

NORDSTROM

Future of Brick-and-Mortar Retail with Pete Nordstrom

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Last week, Pete Nordstrom joined Pierre-Yves Roussel with Tory Burch and Vittorio Radice with La Rinascente during Vogue's Global Conversation virtual panel to discuss the future of brick-and-mortar retail. Below is a recap of Pete's remarks.

How can brick-and-mortar stores still be alive while it's shutdown? How do you keep customers engaged during a time like this?

It starts with creating a seamless, relevant experience.

The idea of brick-and-mortar as a standalone thing, particularly in the U.S., that's a bit of an antiquated thought. Over the last several years, people have pivoted using online and the physical together, leveraging those assets to really be a seamless experience for customers. Where we are has just accelerated all those thoughts and plans.

In terms of how we connect with customers, we really just have to figure out a way to be relevant considering what's going on. That's been a cornerstone to who we are and how we operate —a customer-led strategy. The biggest thing for us is to create a seamless situation where if our stores aren't open, how can we leverage our services and products in a relevant way for our customers. Fortunately for us, we have a large and developed online business and the ability to fulfill inventory from stores.

Overall, it's an interesting challenge. Every day we talk about what we should be presenting to customers online and how we can get them interested. It's been a creative endeavor.

How will stores be different once you reopen?

We have to be flexible and responsive to what's best for customers.

I think there's going to be a couple of phases. We will open up in a gradual way and gain customer confidence so they feel safe. I also think we're going to evolve into what will be a new normal. We're going to have to be flexible because it's impossible to predict what that new normal will be like. When we start opening stores, we will take learnings and a super humble approach in how we can be responsive to customers and allow that experience to evolve in a way that's relevant for them. We can't force legacy practices or things we did in the past that may not be relevant for these times. These things sound obvious, but we're just really trying to build in that flexibility and agility mindset to do what is in the best interest for customers.

What role can retailers play in slowing down the fashion calendar?

We want to be a part of the solution to establishing a more sustainable fashion calendar.

There's this great opportunity now to get a reset and act in the best interest of customers. If you start from scratch today, you would probably do it differently. It's been inspiring for me that we all find ourselves with mutual problems to solve for. We're aligned around this and being able to have a great and interesting discourse with manufacturers, designers and retailers to identify how everyone can get aligned. Retailers want to be part of the solution and I think if we can lead and be an advocate and voice for the interest of customers, then I think that's a great role for us to play. Being aligned and doing things in a commonsense way is something we're all interested in.

What's the right balance between physical and digital? How do your Nordstrom Locals fit into that equation?

The balance between physical and digital doesn't matter as long as you keep the focus on the customer.

This has been a path that all of us have been on in the U.S. If you can get customers to engage with you in multiple ways, you get more value, so we want to make it super easy for customers. There is a future for the physical and digital because it all works together. These aren't binary choices to only do one or the other. These lines have become so blurred, so it's important to just keep the focus on the customer.

We know if we open a store in a new area where we haven't had a physical presence before, we do more business because you have more ability for customers to access you on their terms. Most returns —even if from an online order —are made in stores. The hope is when they come in for that you can engage them further.

We've also opened Nordstrom Local neighborhood hubs which essentially are an extension of the services we can provide at a store without someone having to park at a mall or somewhere that's crowded and difficult. We can take returns, they can meet a stylist and do alterations —it's just a way to do the services a physical store provides but bring it closer to the customer. We continue to work with the formula of what the perfect balance is between physical and digital. I don't know that we have the exact answer, but we do know that the combination of both is key to our success.

How can you nurture and support young designers in such a difficult environment?

The more flexibility we have in how we operate, the more opportunity we have to offer support and identify compelling product.

We're a curator of things —we acquire and edit what we think customers want. The best balance of what you can curate for customers is things they expect and want but also discovery which gets them back in the store. Luckily for us, there's a never-ending stream of new products, brands and ideas. It would be foolish to not be open to working with brands like that.

In terms of how we can nurture and develop small brands, part of it is reimagining how the entire wholesale, retail transaction works and try to understand from them what the impediments might be for them to do a good job for customers. Often what they need isn't complicated but requires us to be flexible, so we don't just have a one-size-fits-all program. When something sounds compelling, we have conversations with brands on what they need. More often than not there's a way to find a solution for them that's still in the best interest of the businesses. The more flexibility we have, the more opportunity to do things that are interesting. It's important to us that we don't reduce to a transactional business but have a point of discovery, which is heavily reliant on new products from designers.

How can retailers deliver content with real meaning?

You must be able to master both convenience and meaningful engagement.

When you're in the midst of the times we're in now, so much of business is transactional. We need to be efficient in a transactional way that delivers a great experience for customers, but we also need to be able to pivot to engagement that retailers are traditionally known to do. We're finding ways to do both.

Some retail sites have things that aren't about selling anything but are about engaging customers and inviting them to be a part of the community. As a consumer, I find that appealing. We need to strike that balance and it's something we talk about a lot. How can we bring to life a website so it's more than a transactional vehicle and is more of a way to engage customers similar to the way we use stores? It's an important part of the ingredient and we can do both.

What role does supply chain play during these times?

The supply chain is now completely integrated with the customer experience.

We didn't spend a lot of time years ago talking about supply chain and tech and now it's become core to our strategy because customers expect speed and to deliver on that, you must have a great supply chain network. They don't exist as separate functions anymore —it's completely integrated. You need to have supply chain completely linked to the store experience, with merch and the planning and allocation part of what we do. They are an enabler of improving service and getting customers what they want. There's such an immediacy that you have to be responsive in the moment. If you have to ask customers to wait then you're going to lose them —they have other choices. I'm really encouraged by how supply chain is playing an increasingly important role in serving customers.

What keeps you positive and gives you optimism for the future?

We've been through tough times before and have been able to pivot to whatever the future holds.

My dad is 86 and he is more optimistic than anyone. We've been through tough times before and because our cultural foundation is centered on what's relevant to customers, it's easy for us to pivot. I was super encouraged by his optimism and our ability to adapt, be relevant and have better days ahead. No one knows for sure what's going to happen. In our business, people want to be attached to aspiration, hope and positivity, and we have a responsibility to bring that. We want to be compelling to people, so we're going to be a part of that solution.