**Marketing 360 Project**

**Step One**

**Proposal**

**Step 1: *Selecting a firm***  
    Our group we selected Nordstrom, Inc. As a large firm it will offer easier access to information that a smaller firm would not provide. We also selected this company because all four of our group members have been exposed to it.  
  
**Step 2: *Understanding the firm***  
    To help our group better understand the firm we believed it would be beneficial to outline the history and note the major changes within the company through the following timeline.  
History:

1887: John W. Nordstrom leaves Sweden at age 16. He had $5 and was unable to speak a word of English.

1897: Nordstrom heard at a gold mining opportunity in Alaska through the newspaper. He made plans to head north to Alaska. Within 2 years, he earned $13,000 in a gold mine stake and headed back to Seattle. Nordstrom also met a Carl Wallin in Alaska. Wallin owned a shoe repair shop in downtown Seattle.

1901: The two men opened their first shoe shop in downtown Seattle called Wallin and Nordstrom.   
1923: Due to loyal customer base, the two men opened their second shop.

1928: Nordstrom retired and sold his share of the shop to his sons, Everett and Elmer.

1929: Wallin retires and sells his share of the shop to the Nordstrom sons as well.

1933: A third son, Lloyd joined the team

1960: Nordstrom grew to have eight stores throughout Washington and Oregon. The downtown Seattle store became the largest shoe store in the country.

1960s: Wanting to expand into the clothing market, in 1963, Nordstrom purchased Best Apparel, a Seattle-based clothing company.

1966: Nordstrom purchased a Portland, Oregon, fashion retail store and merged with their existing Portland shoe store. For the first time, customers were able to shop for shoes and fine apparel in the store under a new name; Nordstrom Best. In late, 1966 men and children clothing were added, meeting the clothing needs of the whole family. 1966-68: Two new stores opened in Washington.

1968: The three Nordstrom brothers decided to retire, handing the business over to the third Nordstrom generation. The company is now under Everett’s son, Bruce, Elmer’s sons, James and John, Lloyd’s son-in-law, Jack McMillan, and family friend Bob Bender.

1971: The Company went public.

1973: Sales pasted the $100 million mark and the company was recognized as the largest-volume West Coast fashion specialty store. The name was also formally changed to its present name, Nordstrom, Inc.

1975: Company had expanded into Alaska and the first Nordstrom Rack was opened in Seattle as a clearance center for full line store merchandise.

1978: The Company moved into the competitive California market.

1988: Nordstrom had made the big move to the East Coast, opening a store in Virginia.

Today: Nordstrom continues to grow nationally and caters to customers’ individual needs, instead of categorizing departments by merchandise. Nordstrom has created different departments based on lifestyles and cater to outfitting the entire family. They are recognized nation-wide fashion specialty chain with renowned services, generous sizes, and selection of the finest apparel, shoes, and accessories.

*Product and Services:*

Present day Nordstrom offers many products and services. The products that Nordstrom currently offers are everything from handbags and jewelry to make up and shoes including apparel for the whole family.

Nordstrom currently offers four types of stores: The Nordstrom,  Nordstrom Rack, Nordstrom online, and the Nordstrom catalogue.

Nordstrom online currently offers the following departments: Women's, Men's, juniors, designer collections, baby and kids, shoes, handbags and accessories, beauty and fragrance and at home and gifts.

The Nordstrom store does not categorize departments by merchandise but create fashion departments that fit individuals’ lifestyles.

The Nordstrom Rack was opened as a clearance center for full-line store merchandise.

The services that Nordstrom offer are customer service, alterations, personal stylist, gift wrapping, gift cards, Nordstrom Cafes, espresso bars, Nordstrom banking and spa.

*Position:*

*Market:* Nordstrom is one of the leading fashion retailers and holds a strong position in the retail market. They offer a wide array of over 500 brands that target the entire family. Their brands cater to upscale customers giving them high margin revenue and a competitive edge over other businesses within their market.

*Industry:* Nordstrom is based in the Apparel Stores category and is a part of the services sector. They position themselves as an “affordable luxury” retailer and a higher-end department store. Nordstrom is one of the nation’s largest upscale apparel and shoe retailers.

*Competition:* Nordstrom competitors are primarily in the apparel and accessories industry. However, since Nordstrom offers other services, their competitors vary. Cosmetics, beauty supply and perfume, retail, music, video, book and entertainment retail, and non-retail sectors are areas where Nordstrom has competition. Stores such as Saks Fifth Avenue, Bloomingdale’s, and Neiman Marcus are the main competing companies.

*Customers:* Nordstrom customers are in the upper and middle classes and tend to live in densely populated areas. They have the desire and income to purchase higher-priced luxury apparel and accessories. Their main demographic are women; 38% are18-34 years old and 33% are 35-49 years old. Over 68% of their customers make between $60 to $100 thousand plus a year.

**Step 3: *Mission Statement***  
At the Nordstrom website there is not a clearly defined mission statement for the entire company. The company however does have a diversity mission statement;  
        “OUR DIVERSITY MISSION STATEMENT:  
*To maintain a workforce that represents many backgrounds, while remaining deeply committed to cultivating an environment where the contributions of every employee, customer and vendor are valued and respected.”*  
The company also offers a section on social and ethical obligations through goals and efforts within different communities.   
    The main focus that Nordstrom presents is to provide superior customer service while providing a sustainable and productive work environment for their employees.

**Step 4: *Identifying the Problem***

*Problem 1:* One of the main problems with Nordstrom is their lack of presence on the East Coast of the United States. Below is a graph displaying the representation of stores on the East Coast. The store count is for Nordstrom Full Line stores, as well as the Nordstrom Rack

|  |  |
| --- | --- |
| Maine | 0 |
| New Hampshire | 0 |
| Vermont | 0 |
| New York | 5 |
| Massachusetts | 6 |
| Rhode Island | 1 |
| New Jersey | 7 |
| Pennsylvania | 3 |
| Connecticut | 1 |
| Delaware | 1 |
| Virginia | 9 |
| Maryland | 7 |
| North Carolina | 4 |
| South Carolina | 0 |
| Georgia | 5 |
| Florida | 16 |
| DC: | 1 |

There are a total of 61 stores on the East Coast. Compared to the stores in the West:

|  |  |
| --- | --- |
| Washington | 14 |
| Oregon | 8 |
| California | 59 |
| Utah | 4 |
| Alaska | 1 |
| Hawaii | 2 |
| Idaho | 0 |
| Nevada | 2 |
| Arizona | 6 |
| Montana | 0 |
| Wyoming | 0 |

There are 96 stores on the West Coast. Something Nordstrom needs to look into is how to market those stores in the big cities on the East Coast, New York City, Washington DC, Atlanta, etc. Also they need to market their online shopping option and advertise their catalogue to a wider customer base.

*Problem 2:*

In recent years Nordstrom stock has been dropping. The stock has not met the Wall Street estimated goal. People’s share percentages have gone down which in return portrays a bad reputation for the Nordstrom Company.

Because of the economic climate currently, company sales have been reported substantially below their goals, especially for the months of December and January. With Nordstrom declining in sales and stock, the company needs to develop a plan to increase sales numbers to reach their goals.

The return policy Nordstrom offers is a positive staple in their reputation. Nordstrom will accept anything back even without a receipt or tag accompanying the item. The computer system allows the sales representative to look up an item that is from past seasons. Their main focus is to keep loyal and happy customers.

The problem is that Nordstrom does not identify their return policy as a problem. Their customers take advantage of the policy’s leniency. By Nordstrom accepting anything to be returned the company loses money.

There is a blog about a grandma taking a child’s holiday dress into Nordstrom and returning it, even though the item was two years old. The dress had clearly been worn and washed. The sales representative allowed the grandma to return the dress. The grandma used the refunded money to pick out a different children's holiday dress in a larger size. This example demonstrates that Nordstrom lost money through their return policy, by essentially giving away the second dress.

It would be helpful for the company to compare the payouts given to companies through returns and their sales numbers.