

# NORDSTROM

Erik Nordstrom @ NRF Big Show

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Co-President Erik Nordstrom sat down with NBC News' Jo Ling Kent at the [NRF Big Show](#) to discuss all things customer experience. Below are some key highlights from his keynote session on everything from technology investments to our market strategy.

***It's all about creating one cohesive experience for the entire shopping journey.***

Over half of our store sales involve an online journey somewhere in the process, and a third of our online sales involve a store experience somewhere. As retailers, we get asked a lot about our digital or physical sales —the reality is customers don't operate that way. I've never heard a customer use the word channel with me —those lines are completely blurred. To try to identify an online sale vs. a store sale gets arbitrary. We don't do that, and we don't have a single person in our company who is incented on a store or online sale. We ultimately define what success is for us based on what success is for the customer.

***Every retailer has to also be a technology company.***

Years ago, we had a debate about if we are a retailer or a tech shop and what the differences are. Today, I think every retailer has to be a technology company as well. The challenge we've had is that it's not as simple as adding a piece of technology. There's constant vigilance and leadership needed to look across our technologies and take complexity out of it. It's easy to add features and get enamored with launching them, but you have to put yourself in the shoes of the customer to understand if they will resonate.

***We must understand when to empower the entrepreneurial spirit and when to be disciplined with processes.***

When I was a store manager, our customer service was centered on empowering people to help the customer and not about best practices. We'd say, "be who you are, be genuine, use your good judgment and take care of that customer no matter what it takes." That's still as important today as it's ever been, but our stores also have to be fulfillment centers and those require best practices, technology and discipline of processes. Our teams now need to understand when to empower people to use their entrepreneurial spirit and when to instead be disciplined and execute down to the detail.

***The reason for a store has changed a lot. They must be more experiential than ever.***

My brother and I have been in this business all our lives and we are retailers to the core. While all the changes in the business keep it interesting, we still have a passion for the store. To be able to come to New York, one of the best retail cities in the world, and bring our A-game is exciting. We signed the store in 2012, so a lot has changed since then. Our rationale to our board for the investment at the time was based on the four-wall performance of a store. A couple of years ago, we realized the store's role isn't just about what is rung up within the walls, but we also get a lift in our online sales when we add a store to a market. Manhattan is our biggest online market to begin with, so getting that synergy between our store and online is super important and is specifically a part of the business case for that store. The reason for a store overall has changed a lot. They need to be more experiential than ever before. They just can't be about the convenience of picking up something.

Nordstrom NYC is the most experiential store we have. It challenged us on everything from the services we offer, to blending the digital elements, to food and beverage offering. For example, my favorite part of the store —and I may be a bit bias because I grew up selling shoes —is our bar in our main shoe department. It's great seeing customers trying on shoes with a drink in their hand —there is just a different vibe that comes from that. People are smiling, strangers are talking to each other and I don't know why it took us so long to put drinking and shoes together, but it's a great combination.

***No matter how much the industry changes, our defining value won't: focus on serving the customer.***

Our defining value doesn't change, which is really about serving the customer. That sounds simplistic, but the customer is changing and our only hope of navigating these changes well is being hyper-focused on the customer and how she wants to shop. We have a long legacy of customer service, but that's not always the same as being customer-centric. Everything from the investments we make to the features we add is done with an eye to how the customer wants to engage. We're human and must constantly humble ourselves by recognizing that what we learned from our past experiences might not be true anymore and instead let customers and the data drive our focus.

Our model is pretty unique. We have stores and a developed online business, but we have full-price and off-price as well. There is a synergy to that. Our best customers tend to shop across both Nordstrom and Nordstrom Rack. I think pretty much every customer engages in shopping at full- and off-price, so to be able to have both is big because the more we can engage with the customer, the better our business is with them. It's also about engaging them through services like alterations and styling. We know it's not about one specific encounter with the customer at the cash register that matters, it's that overall engagement makes customers happier, more loyal and a more valuable customer to us for the long run.

***We want to be the retail partner of choice for brands in order to stay relevant to the modern customer.***

We want to be a place that curates the greatest brands in the world. As these dynamics in our industry change and there's a consolidation on both supplier and retailer side, it continues to grow in importance for us to be a retail partner of choice for these brands. The old definitions of wholesaler and retailer have gone away. A lot of our most successful partnerships in the last few years have not been traditional wholesalers, they've been direct to consumer companies like Glossier and Reformation. This takes a certain flexibility to be that partner of choice and make sure it's a great experience for these companies. Doing so helps us become a place that people come to for newness and discovery of brands.

Probably the most common downfall for retailers and for brands is getting old with your customers. It's easy to do by just focusing on the customer you have. It takes a concerted effort to maintain the average customer age we have. Today's customers have a lot of options and the way they discover product is different. Brands matter, the stories behind the brands matter —those are things we need to have and bring to life. Social media is important, as is the role of influencers, but our world is changing so quickly that we can't settle on a few tactics and must keep trying new things all the time to see what resonates.

***2018 was the year of LA. 2019 was the year of NYC. 2020 is the year of scale.***

It sounds simplistic, but it was very helpful for us to view our business by market as opposed to channels or regions. A customer experiences us with the assets we have available to them. Our digital assets are available everywhere, but our physical assets can change by the market. So, what we're looking to do with our market strategy is engage with customers more across services and channels and leverage our inventory. We have a lot of inventory in our stores, which is already the closest to where our customers are, so we've gotten better at leveraging that inventory to get it to customers faster.

We started this strategy in LA where we increased the selection for next day delivery by around 7x. We're also seeing higher customer engagement at our Nordstrom Local neighborhood service hubs where customers spend 2.5x more on average. Largely thanks to our Nordstrom Locals and express service hubs that help with order pickup, alterations and returns, we're seeing an increase in-store pickup and faster returns —a lot of customers like to come into a store for a return and we want to make that convenient for them because it benefits both of us.

We brought those capabilities to New York with the launch of Nordstrom NYC and the two Nordstrom Locals, plus we connected some of the services with the two Racks here and are seeing great traction on all of that. 2020 is all about scaling this strategy to our top 10 markets which is a majority of our business —we're taking the country.

***The best way to understand the customer is to simply listen to them.***

There is no one single best way to understand the customer. We have and use a lot of data, but for us it starts with a culture that is about the customer that has been in place long before we came around. As we add functions to our business, everyone needs to understand that it's still all about the customer. We all listen to the customer and are available to them —I talk to customers every day. It's not a scientific offering, but it humbles you and brings a sense of urgency.

There is also a test and learn part. One great component of our Nordstrom Locals is they're small, we can open them quickly and they're not that expensive to build, so there is a lot of trying and learning as we go along. We also need to set up our company and information so we can capture customer sentiment and activities so we can objectively look at what works and doesn't.