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Nordstrom, Inc. F1Q09 (Qtr End 05/02/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question is from Robert Drbul - Barclays Capital.

Robert Drbul - Barclays Capital

Can you maybe give us an update on where you are with the sharper price point strategy and how that's unfolding as the year continues on?

Peter E. Nordstrom

We've worked with this pretty hard as you know from some of the reaction to the business in the fourth quarter, and we've been able to impact on a go-forward basis, and right now we've been able to change our average regular price point. When you include cosmetics which has remained about the same and roll up all the other merchandise divisions, we're actually down a little over 10% in our average price. So I do think it's important that we keep that in context. The last few years, our average price point rose a bit, and that was really in reaction to what our customers wanted to buy from us, and the adjustment we're seeing currently is with the same customers reflecting their buying mood and what is it that they're interested in buying us and what they value, so we're right on top of that. Because our inventories are in good position, we are able to be really responsive to it and, yes, we're in pretty good shape there.

Robert Drbul - Barclays Capital

Mike, given the continued challenges there, have you guys reevaluated or thought about perhaps potentially selling that business or getting out of the credit business overall?

Michael G. Koppel

The answer is no. We still believe very strongly in the strategic importance of our credit card. It's clear we're going through a difficult cycle, and that end of the business is seeing some tougher innings than some others, but we continue to have customers in our portfolio that spend more than those who have other cards. We continue to build better relationships through the rewards program, and as this cycle turns around and when it does correct itself, we expect that business to be back to where it was, so, no, we're still very excited about having the business.

Operator

Your next question comes from the line of Jennifer Black - Jennifer Black & Associates.

Jennifer Black - Jennifer Black & Associates

Can you talk about the real estate and the scaling back of mall developers and how that may impact your business or not impact it, and I know in many cases you don't pay rent, and I wondered if you could ever foresee a time where you're actually paid to take a space as an anchor in a mall?

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