

Nordstrom, Topshop deal likely not to lead to brand dilution

Topshop's range of merchandise in select Nordstrom stores this summer is widely believed to be a savvy move by the two retailers, indicating that this partnership will not tarnish the high-end department store chain's luxury gleam.

This collaboration could be a way for Nordstrom to attract a younger audience and for British retailer Topshop to make more of a splash in the United States. Since Nordstrom offers a variety of merchandise in all high-end price ranges, it believes that the quality and type of merchandise that Topshop carries will fit in perfectly with its existing inventory.

"Topshop and Topman are brands that our customers are aware of and, at this point, they have worldwide appeal," said Brooke White, spokesperson for [Nordstrom](#), Seattle. "The three stores that Topshop and Topman have in the U.S. right now are growing the appetite for the brands.

"We think that this will help bring the new customers to our stores as well as offer our existing customers a brand that they are looking for," she said. "We do not think that this will dilute the brand because we offer a broad range of merchandise – we compete with both Macy's and Neiman Marcus – and we think that this is just a great additional offering for our customers, in our opinion."

Talk shop

Though British retailer [Topshop](#)'s clothing is premium, it is not considered luxury. This could make a dent in Nordstrom's image.

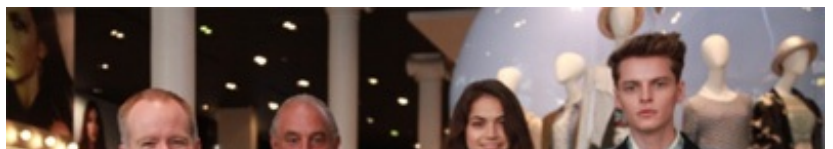
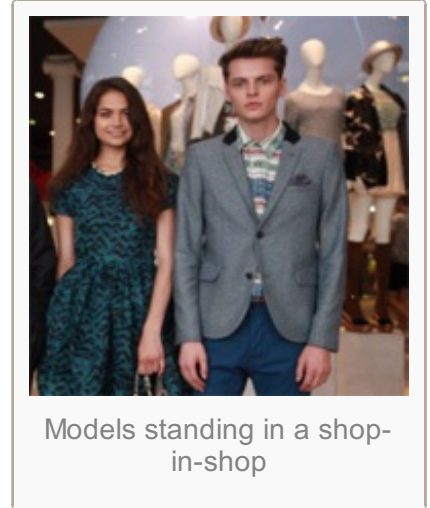
The stores will install a 2,500-square foot Topshop for women and 1,500 square-foot Topman with mannequins, texturing and lighting. Merchandise includes shaggy fake fur coats, cropped biker jackets, short sequined skirts, cheetah-print T-shirts and trim-fit tailored men's jackets.

"Nordstrom has always stood out from the retail crowd because of its superior customer service," said Adriana Estrada, account director at [Siegel+Gale](#), New York. "It provides a good selection of quality items from mid-range private labels to pricey designer ready-to-wear brands.

"The Topshop collaboration is a good move for Nordstrom if it attracts a new audience to the store, especially the more fashion-forward crowd," she said. "Nordstrom has never really captured this group and this is an opportunity to invite new shoppers to find on-trend cool clothes and experience Nordstrom's exceptional service."

Pete Nordstrom, president of merchandising at Nordstrom, Sir Philip Green from Topshop and models

High-end brands collaborating with



mainstream labels is not a new idea. In fact, Topshop and Nordstrom join pairs including Target and Neiman Marcus, Karl Lagerfeld and H&M, and Missoni and Target.

However, this collaboration is different because it is a mainstream label coming into a high-end store, not vice versa.



“These collaborations are usually based on expanding the market by going up or down from the brand’s core market,” said Al Ries, chairman of marketing consultancy [Ries & Ries](#), Roswell, GA. “In general, this does not work because it dilutes what the brand stands for.

“Here is the paradox: if a low-end brand, like Topshop is successful at Nordstrom, it is going to hurt the Nordstrom brand and if it is unsuccessful, it is not going to hurt the Nordstrom brand,” he said. “Heads, you lose, tails, you do not win.”

Scaling up

Nordstrom is test-running the shop-in-shops in 14 locations: Ala Moana in Honolulu, HI; Barton Creek Square in Austin, TX; Burlington, MA; Chandler Fashion Center in Chandler, AZ; Dadeland Mall in Miami, FL; Garden State Plaza in Paramus, NJ; Irvine Spectrum Center in Irvine, CA; Oakbrook Center in Oakbrook, IL; Phipps Plaza in Atlanta; The Plaza at King of Prussia in King of Prussia, PA; San Francisco Centre in San Francisco; South Coast Plaza in Costa Mesa, CA; Southcenter in Tukwila, WA; and Valley Fair in San Jose, CA.

This makes sense, since much of the success of this collaboration relies on the test shops and their locations.

For example, Louis Vuitton is not typically found in Macy’s locations. However, it has a shop-in-shop in Macy’s Herald Square in New York.

This is because this particular Macy’s location attracts a variety of consumers, including those who buy Louis Vuitton.

In this case, Nordstrom chose a variety of locations so that it could learn as much as possible, Nordstrom’s Ms. White said.

Indeed, Nordstrom does have to be careful to protect its image throughout this process by sticking to its core values.

“The Nordstrom brand equity is driven by its world-class service – personal attention, knowledgeable salespeople and customer-first service policies,” said Denise Lee Yohn, a San Diego-based brand consultant.

“If Nordstrom remains focused on this, and figures out how to adapt service to what younger affluent consumers want, its brand will only grow stronger,” she said.