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# **NORDSTROM'S CANADIAN ADVENTURE**

**In 2012, Nordstrom set its sights on Canada, opening its first full-line store at CF Chinook Centre in Calgary in September 2014. Subsequently, they opened five more stores in the Vancouver, Ottawa, and Toronto markets. Additionally, six Nordstrom Rack stores found their place in Canada.**

**However, as of June 13, 2023, Nordstrom Canada closed its final stores, marking the end of an era in the Great White North**



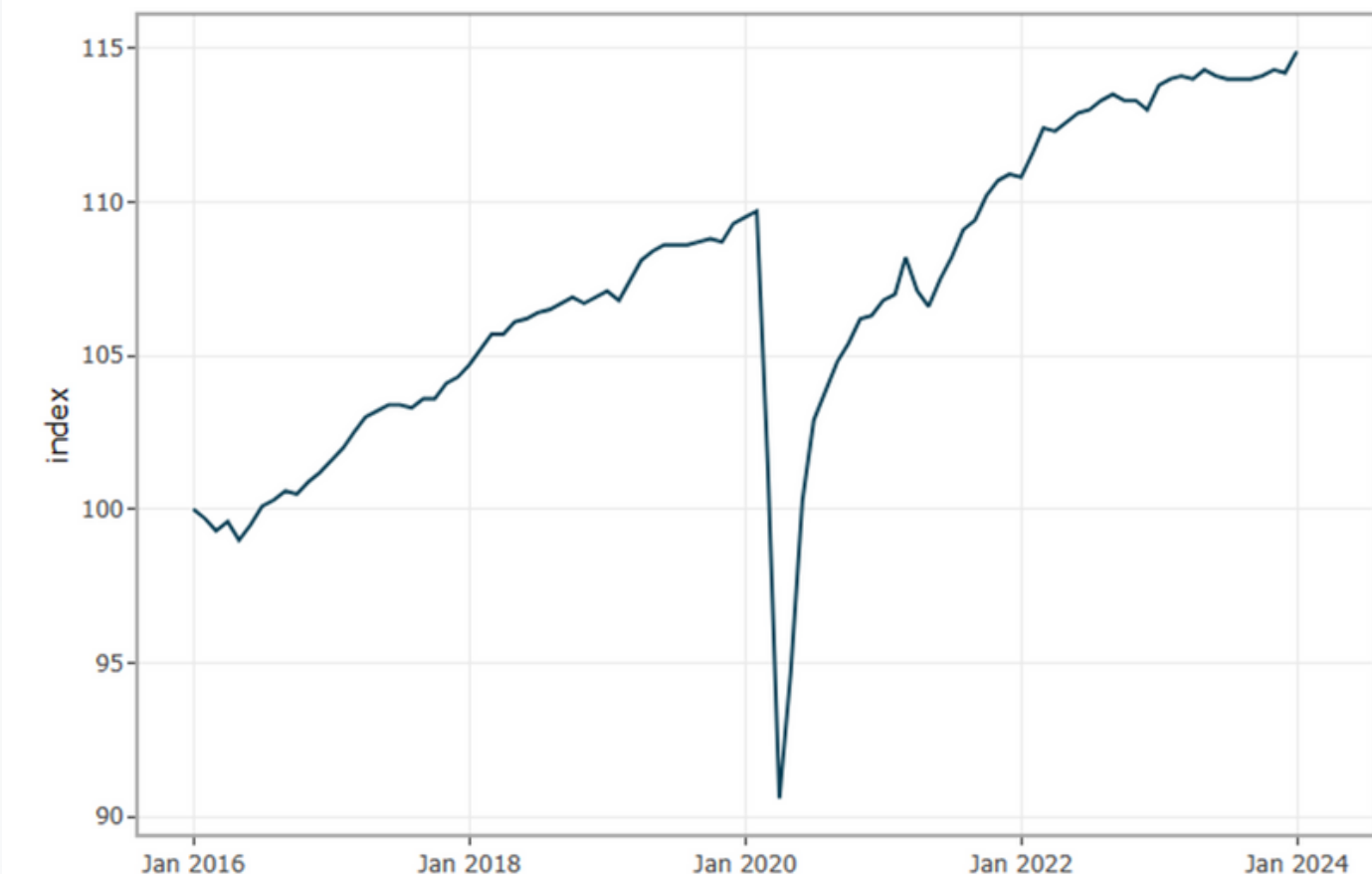


# OVERVIEW OF THE CANADIAN MARKET AND ITS KEY CHARACTERISTICS

Canada is traditionally the top U.S. export market, accounting for 14.2% of all U.S. goods exports in 2022. In 2022, Canada maintained its position as the United States' top trading partner. Canada and the United States trade over US\$2.5 billion in goods and services daily.

The United States and Canada enjoy the world's largest and most comprehensive trading relationship that supports millions of jobs in each country and constitutes a \$1.6 trillion bilateral trade and investment relationship.

National Economic Indicators



# CANADIAN APPAREL MARKET

## Apparel Market Size and Growth:

- In 2021, the Canadian apparel market was forecasted to be worth approximately 26.4 billion Canadian dollars.
- It was expected to grow to around 28.5 billion dollars by 2024.

## Key Players:

- Leading apparel retailers in Canada as of 2020 were Winners, Walmart, and Mark's.
- Notable Canadian apparel brands include Lululemon Athletica and Canada Goose.

## Consumer Expenditure:

- Average household expenditure on clothing and accessories has remained stable in recent years, ranging from 3,300 to 3,500 Canadian dollars annually.



# ANALYSIS OF THE NORDSTROM'S GLOBAL MARKETING STRATEGIES



## **Customer-Centric Approach:**

Prioritizes convenience, connection, and personalization across physical and digital platforms.  
Emphasizes personalized services and experiences delivered by knowledgeable staff.  
Offers access to personal stylists and digital styling experiences.

## **Key Pillars:**

People: Focus on personalized services and experiences.

Product: Connects store and supply chain inventory to enhance product selection and speed of delivery.

Place: Strategically expands physical presence to be closer to customers' homes and communities.

## **Market Strategy:**

Began in 2018 in Los Angeles, then successfully replicated in New York and expanded to other top markets.

Live in 20 top markets, covering approximately 70% of its customer base and 75% of its sales.

Plans to extend capabilities by generating deeper insights about customers for improved personalization and inventory planning.



# **SPECIFIC CHALLENGES FACED IN THE CANADIAN MARKET**

- Entered multiple Canadian cities and introduced Nordstrom Rack before establishing a solid foothold.
- Despite significant sales, incurred losses of \$72 million CAD in 2022.
- Led to the decision to close all 13 department stores in Canada.
- Faced fierce competition from other luxury retailers.
- Changing economic landscape posed challenges for international expansion.
- Relied heavily on brand recognition and high-end products.
- Canadian consumers prioritize value and personalized service, which Nordstrom didn't effectively emphasize.
- Company was slow to gain traction in Canada due to a lack of understanding of local dynamics.
- COVID-19 pandemic exacerbated challenges, leading to a downturn in fashion and accessory sales.
- Offerings in Canada, from service to product selection, did not resonate as they did in the US.





# APPLICATION OF RELEVANT GLOBAL MARKETING CONCEPTS AND THEORIES

## **Market Fit and Target Audience:**

- Speculation about high-net-worth shoppers in Canada prior to Nordstrom's entry.
- Struggle to capture the high-end segment effectively.

## **Sales Landscape in Canada:**

- Canada ranks lower in premium and luxury spending compared to the US and China.
- Luxury items don't serve as significant status symbols in Canada.
- Nordstrom's presentation and service standards in Canada didn't match those in the US.

## **Nordstrom Rack Misstep:**

- Introduction of Nordstrom Rack in Canada may have divided the customer base.
  - Nordstrom Rack's discounted offerings didn't align with the brand's legendary service and customer experience.
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# **CULTURAL CONSIDERATIONS AND MARKET DYNAMICS THAT PLAYED A CRUCIAL ROLE IN NORDSTROM'S CHALLENGES DURING ITS CANADIAN EXPANSION.**

## **Market Dynamics:**

- Consumer Behavior: Canadians prioritize quality over luxury and are value-conscious.
- Economic Factors: Consideration of exchange rates, taxes, and cost of living is important.
- Competition: Established players dominate the luxury market, posing challenges for new entrants.
- Seasonal Impact: Aligning product offerings with seasonal demands is necessary.
- Online vs. Brick-and-Mortar: Balancing e-commerce and physical stores is critical.

## **Cross-Border Challenges:**

- Logistics and Supply Chain: Efficient cross-border logistics are crucial for customer satisfaction.
- Legal and Regulatory Compliance: Navigating Canadian regulations is necessary.
- Currency Fluctuations: Exchange rates affect pricing and profitability.



# LET'S EVALUATE NORDSTROM'S ADAPTATION TO THE CANADIAN MARKET DURING ITS EXPANSION:

**Brand Perception:** Struggled to establish itself as a luxury brand in Canada.

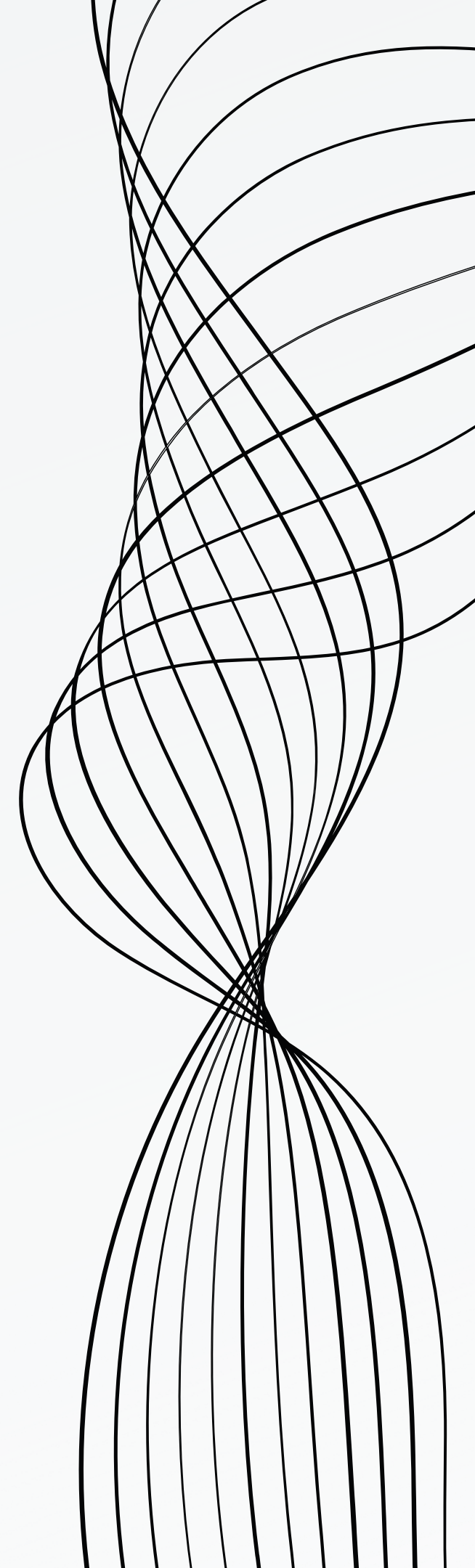
**Service Standards:** Didn't consistently replicate the legendary Nordstrom customer service.

**Pricing and Competition:** Faced challenges in pricing competitively against established players like Holt Renfrew.

**Nordstrom Rack Misstep:** Introducing Nordstrom Rack alongside the main brand may have diluted the luxury perception.

**Consumer Behavior:** Didn't fully grasp Canadians' preference for quality and value.

**Economic Factors:** Pricing strategy didn't fully align with Canadian economic realities.



# KEY LEARNINGS AND TAKEAWAYS FOR GLOBAL MARKETERS BASED ON NORDSTROM'S EXPERIENCE IN THE CANADIAN MARKET:

## Localize Strategically:

- Each market has unique cultural norms, values, and preferences. Marketers should invest time in understanding local customs, language, and consumer behavior.
- Tailor your product assortment to local tastes. What works in one country may not resonate elsewhere. Consider regional variations.

## Prioritize Customer Experience:

- If your brand is known for exceptional service, ensure consistency across all locations. Nordstrom's legendary customer service fell short in Canada.

## Research Market Dynamics:

- Analyze existing players. Nordstrom faced stiff competition from established luxury retailers.
- Study local shopping habits. Canadians prioritize quality and value. Adapt your strategies accordingly.

# KEY LEARNINGS AND TAKEAWAYS FOR GLOBAL MARKETERS BASED ON NORDSTROM'S EXPERIENCE IN THE CANADIAN MARKET:

## **Localization Beyond Language:**

- While bilingual communication is crucial, localization goes beyond language. Consider regional preferences, seasonal demands, and cultural nuances.

## **Flexibility and Agility:**

- Nordstrom's exit from Canada highlights the need for flexibility. Be prepared to adjust strategies based on market realities.

## **Holistic Approach:**

- Maintain your brand's core identity while adapting to local contexts.
- Entering a new market requires patience. Nordstrom's exit underscores the need for a long-term perspective.



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**THANK YOU**