

NORDSTROM

Highlights From CEO Erik Nordstrom and CFO Anne Bramman's Fireside Chat Hosted by Telsey Advisory Group

June 30, 2022

Last week, our CEO Erik Nordstrom and CFO Anne Bramman spoke at a fireside chat hosted by Telsey Advisory Group. Erik and Anne discussed the health of today's consumer, our Nordstrom Rack strategy, how we're preparing for this year's Anniversary Sale and more. Below are some highlights from the conversation.

Our core categories remain healthy, especially as customers begin returning to offices, travel and events

"We're seeing a healthy customer. And look, our strongest areas really are our key core areas, women's apparel, men's apparel, shoes, designer. And designer has been strong for several years now and it continues to be. We do not see any evidence in our business of the customer trading down. It's quite the opposite." –Erik Nordstrom

When it comes to our Rack locations, we know that convenience is key

"The big difference between our Nordstrom and Nordstrom Rack banner business [is that] the off-price business is much more dependent on stores, physical stores and this convenience of those stores. We've actually got a lot of great customer data that [show] you get outside of a 15-, 20-minute drive circle of a store, people don't go as far for off-price business.

So having that convenience is super important. And as we look across—and we've got about 250 Rack stores and there's an opportunity for us to add more." –Erik Nordstrom

We're increasingly leveraging data and AI to make smarter decisions about how we manage our inventory

"We're not a promotional retailer, by and large. But we are improving some of the promotional effectiveness in really using AI and data to really look at how we manage the life cycle of a product, meaning we're using AI to inform decisions around when to promote, how deep to promote and looking at factors such as product profitability, seasonality, where it's located, price elasticity and even our in-stock levels.

And we're really getting much more granular on that and using data to drive those decisions as we're going through that. So we're using that as a way to continue to optimize profitability. And you started seeing some of that in Q1 and we'll continue to see that ramp more importantly in the second half of the year." –Anne Bramman

We're continuing to deliver on our Closer to You strategy by making our Nordstrom Rack stores return hubs for both Nordstrom and Rack purchases (and bringing new customers into the Rack as a result)

"Our Rack stores are existing assets we have. We have about 250 of them, and [we are] really looking at our biggest markets [and] taking those Rack stores and making them hubs for pickup of Nordstrom.com orders, places that a customer can return, not only a Nordstrom Rack purchase but a Nordstrom purchase. And many of them have alteration services as well.

So—that's gone really well. It serves customers better, but it also brings some traffic to our Rack stores, and we do see customer acquisitions, we're able to expose our Rack banner business to some new customers." –Erik Nordstrom

We're fully stocked and ready to go for this year's Anniversary Sale

"We're particularly excited about [the Anniversary Sale] given the timing of it, we've got the product, we're loaded. We're going to be full offering ready to go when Anniversary starts, which we didn't have last year. And the timing is good. It's just there's—customers are looking for something new. Anniversary, we know it resonates with customers." –Erik Nordstrom

And we're optimistic about our future

"We like our strategy and the path we've been on. We need to move, [and] we need to move quickly, but it's encouraging the customer response we're getting." –Erik Nordstrom

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