

NORDSTROM

Wall Street Journal: Future of Everything with Erik Nordstrom

May 20, 2021

Erik Nordstrom recently joined Jamie Heller with the Wall Street Journal for the Future of Everything Festival to discuss the expansion of our digital capabilities to complement our stores, evolutions to our business during the pandemic and areas where we are continuing to hire. See highlights from Erik's discussion below:

Creating convenience and connection by blending the online and in-store experience

Our business is an ecosystem of physical stores and digital capabilities across our Nordstrom Rack and Nordstrom business —there is a synergy to it and those elements work well together. The more we engage with customers across that ecosystem the better our business is and the more efficient our investments are. We ended 2020 with 55% of the business being digital. We have been marching towards being a majority digital business for several years and although we didn't think it would come as soon as 2020, this year was a great example of an accelerated trend and us adapting to how our customers want to shop.

During the pandemic we added online order pickup to our Rack stores which was vital to creating synergy between our online and in-store business and customer experience. We also included the order pickup service to our Nordstrom Rack stores —creating 350 pick-up locations for a seamless customer experience. Not only did this increase convenience it also brought our Nordstrom customer to a Rack store.

Increased engagement across our brands and services drives an increase in spend

Having interconnected and synergistic capabilities are growing in importance. Returns are a great example of this synergy. Returns aren't something to manage down to zero, so we look at how we can make the return experience where it is a synergistic part of our ecosystem. Over 60% of our Nordstrom.com returns come back to our stores, over 80% of our Nordstrom Rack returns come back to stores, which is good for us and efficient —it is another connection point.

One of the biggest changes with how we view the business is moving towards creating an individual customer experience, regardless of how the customer is shopping —online or in stores. We know we have more engagement with a customer, through a return, or alterations or clicking through our website —all that engagement is good, and we value that.

Evolving our operations to adapt to changing industry landscape

Supply chain has been one of the many areas affected during the pandemic. As a business, our optimization for efficiency and predictability over many years was disrupted this past year —and that includes inventory control. Our goal is to be aligned with demand, which has been difficult to manage during the pandemic. There is a lot of communication with our suppliers to get ahead of the demand and we have moved orders up to ensure we have the inventory for critical time periods.

While there is light at the end of the tunnel with 2021 being the recovery year, it will also come with its own set of challenges which we need to expect as a company —we need to be agile enough to respond quickly to the unexpected. The biggest difference in 2021 is improving the sales environment and customers feeling comfortable to come back to our stores. There are elements of the pandemic that are going to stay with us, specifically the workplace and how customers choose to shop with us.

Growing our workforce to match customer demand

We are hiring right now. There's a lot of job openings —in our stores and in our supply chain facilities. The implication of how our company operates and where we need to point our resources has shifted since the start of the pandemic. We are now looking at the rhythm of business and where we need to have employees. We have proportionally had roles that are on the digital side and supply chain facilities.

Our stores are still a vital and necessary part of the customer experience that we continue to focus on. These roles are very human driven and are essential when we think about creating synergy between our online and in-store business. While we are focused on hiring in those key areas, we have also put a very healthy focus on why someone chooses where to work. We want to be a place someone chooses to work —for the environment, culture and values that align with them. This has become much more focused during times like this.