

# NORDSTROM

## Pete Nordstrom Joins NRF: How Curiosity and Collaboration is Key

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President and Chief Brand Officer Pete Nordstrom joined the NRF Big Show event earlier last week with Fortune's senior writer, Phil Wahba. See some highlights from their conversation, talking about new brand partnerships and our alternative merchandising approach as we expand our assortment to offer our customers the right product at the right time.

### **Starting out with a couple of your big announcements in 2021 —ASOS and Fanatics. Can you walk us through each of those and tell us about the strategy with these partnerships?**

One of the things that really opened the aperture for us to be able to do more is in our online business. In the past, the constraints you had around merchandising assortment were tied to the physical space, with the four walls.

A great example of this is how we've approached our Home business. In the past, we didn't tap into Home in a big way due to the constraints around physical space to host merchandise. As online became a bigger part of our business we realized we could have a broader offering that would be supported by a physical space as well. So, this really opened the aperture for us to do more and offer a wider product assortment. At the same time, it allowed us to flex and adapt to what our customers were interested in.

Our partnership with ASOS is unique in that we are the first retailer to sell ASOS products in-store. We were inspired by how they operated their business and their clarity about who their customer is. A big part of our job is also the acquisition piece of engaging with younger customers, so this was a great opportunity to partner with ASOS. We operate a little bit more like a platform and allow them to really have the full breadth in what they do available through us.

Relative to our alternative partnership models, we also launched our partnership with Fanatics. The fact is sports and athletic wear is a big business and our customers are looking for these products. We wanted to offer that without owning large inventories. We also wanted to be mindful about representing different teams that are important to the communities we serve, which would equate to a large number of units. We were able to partner with them in a way where we didn't have that ownership of that product but really serve more as a platform to offer it up to our customers online and in-store. They've been great partners—it's reflective of where we can go and how things have evolved and changed from the traditional retail strategy.

### **How do you build authority in a category, like Home, which you haven't historically built on?**

There is a curiosity factor as we approach these businesses to learn along the way, but Home, to your point, is a broad-based business with a lot of competition. We wanted to edit our Home offering and feature products that make sense for our customers.

We really thought about the Home business as it compares to a city like New York as opposed to suburban America. People don't typically drive their car up to the store in New York and often don't have space in their homes. There's the nuance of all these factors that have helped inform our assortment in New York. A big part of what makes a department like that work is the spontaneity of people walking through and thinking, I didn't come in looking for that, but that's cool—I want to buy it. So that is a fun part of merchandising for us. Home was a category that really resonated with customers the past year and offered a new sense of discovery so, we wanted to build on that excitement and continue to expand our offering.

### **What is it about Nordstrom that makes it a good partner of choice for brands?**

What we offer brands is our customers; they can get in front of them in a way that doesn't require them to market to everybody with the expense of acquiring new customers—it should be complimentary. We can partner with all the greatest brands in the world and every case I can think of has been a creative and complementary partnership. We're in a fortunate position where we've been interested and willing to work with new brands that have a sense of flexibility. We've also attracted and allowed DTC brands to come work with us.

### **As you expand your assortment, will you be partnering with more specialty apparel brands?**

We definitely want to be open to that. I remember clearly my dad saying well, why would we carry brands that have their own store? The initial thought was that these brands are the competition. The fact is customers don't look at it this way. One of the common things we heard from customers, which validated our decisions, was now I can buy my favorite brand and my favorite store. That's how we approach partnerships—it's a win-win for everyone.

### **What is the role of AI in terms of the merchandise you choose?**

With anything related to technology, there is a curiosity of embracing how we could make the customer experience better. In many ways, it's the enabler of service. Embracing technology and finding ways to serve customers better is the way to go now in terms of having the right assortment. The thing that we benefit most from technology has a lot to do with real-time data that tells us about how things are selling and where the demand is. Ensuring our allocation levels are in the right places at the right time.

You still do need someone that's an arbiter of a point of view and taste. When they look at the myriad of products we could buy, they create an edited version that makes sense for our customers. That is the beauty of how data and merchandising come together—the art and science.