

NORDSTROM

President of Nordstrom Rack, Geevy Thomas, Joined the 2021 NRF Retail Converge Event

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President of Nordstrom Rack Geevy Thomas joined Lauren Thomas for National Retail Federation's 2021 Retail Converge event. During their discussion, Geevy shared insights into the Nordstrom Rack digital transformation, positioning stores across broader communities and the integration of Nordstrom and Nordstrom Rack to serve customers on their terms. See highlights from their discussion below.

I was surprised to find out Nordstrom Rack started in the basement of one of your department stores. How did that concept grow to be Nordstrom Rack today?

We started in 1973 in the basement of our Downtown Seattle Nordstrom store. The concept for the Rack was all about clearing out end-of-season inventory from our Nordstrom stores. We know customers love newness, so when the product was marked down, we moved it to the basement. This allowed us to bring in new inventory to Nordstrom while having a space for all marked-down products.

Today, we think about Nordstrom and Nordstrom Rack as two powerful brands that are integrated. We look at how we can deliver the best product in ways the customers choose to shop—whether it's on a mobile app, on the website, or in our stores, both brands work holistically to serve our customers.

What investments have you made over the past few months and during the pandemic that helped ramp up your e-commerce operations?

I'm excited to say for the first time, we created shared inventory. We can fill all our online orders from in-store inventory, as well as from our fulfillment centers—this opened a whole new plethora of product choices for our customers online. We also turned on the ship-to-store capability—over 10,000 packages a day are shipped from online to our Rack stores. In addition to this, customers shopping on Nordstrom.com can pick up their packages at any Nordstrom Rack and make returns. We also offer next-day pick up which is available for customers within our top 20 markets.

We are excited about our growth opportunities with Nordstrom Rack. Within the off-price sector of retail, we are the only retailer that has a full digital component as well as omnichannel capabilities. We believe that leveraging our online and in-store capabilities will get us to that next \$2 billion within the next five years.

Nordstrom Rack has played an incredible role in terms of talent acquisition. Can you elaborate on the vision Nordstrom Rack has on hiring?

Our company is made up of incredible people and we've always wanted to be part of the fabric of communities we serve. It is a place where our employees cut their teeth in retail and learn how to manage the business. Employees have the opportunity to get their hands on everything working at the Rack—we cross-train our teams to know all aspects of the business. As employees grow with the company, we continue to promote from within—we call it 'to the Rack and back'. Employees will often go back and forth working at Nordstrom and Nordstrom Rack and that's exciting to watch. Over 80% of our Nordstrom store managers were Rack managers at one time.

From a retail education perspective, our employees experience what customer service looks like at Nordstrom and Nordstrom Rack—At Nordstrom we look to provide one-on-one service and at Nordstrom Rack, it's all about speed and convenience. Our employees get the chance to go from a self-service environment to a high-touch environment within the retail industry.

How do you think about the Nordstrom Rack customer—has it evolved?

It has been exciting to see how the Gen Z and younger generations are approaching retail—we know they are digitally native. These customers are digital-first, so we have leaned into the digital capabilities through our Nordstrom Rack app—we have helped 1.8 million customers download the Rack app. We know customers shop on their phones and are constantly searching through their social feeds. We have evolved our digital capabilities to find the best ways to connect with our customers digitally.

We are also experimenting with re-commerce. We launched Rent the Runway at the Rack and are in the process of rolling out other re-commerce tests. Our Rack customers are looking for fashion at a great price. Some customers value brand more than price while others price over brand—we believe we have an opportunity to widen our aperture and capture more customers. The younger shopper is also looking for ways to connect with the brand which align with their values—whether they be social or environmental.

You are thinking about Rack locations in different ways. What is your strategy on real estate and positioning Nordstrom Rack stores?

We've integrated Nordstrom Rack into our market strategy, which enables us to bring products closer to our customers. A great example is offering customers next-day online order pickup in-store at any Nordstrom Rack store located in one of our top markets. A customer could purchase something from our Nordstrom NYC store, and have it delivered to a Nordstrom Rack, which happens to be more convenient for them to pick up.

We see an opportunity to bring our brand to smaller communities. We do this by leveraging data-led efforts—specifically using digital signals from our Nordstrom and Nordstrom Rack websites. This gives us an indication as to where we might have a collection of customers that would be served better by having a store that they could do their online returns, alterations, order pickup and provide them with a physical store.