

ABSTRACT

“THE NORDSTROM WAY—WILL IT SURVIVE?”

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Founded in 1901 as a partnership between Swedish immigrant Johan W. Nordstrom and his friend from the Klondike gold rush, Carl F. Wallin, Nordstrom's has grown from a single shoe shop in Seattle to a nationwide, upscale department store chain with 114 stores in 23 states. The firm has been continually under the direction of the Nordstrom family (with the exception of a brief period in the late 1990's).

In the 1960's Nordstrom diversified from shoes into apparel, although it is still widely known for the breadth and depth of its shoe inventory. It began its expansion to the south and east in the 1970's. It has been second only to Niemann-Marcus in the dollar amount of sales per square foot of floorspace among department store chains. Part of the reason for this has been its exclusive licensing agreement with the French men's apparel boutique chain Faconnable. In addition to its full-service department stores and Faconnable boutiques, Nordstrom also offers clearance and out-of-season merchandise through its 37 Nordstrom Rack stores. As has been the case with other major chains, its effort to enhance its profitability through its website, Nordstrom.com, has met with mixed results.

As Nordstrom enters its second century, its personalized approach to customer service is being copied by other chains. The 2000-2001 economic slowdown has affected the entire retailing industry negatively. Nordstrom seems well positioned to withstand these challenges because of its relatively strong financial position, its flexibility in controlling costs, and its strong esprit de corps.