

NORDSTROM

CTO Edmond Mesrobian Joins the Bloomberg Technology Summit

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Earlier this week, CTO Edmond Mesrobian joined the Bloomberg Technology Summit alongside Bloomberg business reporter, Jordyn Holman, and Lowe's EVP and CIO, Seemantini Godbole. See highlights from the conversation as Edmond shares insight into the journey of building our digital-first platform and how these new capabilities enable Nordstrom to personalize its digital experiences for customers.

In 2018 Nordstrom really started adding AI into its mobile app and improving search capabilities. What were you seeing with shoppers?

In 2018 we started our journey to be a digital player —this started with many pilots around AI and computer vision, connecting with customers on what was in their closets and helping them make styling decisions. We released Looks to gain customer purchase insight and give them a sense of what they might be interested in. There was also high optimization on supply chain logistics. AI is rich at Nordstrom, but from a customer-facing perspective, we asked questions like, can we help give the magic of what happens in the store, like when you're in front of a stylist and give you a wonderful experience online?

Nordstrom is obviously well known for customer service —as you were developing the app, how did you translate this to e-commerce?

Part of the journey for all retailers is moving from a transactional mindset to one where you're engaging with customers —how do you get them to want to engage? If you can do that, you create another kind of dynamic with respect to customer retention. We launched a trial in Los Angeles and invited hundreds of our customers to give us ideas about what that app should do; what should a styling app do and what should Style Boards try to achieve. We received rich feedback from our customers. So, when we talk about discovery and putting customers at the center, we mean it. Our first generation of our mobile apps was really based on the insights that our customers provided —it was a great learning experience. We continue to do this because we know by putting our customers at the center, we will get a much more meaningful expression of what we're trying to manifest.

Nordstrom Looks capabilities are interesting —the idea that people can put together outfits online and re-create an in-store experience. Can you talk about the trial and error around creating this capability?

Part of the journey in the store is that you have salespeople to help you with that experience. If that personalization starts online, it is largely brand-centric. In other words, the navigation models online are a bit different because you're looking for specific brands. So, how do you provide easy navigation if you know your brands and what you're looking for —this is one of the challenges we're working on to improve. One of our goals is to expand our selection of products from half a million to millions without losing the personalization piece online. So, our goal is to expand our selection to

provide our customers the product they want, but once again, personalized to each customer.

As you implement more technology and learn more about how customers want to shop, how does this translate to either sales or increased engagement?

The stores create this experience seamlessly. Our salespeople have technology and access to what customers have purchased and likely have formed good relationships with their customers to provide meaningful and personalized service. Our goal of getting Closer to You is to get to know customers and to reflect that back with value. Customers are coming to us and providing meaningful input. We're getting permission from them, but we have to reflect back value, which equates to great service. So, we're in service of our customers. If we take data and transform it into something that gives customers a wonderful experience, we've done our job —data is key to accomplishing this.

Supply chain is the phrase of this holiday season —how does the technology you have been implementing help ease any supply chain challenges?

There are a number of different approaches, one of them being different assortment models. We have ordering models to help us guide what inventory to purchase, what specific categories and a timeline for receiving them. It's not exactly what you order from brand partners but, removing friction so that we can flow goods —the key in retail is the flow of goods. Can we get the goods to the shelf and in front of the customer? A lot of AI models are being built and refined to allow us to streamline this process so that we can go from truck to floor, as we call it. There are several models that play into this —it's hard work but we're making progress.