

Nordstrom's 'Local' Expansion Has National Implications For All Of Retail



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Retail

I write on the reinvention of retail in the age of digital disruption

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Interior of the Nordstrom Local Brentwood concept in Santa Monica, California. NORDSTROM.COM

Nordstrom just announced plans to expand its service-centered Nordstrom Local concept from three Los Angeles-area locations into New York City. Like their brethren, the two new locations—one at The Greenwich Lane in the West Village, the other on the Upper East Side—will carry no merchandise and are tiny compared with the typical mall-based Nordstrom department store.

Yesterday's media coverage mostly centered on how it seemed a bit curious (or even ironic) that, given the company's long delay in entering Manhattan with a full-line offering, it appears Nordstrom is now very much in a New York state of mind. (The Men's store opened last year and will soon be joined by a Midtown flagship.) Other stories wondered whether consumers might be confused by a store that "doesn't sell anything." While the latter query fundamentally confuses

how shopping works today, I think most missed the broader, far more important strategic point.

When I wrote about Local in 2017, I was calling attention to a nascent trend, which I dubbed (rather prosaically) "[small is the new black](#)." While some retailers were shrinking their footprints to make expensive and/or physically tight locations' economics work, some were fundamentally re-imagining their concepts to get closer to their customers—both literally and figuratively. Through this filter, "Local" wasn't a baby Nordstrom store but, rather, a wholly new offering seeking to meet customers where they were in a remarkable, intensely customer relevant way.

Today, seeing the concept evolve, comparing notes with colleagues, discussing Local as an example of "memorable" retail in [my keynotes](#) and working on my forthcoming book, I have an expanded and (hopefully) more useful view. With this new perspective, I believe Nordstrom is virtually certain to expand Local to many more markets in the next few years. I also believe that there are two emerging and important lessons that most retailers should consider as they evolve their growth strategies.



Nordstrom Local store in West Hollywood, California. [NORDSTROM.COM](#)

Forget omni-channel. Focus instead on "harmonized" retail. I've been [hating on "omnichannel" for years](#). Aside from the lack of a consistent and coherent definition—and the way many in the industry seem to throw the term around like they are playing some sort of retail buzzword drinking game—I can't think of a single retailer that is winning by following a vague, complicated, time-consuming and expensive strategy to be everywhere. So once we get beyond the jargon and slick vendor presentations, it turns out the key is to meet customers where they are, not chase all things "omni." This means eliminating the discordant notes and making sure the often disparate—but critically important—elements of a multiple touchpoint customer journey "sing" together harmoniously.

Here, Nordstrom Local is a great case study. As consumers live ever-busier lives—and urban congestion only gets worse—simply getting to (and in and out) of a mall-based location is a major friction point. Moreover, for accomplishing certain tasks like personal shopping, product returns and BOPIS (buy online, pickup in-store), navigating a big, sprawling department store is a hassle. So by inventing Local, discordant notes are eliminated in ways that could not be done with an existing format. In addition, more intimate stores can deliver extra features that are more authentic and relevant to a more boutique atmosphere. Rather than taking a one-size-fits-all approach and trying to be everything, Local seeks to be meaningfully remarkable against a very specific set of customer desires.

Establish a new lens on success. For decades, doing well in retail meant driving comparable store sales growth, maximizing physical store productivity and growing four-wall profitability. Yet once we start to embrace the notion that shopping today is a [blur](#), blow up our [siloes thinking](#) and accept that [the customer is the channel](#), we need to [embrace new metrics](#). While there is a lot more to delve into than I can in this piece, one thing seems increasingly obvious and critical. Historical measures of store success are increasingly irrelevant in a world where digital drives physical store success and vice versa. Instead, our lens needs to shift to establishing new, less channel-centric measures. [🐦](#)

Nordstrom's Local strategy sheds innovative light on this subject. When our goal is to maximize siloed channels, we establish many limiting factors. When we start to focus on maximizing performance by customer segment, regardless of the channel where the transaction is rung up—or we start to think about ways to maximize performance in a given geography—new possibilities emerge. Nordstrom is never going to reach its full potential in LA or NYC (or other trade areas I'm certain are already in the exploration stage) by merely pushing e-commerce, opening Nordstrom Rack locations, tweaking the full-line stores and hoping a new mall might get built some day.

The implication for just about any retailer is to first dissect the customer journey to identify pain points to eliminate and experiential elements to make more memorable and to amplify. The next step is to blow up success metrics that no longer serve us and push ourselves to let go of the strategic hammer that keeps pounding the same unremarkable nails. [🐦](#)

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