Customer Service at Nordstrom: A Way to Mitigate Potential Conflict?

Customer service can become a contentious situation when employees are confronted with dissatisfied or disgruntled patrons. How employees handle these situations will affect customer loyalty, the company's reputation, and its profitability. Handled well, such situations can result in reduced conflict with customers and can strengthen a company's relationship with its customers. Handled poorly, these situations can erode customer relationship management and perhaps destroy the company.

Nordstrom, an upscale retailer headquartered in Seattle, Washington, and operating almost 200 stores in about three-fifths of the states in America,[1] provides some valuable clues on how to do customer service the right way. "While Nordstrom was growing nationally, it focused on catering to customers' needs, individually. Instead of categorizing departments by merchandise, Nordstrom created fashion departments that fit individuals' lifestyles. Today, Nordstrom has grown from one downtown Seattle shoe store into a nationwide fashion specialty chain with renowned services, generous size ranges and a selection of the finest apparel, shoes and accessories for the entire family. The company's philosophy has remained unchanged for more than 100 years since its establishment by John W. Nordstrom in 1901: offer the customer the best possible service, selection, quality, and value."[2]

Nordstrom is famous for its exceptional customer service. Whether true or not, a classic story about Nordstrom's service tells the public a lot about the high-end retailer's approach to customer relationship management. According to the story, "[a] man walked into the *Nordstrom* department store in Fairbanks, Alaska, with two snow tires. He approached the counter, put the tires down and asked for his money back. The clerk, who'd been working there for two weeks, saw the price on the side of the tires, reached into the cash register and handed the man $145. It didn't matter that *Nordstrom* sells upscale clothing and not tires. The customer wanted to return the tires. The clerk accepted the return because that is what the customer wanted."[3] John *Nordstrom, one of three brothers in senior executive positions at the retailer,* "claims he was there and that the refund took place in a former tire store that had been converted [into] a *Nordstrom* outlet."[4]

Nordstrom handles customer returns on a case-by-case basis.[5] Sometimes Nordstrom will replace items years after their purchase to keep the customer happy.[6] "We really think a reason our customers shop with us is that we stand behind our merchandise," says a Nordstrom spokesperson.[7] "Returns of *Nordstrom* products do not have to include a sales invoice or a *Nordstrom* price tag. . . . *Nordstrom* knows it's not the price but the customer service that gains and retains loyal customers that generate strong profits."[8]

Nordstrom's sales associates keep close tabs on their clientele so they can provide excellent customer service, especially to patrons who are frequents shoppers and who spend considerable sums of money. Associates carry a clientele book with them onto the selling floor and they refer to it when a recognized or high-valued customer comes into the store. The clientele book contains information about the specific customer's recent purchases, important dates, and fashion tastes, among other data items.[9]

More recently, Nordstrom has begun "issuing mobile devices that workers on the sales floor can use to scour the company's inventory for a garment in a size a customer is requesting. The shopper pays on the spot, with no need to locate and wait at a cash register."[10]

Nordstrom increasingly uses its large store network and large, centralized distribution hub to ship online orders quickly to customers.[11] In recent years, Nordstrom has invested heavily in integrating its online and store divisions, which has had the effect of providing better customer service because of merchandise being out of stock less frequently.[12]

Another way in which Nordstrom effectively serves its customers is by seeking feedback from them. Luxury retailers like Nordstrom have "embraced online customer reviews, . . . opening their websites—and the brands they sell—to the slings and arrows of public opinion."[13] Nordstrom, being a leader among luxury retailers, launched its online customer review system in the autumn of 2009.

The reasons luxury retailers have launched online customer review systems include "the need to beef up online sales, and a realization among luxury retailers that customers want the ability to take shopping advice from their peers."[14] According to the E-tailing Group, 71 percent of online shoppers are influenced by customer reviews; and according to Bazaarvoice Inc., customer reviews tend to be overwhelmingly positive.[15]

Perhaps the bottom line with respect to Nordstrom's approach to customer service is best summarized in the observation made by John Graham. Writing in *The American Salesman*, Graham observes: "Being known isn't what's important. What adds to your panache and builds credibility is what you want to be known for. What's important isn't the Nordstrom's name; it's the link to extraordinary customer service that makes the store unique."[16]

Discussion Questions

1. Dealing with dissatisfied and disgruntled customers is, perhaps, one of the greatest sources of conflict for retailers. Is Nordstrom's approach to customer service and customer relationship management an appropriate way to defuse or prevent potential conflict situations? Explain the reasoning behind your answer.
2. Using the assertiveness and cooperativeness dimensions that underlie the five conflict management styles, explain Nordstrom's approach to customer service and customer relationship management.
3. Drawing on your answer to the preceding question, discuss the advantages and disadvantages of the conflict management approach that seems to characterize Nordstrom's approach to customer relationship management

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Chapter 13 Case References

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