

Nordstrom: The Value of Service

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Classification Characteristics

Nordstrom's is a upscale department store that displays and sells name apparel, jewelry, makeup, perfume, house wares, shoes, and handbags. They share the same characteristics as other department stores in the other stores offer similar items. Nordstrom is not the everyday, run of the mill boxed department store and sell some exclusive brand merchandise, such as Gucci or Coach Handbags, for those manufacturers who have picked them to represent their products solely.

They are now comparable to other high-end retailers in that they have an interactive website where the customer can search for and purchase items online without leaving home with an option to return the product to any of their stores for refund or exchange.

Level of Service

Nordstrom's level of service is above and beyond what society has become accustomed to in such that they will do whatever it takes to please their customers; even if it means breaking up a pair of shoes for a one-legged customer.

Their salespeople have personal relationships with their customers and have gone to extremes to accommodate customers, even in events that do not directly benefit the company in the right there and now. Nordstrom beholds the art of focusing on the customers and giving them undivided and individual attention. It would be safe to say that no two Nordstrom customer are alike nor treated as such.

An example of another store that would be on the opposite end of the continuum would be just about any store selected to compare against. Who ever heard of a sales person spending their own money to catch a cab and race to the airport to return airline tickets to a customer who inadvertently left them behind? In today's economy, it seems as though just about all department

stores are out to make a profit by customers who come to them and will not take additional measures to make the customer feel pampered or special.

“The company’s philosophy has remained unchanged for more than 100 years since its establishment by John W. Nordstrom in 1901; offer the customer the best possible service, selection, quality and value.” (Nordstrom Author, 2011)

Retailing Mix

Product: Nordstrom’s is known for their high-end, name brand products which come with exceptional service. They have a customer base who will continue to shop with them because of the diversity of products and the individual shopping experience.

Nordstrom’s history started in 1901 with their first “shoe” store in Seattle. “While Nordstrom was growing nationally, it focused on catering to customers’ needs, individually. Instead of categorizing department by merchandise, Nordstrom created fashion departments that fit individuals’ lifestyles.” (Nordstrom Author, 2011)

Place: Every location is handpicked and important factor in Nordstrom’s success. When deciding on where to place a new store, Nordstrom’s president Eric Nordstrom personally visits each location. He has been involved in this process for a long time and can intuitively tell by “gut feeling” if the location will be a good match for their style and class of store. Mr. Nordstrom has turned down locations that looked good on paper but did not pass the “gut-feeling” test. By the end of 2010, Nordstrom’s anticipated having 176 in 30+ states.

Promotion: Nordstrom’s main promotion focus would be through public relations, meaning their salespeople and the second to none service provided to their customers. When their customer is happy, they will continue to shop at the store and will tell others of their experience.

Nordstrom also has a great website that is currently advertising their “Half-Yearly Sale”. Meaning they do not rely on sales, coupons or friends-of-friends promotions to get customers in the door.

Price: Although their prices tend to be higher than other department stores, their customers continue to return. They do not feel they need to “hop on the price-promotion bandwagon” and advertise or have lower prices than they do because they feel their prices have integrity in the value of their products. Nowhere in their philosophy of “offer the customer the best possible service, selection, quality and value” is price even mentioned. It is implied that the four core Nordstrom components of service, selection, quality and value would cater to upper class consumers who expect to pay more for the value of service they receive.

Presentation: Nordstrom wants their customers to feel the store as being “aspirational and upscale” so that their customers feel they are treating themselves when they shop at the store.

Personnel: Their personnel are top-notch and among the elite. Nordstrom has sales people who have been with them for decades and one in particular, Patrick McCarthy, who has generated over \$1 million dollars in sales. Mr. McCarthy has a diary of hand notes on all of his 12,000+ personal customers and will call them when new merchandise arrives or to arrange a personal shopping appointment. Mr. McCarthy offers his customers a “heart experience” when competitors are focused on making the sale, and not focused on building relationships.

Climate Challenges

Nordstrom has a new technology computer inventory system in place that allows them to make smarter buying decisions and the quantity needed in each store.

Although Nordstrom’s has been in the business of offering superb customer service, and understand the significant importance of their 110 year-old traditions, they are still capable of

identifying changes in their customer's shopping habits and needs. In order to stay ahead of competition and continue to offer the shopping experience customers have become accustomed to and expect, Nordstrom is not intimidated by evolving with the times.

Over the decades, company officials have identified limiting sales challenges and have taken steps to remove those barriers so that their customers could have a seamless pleasurable shopping experience. They have removed one said barrier of online purchases not being accepted for return in a physical location.

Changing Competition

Nordstrom continues to set the bar for all upscale department stores. Although some competitors try to incorporate different gimmicks to get customers in the store, Nordstrom understands the importance and value in customer services. They have proven that value means more than paying a little more for a similar product. Nordstrom salespeople value their position within the organization and their expertise in the customer service industry. Customers value their salesperson and their personal buying relationship with them. Yes, Nordstrom and their employees understand the true meaning of value and it is that important understanding that sets them miles apart from their closest competitors.

References

Nordstrom Author (2011). *About Nordstrom: Company History*. Retrieved May 29, 2011, from

Nordstrom: <http://shop.nordstrom.com/c/company-history>

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