

7.12: Closing Company Case

Nordstrom

One day a customer walked into an upscale fashion retail store in Anchorage, Alaska, to return a set of tires. The store had a wide selection of shoes, clothes, and accessories, but no tires. However, the store that previously occupied the space did sell tires. After much discussion, a Nordstrom store manager made the return and accepted the tires. The story is legendary in customer service circles. It is also true.

A leading fashion retailer based in Seattle, Washington, Nordstrom prides itself on customer service and innovative methods of serving the customer. Founded in 1901, the company now operates 358 retail stores in the United States and Canada, as well as online retail (Worzel, 2022).

Nordstrom has long been famous for its customer-centric mindset. The “Nordstrom way” has always been about serving customers according to their needs and making them feel good about the shopping experience. Part of the experience is focused on ease, selection, and convenience.

In 2020, Nordstrom saw tremendous growth in online sales. By integrating online and in-store sales, the company realized that 50% of customers who buy in-store at Nordstrom have first had a digital experience with the retailer. Identifying trends between in-store sales and online sales has assisted Nordstrom in formulating a more customer-centric strategy (Nordstrom, 2021).

Nordstrom sales associates are key to better serving customers and increasing sales. Sales associates develop connections with customers. With good questions and involvement in the customer experience, the sales associates determine consumer needs and wants. Understanding consumer needs and wants leads Nordstrom to craft an experience unparalleled in retail (Nordstrom, 2022).

Through careful study of the customer and the analytics available in online and in-person shopping patterns, Nordstrom has developed a more robust system that allows for seamless coordination between all Nordstrom properties. In developing a better customer experience, Nordstrom worked to really understand how customers live and behave.

Nordstrom Local emerged from customer interactions, observation, online data, and careful marketing research. One key piece of information was that 35% of customers who place an online order first visited a store to help guide the purchase decision (Conte, 2012). With Los Angeles and New York as the top markets, Nordstrom needed methods to connect with and help ease the purchase process for its customers in these locations.

One significant aspect of the purchase process was to make online ordering easier, allowing for quick in-store pickups and returns while also including a method of getting alterations when and where it was most convenient. The creation of Nordstrom Local was the answer. Through a Nordstrom Local, available in the top markets, the customer could get the Nordstrom experience—closer to home.

Nordstrom realized the more channels customers could use, the more they would spend with the retailer. In fact, soon after opening Nordstrom Local, the company was able to determine that customers using the new locations spend 2.5 times the amount of all other customers. So, how could the company better serve those customers and make transactions more profitable?

Part of the Nordstrom plan to connect the customer more fully with the “experience” included the ability to easily order online and pick up in-store—using Nordstrom Local made that possibility easier to achieve. Nordstrom Local also included tailors available at pickup, the exclusive Nordstrom Stylist who would travel to all stores within a local market area, easy returns and exchanges, and finally, Certified Gift-Wrapping Specialists to make special packages look styled for whatever the occasion.

Consumer insights help Nordstrom to provide curated merchandise for each store. When shopping at Nordstrom, you will find merchandise specific to the region and store location. Pop-up shops are a regular feature at Nordstrom. The pop-up allows for a preview of potential merchandise to meet the needs of the local market. A well-rounded plan to connect at every point of contact has allowed Nordstrom to create an experience unrivaled in the industry.

Case Questions

1. Nordstrom is legendary for providing the best customer experience. What are some of the ways Nordstrom has gathered marketing research from the consumer?
2. When Nordstrom analyzes the data found in its online sales platforms, what type of marketing research is it using?
3. In what ways has Nordstrom used data to enhance the customer experience?

4. Nordstrom realized a connection between online shopping and in-store shopping. It developed methods to capture the online customer and increase in-store sales. In what ways was Nordstrom able to understand customer shopping behaviors?

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