

# NORDSTROM

## Expanding our Market Strategy to 10 Additional Markets

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In order to continue to get closer to our customers, we have been evolving our business model by taking bold steps to redefine how we approach our customers, building on our efforts from the past few years and charting a new direction for the company. We call this effort Closer to You. At the foundation of this new direction is our [market strategy](#). Today, we're excited to roll this strategy out to our next 10 top markets, including **Atlanta, Austin, Denver, Detroit, Houston, Miami, Minneapolis, Portland, San Diego and West Palm Beach**.

### What is the Nordstrom market strategy?

To put it simply, we're letting customers shop and engage with us when, where and how they want —regardless of whether it's in-store or online, at Nordstrom or Nordstrom Rack. Overall, our strategy is focused on delivering convenience and connection by leveraging all of our assets of people, product and place across our top markets.

- **People:** Our people provide personalized services, experiences and connection to Nordstrom in-store, online, at home, or wherever a customer chooses to interact with us. We are bringing style advice closer to customers by providing access to personal stylists for questions on fashion or beauty, available how and when customers want, in-store or online, as well as providing digital styling experiences and advice.
- **Product:** We're connecting our store and supply chain inventory in individual markets to provide customers greater selection with an average of 4x more product available next day and a one-day reduction in shipping speed in our top 10 markets.
- **Place:** We're creating greater choice and convenience around pick-up, delivery, returns, service points, and fulfillment methods and speeds, enabled by an increased in-market network of Nordstrom and Nordstrom Rack stores, Nordstrom Local neighborhood service hubs and supply chain facilities. We are moving physically closer to customers' homes and communities in our most important markets, providing order pick-up, returns and services at all our locations.

We also untethered our people from focusing solely on the results of their individual store by incentivizing teams on market-level sales rather than store-based sales. This reinforced our focus to better meet customers in-market wherever they choose to engage.

### How did this strategy start?

We started developing this strategy in [2018 in LA](#), our largest market. There we learned that combining selection, convenience and an authentic connection through service on their terms are what matters the most, validating much of what we believed. Specifically, we heard that helping them express themselves through their personal style is incredibly important.

We then brought those capabilities to [New York](#). We didn't think about just opening a store in NYC, we thought about expanding a market with a combination of physical and digital assets. Whether it's our [Nordstrom Local locations](#) on the Upper East Side and in the West Village, our Flagship or our Nordstrom Rack locations across the city, we wanted to bring the added convenience of services such as online order pick-up, fast and easy returns, alterations, styling and more as close to customers as possible.

### What 20 markets is this live?

After LA and New York, we rolled out our market strategy to our top five markets including —Chicago, Dallas and San Francisco. In 2020, we expanded to our top 10 markets, including Boston, Philadelphia, Seattle, Toronto and Washington DC (including Baltimore). Today, we're rolling this strategy out to our next 10 top markets, including Atlanta, Austin, Denver, Detroit, Houston, Miami, Minneapolis, Portland, San Diego and West Palm Beach.

Through these top 20 markets, we're able to bring this new level of convenience and connection to roughly 70% of our customers who make up about 75% of our sales across 76 Nordstrom stores and 167 Rack stores. Over time, as our capabilities evolve, we fully expect our new approach to capture the vast majority of our customers and revenues.

### What's next?

As we look at the evolution of the market strategy, we see opportunity to significantly extend the capabilities of the platform we have built, which is why we are expanding the aperture of who we serve and where and how we serve them. We will do this by generating deeper and more meaningful insights about our customers to enable improved personalization and inventory planning. This will allow us to attract new customers that we have not historically prioritized while not losing sight of our existing customers. It will also take us further in creating a truly seamless and interconnected experience, while extending our service leadership to create meaningful and personal connections with our customers.