

NORDSTROM

The Way Ahead: Q&A with Jamie Nordstrom

August 6, 2020

Editorial Director of Footwear News Michael Atmore hosted a [virtual fireside chat](#) with our President of Stores Jamie Nordstrom to discuss the future of retail in the midst of COVID-19. Below are some highlights from their conversation.

What changes in customer expectations have you seen?

Customers have high expectations around when they get their merchandise. Ten to 15 years ago, seven-day shipping time was acceptable, so we built our supply chain around that. Now, two-day delivery is table stakes, so we've reimagined our business and created our market strategy to focus on having inventory closer to where customers live. We first rolled this out in Los Angeles then New York and have now expanded to our top five markets. Because of this approach, a vast majority of products available on Nordstrom.com can be delivered next day for free because we already have the merchandise ready for deployment within each market in our stores, which we are able to fulfill orders out of.

We're also evolving our online order pickup experience to allow customers to shop across inventory within all our stores in a market that we will then gather in a location of their choice for pickup the next day. We've essentially taken all our assets and tied them together to give customers more options on how they can shop.

For example, if you're looking for a pair of shoes and have a distinct way you want to pick them up, try it on or return it, then we're going to be the most convenient place possible —that's our goal. Later this year, we will also be lighting up the order pickup, returns and alterations features in our Rack stores, which are already conveniently located for our customers. While we certainly didn't plan for a global pandemic, we've been investing in these experiences for some time and they are really resonating with customers during this time.

How is Rack performing and what role will it play as the world returns to a more normal state?

Nordstrom Rack is an important and consistent part of our business. We've been focused on increasing our digital components there — NordstromRack.com and Hautelook.com —which has been the fastest-growing part of our business in the past few years. We're also focused on providing a sense of discovery for our customers because it's often a treasure hunt in our Rack stores. You don't come in with a list of exactly what you want to buy. You come in looking for something you didn't know you had to have. We're at our best when we have great hot products at a great price from great brands. That experience is going to be as relevant as ever moving forward.

Once it is easier to visit stores, what do you expect your balance to be between physical and digital offerings?

It all depends on what you consider to be a digital experience. Is online order pickup a digital experience? We're focused on supporting the customer regardless of how they choose to shop and letting the chips fall where they may. A part of that also relates to the fact the customers are using stores differently. They're using them for order pickup and returns, also for alterations and styling. The demand is being driven by the digital side, but they still engage with physical assets. We're not focused on digital penetration versus physical penetration, instead, we're looking at how we can leverage all our assets in a market to better serve customers on their terms —regardless of how they choose to shop.

One thing we've heard from customers is more digital styling help, so we're focused on creating digital styling appointments. Now more than ever, our salespeople are walking around the store on FaceTime talking to clients and explaining what's in the store. They're texting them pictures and sharing ideas. That is yet another way we're looking to blend the physical and digital experience and why we're focused on how to better serve the customer instead of what channel we serve them in.

With a greater blending of physical and digital, what is the future role for stores?

The role of a great store is going to be as important as it's ever been. They have great experiences and products you didn't expect to see —it could be stumbling upon a new brand or eating at a new great restaurant. As humans, we crave those experiences and that's not going to change. The question of how many stores is more nuanced, but the world will always need great stores. Right now, it's tricky balancing how to deliver on that, but 30 years from now we will still be talking about great stores.

Part of the store experience is creating a social environment that you'd want to go to with a friend. There is a concept of "the third place" —you have your home, office and need a third place. We want our stores to be that third place for customers. But to be compelling over time, we have to continue to adapt and be willing to experiment to stay relevant.

What we're seeing with malls is also an acceleration of existing trends. Just like our stores, malls have to be a compelling place to be with a great mix of offerings. We have a high-quality store portfolio with 95% of our 100 full-line stores located in "A" malls, and most of our 248 Racks in off-mall centers. However, less than 40% of our business is in a mall-based store while the rest comes from online and Rack sales, which shows how diversified our model is and one component of how we are able to navigate through the current crisis.

How are you feeling about New York and other large urban centers where you have stores in terms of recovery and future performance?

I think about the number of times in recent history that people have bet against New York and have been proved wrong. New York has had its dark days but we're pretty sure it will come back and be fine. When? That's anyone's guess, but when we opened our store there, we didn't open for 2020 or the next few years -- we made an investment to be there for a very long time. It's going to come back. The spirit of New York is robust, and I think it's going to come back better than ever and you'll see that in other city centers as well.

Diversity and inclusion is a big topic throughout our country —what has Nordstrom done to improve its efforts in that area?

We have been on a path for several years now to improve diversity, inclusion and belonging in our company. It's always been important to us, and a few years ago, we took a big step forward to establish new priorities and goals. Our employee-led Employee Resource Groups are a big part of that since the voices of our people are critical to informing our journey to improve. We've been really focused on increasing the level of diversity across all levels of our company and have made a lot of progress on that —but we still have a long way to go.

One of the ways we've thought about this is by focusing on helping people bring their whole selves to work. If you can truly be yourself at work, you can get a lot more done. When people feel like they have to be somebody else or play a specific role, that's not only wrong but it means they're focusing energy on being someone they're not instead of focusing on the customer. We've long believed we are all made better by the diversity that exists within our communities and when we have an environment where our people can feel a sense of belonging, contribute their ideas, be heard and do their best work, then we as a company can be at our best.

What we've all discovered in the past few months is that we need to take more responsibility and use our platforms to help others. We're still working to understand how to execute towards that, but we've learned a lot in the past few months and are as motivated as ever to be a leader in this area.

How will your Anniversary Sale be different this year?

There are a few changes made this year. First off, we pushed the date back about a month into August due to our desire to adjust the assortment so it's more relevant to our customers in these times. Another change is we weren't able to do a catalog this year because we couldn't do a big photoshoot due to COVID so it's all digital this year. The digital experience is actually better because you get a much broader view of the event and are able to preview the sale and create wish lists before it starts. We've also given earlier access to our best customers and have spread that out so those customers in our loyalty program have more time to enjoy that benefit. The last thing is the assortment —we've gone narrower and deeper into the categories that we know our customers will love. We're excited about it. More than anything, this event is all about newness, turning the page to the fall and helping feel good which is something we all need right now.

How are you preparing for the second half of this year?

The best word I'd use to describe our focus right now is "flexibility" —and maybe "agility" is a close second. When it comes to our inventory, we want to be able to react to what's selling and manage that margin for error since so much continues to change. We're managing our business as best we can and do the right thing for all our stakeholders, but ultimately we're being flexible for our customers, employees, partners, landlords and shareholders so we can come out of this in a position of strength.