

Nordstrom: a marketing analysis

Business



Over the years Nordstrom has created individual departments that focus on the individual lifestyles of the customers. The company not only provides its customers with a wardrobe, but also a countless line of accessories, cosmetics, and fragrance.

Over the past few years, the company has added new brands to its product line to satisfy its customer needs. In order to give the best possible service to the customer, the company plans on continuing to update the product line as new customer desires evolve. The employees are extremely focused on creating an environment of customer service within the store as well.

The employees are not only focused on meeting the company standards, they are also focused on reaching the standards they have set within their own department as well. Each employee is trusted by the store managers to make good decisions and represent the company well. This trust has built confidence in the employee and enables them to focus all of the energy toward the customer.

The atmosphere of the store also shows evidence of the company mission. The store is easy to navigate through, specific soothing colors are well placed throughout the store, and there is always a piano that can be heard playing in the background.

These three things create a soothing and comfortable atmosphere for the customer. Nordstrom's mission of providing customer service, quality, selection and value to its customers is carried out in every aspect of the company. The company employees, store atmosphere, and product line all display extraordinary qualities of service.

The Mission Statement of Nordstrom is definitely evident in its day to day operations. Situation Analysis (SWOT Analysis) Internal Strengths and Weaknesses History (Sales, Profits, Organizational Philosophies) Nordstrom was co founded 1901 by a 30 year old man named John W Nordstrom and his partner Carl Wallin.

At age 16, John W of Sweden left his home and moved to Alaska where he struck gold. While in Alaska, he met a man named Carl Wallin, “ who owned a shoe repair shop in downtown Seattle” (Nordstrom Employee, 2006). The two decided form a partnership and open a shoe store entitled Wallin ; Nordstrom. Right form the start, the business philosophy was “ based on exceptional customer service, selection, quality and value” (Nordstrom Employee, 2006).

Focusing on this philosophy helped Nordstrom develop a competitive advantage in the shoe market. Due to their success, the company opened a new store in 1923.

The company was soon taken over by John W’s sons. Under their management it “ grew to become the largest independent shoe chain in the United States. By the 1960’s the current market had started to reach maturity and the company began to look “ for new ways to spread its wings” (Nordstrom Employee, 2006).

In an attempt to diversify itself, and gain greater market penetration, Nordstrom took on a new name, “ Nordstrom Best”, and ventured into the clothing market. Now, upon entering a Nordstrom store, “ customers were

greeted with a selection of both shoes and fine apparel” (Nordstrom Employee, 2006).

Now for the first time in history, Nordstrom offered a diverse product mix, something no other competitor offered. In 1971, under the third generation of management, the company decided to go public. Two years later Nordstrom reached a critical point in its business, surpassing \$100 million in sales, making it the largest volume specialty store on the west coast. Profits were growing, market share was increasing, and Nordstrom’s marketing plan seemed to be working.

Even though Nordstrom was experiencing tremendous success, the management was not satisfied. There was still room to grow.

In order for Nordstrom to retain its competitive advantage, the company needed to revise its marketing strategy and further its market penetration. The company decided to take action. By 1975 the company penetrated into the markets of Alaska and California and by the late 80’s, the company opened up the first Nordstrom Rack in the mid 70’s.

This store was a “ clearance center for full-line store merchandise” (Nordstrom Employee, 2006). The higher prices in the regular store targeted the upper segment of society, while the Rack enabled Nordstrom to orient itself to a completely new crowd.

Today, more than 100 years after its establishment, Nordstrom maintains the same focus of offering “ the customer the best possible service, selection, quality, and value” (Nordstrom Employee, 2006). This is evident in

the product line and store ambience. Nordstrom has created a unique store atmosphere designed to enhance the shopping experience of the customer. “ Instead of categorizing departments by merchandise, Nordstrom” has “ created fashion departments that fit individual’s lifestyles” (Nordstrom Employee, 2006).

Focus on serving the market (or customer’s needs and wants) has helped Nordstrom grow from a small shoe store in Seattle “ into a nationwide fashion specialty chain” (Nordstrom Employee, 2006). Nature of Firm/Current Situation Aside from Nordstrom’s customer service, one of its most influential qualities is the store atmosphere. Immediately after walking into a Nordstrom, one experiences a sense of calmness that is not experienced when walking into other department stores. At Nordstrom, “ careful attention has been given to achieving an esthetically pleasing atmosphere”, a Nordstrom customer commented (Bee H, 2006).

Nordstrom has put a lot of research into testing different layout scenarios within each store.

Every time the layout of a department changes, a diagram is made and a record of sales is kept for that layout. From this information, Nordstrom has been able to develop the most economical and profitable layout for the customer and the organization. The Nordstrom colors are also carefully selected. Deep earthy colors present customers with a comfortable and desirable atmosphere. Deep red, brown (wooden floors), blue, purple and green are used to color the store.

Every color is strategically placed throughout the store to enhance the shopping experience.

Nordstrom has put a lot of research into effects that color has on the human psyche. For example red is chosen because it produces feelings of “ energy, desire, and attention” (Bear , 2006). Purple is another color that is placed in distinct locations throughout the store. It brings about feelings of self assurance, dignity, high aspirations, royalty, sophistication, wealth, ambition, fame, luxury, and power. These two colors are used to promote confidence and feelings of satisfaction within the customers as they shop.

During sales, employees are also given a tie to wear which almost always includes the color purple. Purple is also found near the more expensive items in the store. The color scheme is critical in creating a store atmosphere that is desirable to customers. Aside from the colors, the product layout also plays an essential role in providing a even-tempered atmosphere. Nordstrom has separated its products into different departments for men and women. This helps provide better service as each department can cater to the specific needs and wants of the customer.

Within each department the clothes are either laid out on hanging racks or on tables.

Organization is the primary focus when setting up the departments. Clothes are always neatly folded and clothing racks are well separated. A general rule of thumb is that if two people can not walk side by side between two fixtures, they are too close together. To produce an even cleaner look,

jackets and heavier clothes are always hung on wooden hangers instead of plastic.

The most famous contribution to the atmosphere of Nordstrom is the Piano. Nordstrom has created a “ partnership with Levine School of Music” where it hand selects students to work for the company upon graduation.