Executive Memo

MBA 640

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**Nordstrom Inc.**

**Investment Project**

Nordstrom Inc. is a leading fashion retailer that offers a variety of clothing, accessories, and shoes for men, women, and children. The company was established in 1901 as a small shoe shop located in Seattle (Nordstrom, 2018). Today, Nordstrom has 373 stores located in 40 states and Canada. Customers are served at 122 full-line stores in the U.S. and Canada, 239 Nordstrom Rack locations, seven Trunk Club clubhouses (a personalized styling service), two Jeffery boutiques, and two clearance stores (Nordstrom, 2018).

It would be in Nordstrom’s best interest to expand to Singapore because the country has a growing population of the wealthy who value luxury. Singapore as an emerging economy is poised to become a huge economy in new future as it has industrialized at a high rate and has a stable government system and a highly developed financial structure. The manufacturing sector is industrialized and with a population of close 6 million people it relatively a small market in terms of size but it has overtaken larger popularized owing to the fact that it maintains the very high tech automated production and has created a ground to foster trade and access to the Asian countries.

Singapore investment is among the long-term goals as drafted in 2015, the country is the business hub in Asia Pacific region it is small in size but big in dreams and has a population with very deep pockets. Singapore has become a financial hub that has attracted every rich tycoon to set foot in the country for a couple of reasons. Foremost it has a lower corporate of tax 17% as compared to the United States 23% this with an increased ease of doing business and corruption free system is a favorable environment for big businesses. As well, it is strategically located and has one of the world’s busiest ports (Turban et al 2018).

Nordstrom is a high-end retailer and has a huge unbeatable loyal clientele this has made it outshine its competitors and remain a sort of shopping outlet. As of February 2018 financial statement issued by the company detailed a consistent growth in revenue since 2013 with a return of 5.32 billion dollars in gross profit for the last year. The stocks market is very promising currently Nordstrom stock price trading above 50 dollars at the New York stock exchange (Chiu, 2018).

The corporation has enjoyed the home game for decades and is the right time to explore outside market as economic fortunes are changing every day. In realization of this long-term goal, Nordstrom set aside a budget of 4.3 billion dollars for a 5-year investment plan in 2015. So far much has been achieved as new shopping racks are opening in Canada in Ontario and with a flagship Manhattan store later in the fall of 2019. Moreover, there is a new men’s store coming up in early this year in New York a stone throw away from the flagship store.

These store bring about new blood into the tradition of Nordstrom as they are modern architecture making use of space and as a multichannel for variety to cater to the different preferences of the modern population, since 2010 they introduced a pick-up in-store where online shoppers can walk into a store and pick-up their goods next came to buy online return offline to address concerns of returns and recently there is an option for driving by a store to pick up shopping similar to Mc Donald’s drive in (Chiu, 2018).

The best way to prepare for the future is to invent it so they say, an artificial intelligence which is the future of online shopping is at the heart of Nordstrom as customers can have 3d scanning of their feet to assist in manufacturing accurate customized shoes. By and large Nordstrom well anchored and thus capable of minting returns on investment with assured consistency.

Nordstrom has grown both online and in brick and mortar stores and has managed to appeal to different tastes of people from all walks of life as of 2015 projections the company’s plan was to open 25 rack stores annually to reach 300 stores by 2020 so far the company has done 215 rack stores and is in the range of meeting the goal (Yahoo, June 29, 2015). It is undeniably true to say that Nordstrom is a corporation worth the salt as it has been able to keep up with the trends and remain relevant growing right and left with better days ahead owing to a visionary organization that is ahead of the rest.

**Jurisdiction**

Majority of fashion retailers in Singapore are few years old In Good Company a top fashion brand in Singapore was started in 2013 several others such as The Authority and ORSQ a fashion house for sneakers which are ever in demand are some of the competitors in the market. What Nordstrom possesses is unparalleled as it has a rich history and recognition that majority of the rich citizens of Singapore are aware of. Singapore is a new market with huge potential for Nordstrom to capture as a high-end retailer there is a marketplace for its products in the business class pool in this island (Chiu, 2018).

Government regulations are favorable for foreign investors as they ease of doing business is among the top in the world. Looking at Singapore tax leniency is an attractive destination for finance as this will make huge savings furthermore presence of competitive labor force may allow for some offshore manufacturing of products since China is becoming expensive by day and Singapore with its advancement in technology would be a better option (Chiu, 2018).

Therefore huge resources are needed, to achieve this expansion plan much of the 4.3 Billion investment may not be enough to cater for new market entry. The proposed budget is 0.2 billion dollars as funds set apart in the 2015 investment plan for new stores was 0.8 billion. Additional resources will make it possible to realize these projections since the time is right and the corporation is profitable at home, therefore, it is easier to venture into new territories not only online but physical store create the presence that is complemented by e-commerce as a walk in. pick-ups and shipping logistics are minimal (Yahoo, June 29, 2015).

Singapore has an enabling environment that Nordstrom can make use of, its financial system is highly developed and constantly supervised by the government. The Singaporean dollar is fixedly pegged on a number of foreign currencies such the US dollar, the British pound and the yen as well as few others. This is an ingenious way of ensuring that the country does not lose to inflation and has a strong currency that is suitable for export and import business. It is endowed with a busy port this is not only an advantage to shipping but also an incentive in exporting products to other Asian countries because of proximity to Japan, China, Australia and the world it is a gateway to the Pacific.

Moreover, Singapore is a member and hosts World Intellectual Property Organization (WIPO) offices this is important as Nordstrom patents and trademarks are safely secured as the office's work to promote innovation in the ASEAN region and ensure proper use of WIPO services. Human resource is taken care of as the country has seen an increment in skilled labor influx as people migrate into the emerging economy there is skilled and competitive labor force. There is a high number of workers and professionals as technology is deeply entrenched in the service industry as well as in manufacturing (Chiu, 2018).

Singapore as an emerging economy is poised to become a huge economy in new future as it has industrialized at a high rate and has a stable government system and a highly developed financial structure. The manufacturing sector is industrialized and with a population of close 6 million people it relatively a small market in terms of size but it has overtaken larger popularized owing to the fact that it maintains the very high tech automated production and has created a ground to foster trade and access to the Asian countries.

Surprisingly enough in 2016 Singapore registered a 52600.60 USD in 2016 this way much higher above nations that have larger populace such as India 1861.50 USD in the same year this is a clear comparison of the potential and purchasing power present in Singapore that is yet to be exploited by an American corporation. Timing is key in accessing new markets and this would be the right time to enter the market as it has room for growth and competition is yet to reach the limits (Turban et al 2018).

Singaporean companies have ventured in markets abroad bringing competition to host countries and taking resources back home, they have successfully dominated food supplements and cosmetics industry and rake in billions of dollars in profit as evidenced by state of the art of their home manufacturing facilities.

The project time frame is one and a half years to be in line with the 2020 vision of reaching 300 rack stores, to add onto the number proposed stores are 2 one in Singapore city and another in Jurong West the residential area of Singapore where the wealthy live (Yahoo, June 29, 2015).

In conclusion, Singapore is a commercial hub and a strong economy that Nordstrom would profit from with a favorable business climate with a stable political system for growth. To best prepare for the future it is best to invest in it this is true to what Nordstrom has been doing in recent years and may be the key for a better tomorrow.

# References

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