and shop both sites within the apps, mirroring the single account, single checkout experience of the site."

Mobile shopping

Nordstrom previously enhanced the consumer experience on its iPhone application with updates that included product sharing via SMS and user reviews.

The new functions of the app help consumers share their opinions on Nordstrom's products with their friends and fellow shoppers. Luxury marketers with mobile apps should continue to update them with new functions to keep the experience relevant to savvy customers ([see story](#)).

Nordstrom is not the only retailer to boost up its omnichannel strategy with a focus on off-price ecommerce.

For instance, department store chain Saks Fifth Avenue rounded out its omnichannel offerings with the launch of its discount store Saks Fifth Avenue Off 5th's ecommerce site that is likely to attract aspirational consumers and possibly create brand loyalists.

The Saks Off 5th ecommerce site, launched Sept. 30, sells luxury merchandise at 55 percent lower than the initial retail price available from Saks Fifth Avenue. By slashing prices in-store or through an outlet store retailers may see a spike in interest from consumers who are not yet affluent enough to purchase at full price ([see story](#)).

Separating these two aspects of its business online will work in a similar way to having an outlet store as its own entity, providing spaces catered to slightly different audiences.

"For the most part, the two customer segments have different priorities," said Ken Morris, principal at [Boston Retail Partners](#), Boston. "Nordstrom Rack customers are primarily focused on high quality merchandise at bargain prices and Nordstrom customers value

exceptional service, selection and quality. However, many of the traditional Nordstrom customers are also occasionally invigorated by the 'treasure hunt' for a great deal that makes them feel surprised and delighted.

"Having separate sites will enable Nordstrom to tailor the products and services on the sites to cater to the distinctive needs and desires of the different customer demographics," he said. "The new Nordstrom Rack site is exclusively focused on discounted merchandise and the addition of the HauteLook limited-time sales events will create added incentive to visit the site more frequently see the new bargains.

"From a economic perspective, this strategy is an effective way to keep its luxury shoppers on its premium site buying full-priced merchandise and make it less convenient for them to shop on the Nordstrom Rack discount site, which should maximize revenues."

Final Take

Sarah Jones, editorial assistant on Luxury Daily, New York

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