

Shop.Org 2012 Keynote: Jamie Nordstrom, President, Nordstrom Direct “Evolving the Customer Experience”

Wednesday, September 12, 9:00a - 10:15a

Bio:

Jamie Nordstrom has been President of Nordstrom Direct since 2005. Jamie supports Nordstrom.com, mobile, catalogs and fulfillment center operations. Together with the executive team, Jamie has helped the company improve the shopping experience in-store and online. Jamie and the Direct team have accelerated e-commerce growth by building upon the company's strong multi-channel foundation to deliver better value, broader selection, greater convenience and a richer customer experience online. In 2011, Nordstrom achieved record total net sales of \$10.5 and Direct continues to be the fastest-growing part of the business.

A fourth generation family member, Jamie began his career in the stockroom of the Bellevue, Wash. store in 1986. He worked in sales in shoes through high school and college. After graduating from Seattle University, Jamie went on to hold numerous positions with the company in store and buying management. Prior to being named president of Nordstrom Direct, Jamie spent three years as part of a team that successfully implemented and supported the company's perpetual inventory system and multi-channel capabilities. These efforts enabled the company to increase merchandise availability to customers, bring new fashion to customers more quickly, increase sales with less inventory, and reduce expenses and markdowns.

Introduction: Sucharita Mulpuru, Principal Analyst, Forrester Research

Intro Highlights:

- Social commerce is a pathetic driver of sales
- The number 1 place the smartphone is used: the living room; no. 2, the car; and no. 3, the office.
- The number 1 place tablet is used: the living room; no. 2, the bedroom; and no. 3 airports and planes.
- These devices command our attention in small bursts. We are "snacking on content".
 - The poster child of this new way of consuming this type of content is Pinterest.
 - We enjoy the creation of someone else's content
 - Pinterest helps buyers discover products early in the shopping window
 - Pinterest competitors include Zoomingo, Houzz, Glimpse, Fancy (With Fancy, you can actually buy products)
- Nordstrom has been an early innovator of social media; it had communities on their website for years
 - Another example, the Nordstrom innovation lab; there they build one iPad app in a week

Keynote: Jamie Nordstrom, President, Nordstrom Direct

Keynote Highlights:

- Our one goal every year is to improve Customer Service
 - This has been our goal for decades and decades
 - Why is this our goal? Because you sell more
 - The better service your give, the more people buy
 - Make them happy and they buy more
 - We are winning and losing everyday on customer service

- How do we need to evolve with our customers?
 - Great customer service are the things that customers values over and above the product
 - We need to do a better job creating an experience that the customer values

- Nordstrom History:
 - 1901: We were a small shoe store in Seattle
 - 1960: We bought a small regional department store
 - 1970's: We book company public
 - 1978: We opened in South Coast Plaza
 - 1980's: We expanded into the Mid-west and East
 - Now: We have 240 stores
 - We ship to 44 countries

- Cornerstone of business is our people
 - We have 56k employees
 - We have double the sales per square foot than the industry average
 - We focus on the customer, leave those decisions on the shop floor
 - We have one rule: use good judgment
 - By not having a lot of rules, we empower our employees
 - Our commitment to customer service makes us different

- Growth of our company with a focus on customers
 - eCommerce
 - 80% of footwear growth in next 10 years will occur online
 - Up over 40% year to date online
 - New markets
 - We just announced store in Manhattan
 - 57th and Broadway (near Time Warner square)
 - We are looking at going into Canada
 - We have new stores in Puerto Rico and Jacksonville
 - Nordstrom Rack Stores
 - We been in this business for over 40 years
 - We accelerated Nordstrom Rack stores growth in last 6 years
 - We have over 100 Nordstrom Rack stores, and by 2016, we will have 230 Nordstrom Rack stores
 - Multi-Channel Evolution
 - Our website was an online version of our catalog in 2000
 - Customers wanted the same experience on our website as our stores: same merchandise, same price, same discounts
 - By 2004/20055, we had a strategy change
 - We wanted to create a seamless experience between our stores and our website
 - We had to integrate all our systems; it took several years
 - The hardest part was integrating the organizations
 - We now have a single view of inventory, a single view of the customer
 - Our customers can buy online, and it pick it up in store
 - Who gets the credit – store or website? (The customer doesn't care)
 - "Keep all decisions in the multi-channel journey, focused on the customer, then it will work."

- What's next?
 - We need to be best-in-class in stores and online
 - We have to get it both right
 - Whatever channel the customer is in, he must have the best experience
 - Customers feel like they get a trusted advisor
- In-store technology transforms the customer experience
 - We wanted to do the Apple store experience, i.e. no cash registers
- We are not big on advertising, we let customers speak, word of mouth - that's what social networking is today.
 - We enable customers to share with one another
 - How social evolves is the cornerstone of customers service
 - Pinterest has 1.4 M followers
- We offer free shipping and free returns on our website
- Flash sales are not a fad
 - The 25-year-old fashionista is our target
 - We just bought hautelook.com
- Other online investments:
 - bonobos.com
 - topshop.com

Summary:

- The customer is in driver's seat
- In the old days, we had a lot of control over what customer could buy: price, selection, etc.
- Today, retailers that embrace the fact that customers are in charge, will survive

Q&A:

- Who owns the brand?
 - In keeping the focus on the customer, our brand owned by our 50k employees
 - We have no brand owner; we have a marketing team but no real owner
 - We are all stewards of the brand
- Discuss social experiments.
 - Celebrate what does not work
 - Only people to figure it out are the customers
 - No one will know what it will be, it has to evolve
- Discuss eliminating all cash registers.
 - Today, we have trial of iPads in stores with scanner/swipe
 - We do about 85% of what registers have
 - POSs are too old, about 8 years old
 - Devices are checked-out each day
- Is your online catalog the same as in-store?
 - Each store has different merchandise
 - 80% of our merchandise is online
 - We have online exclusives