

NORDSTROM

select

CAPTIVATING GEN Z

Nordstrom Mission:

“To offer the customer
the best possible
service, selection,
quality, and **value**.”

“Simply put, young people
today crave **newness**, and
these cohorts are much
more likely to **embrace**
churn in their wardrobes.”

-McKinsey

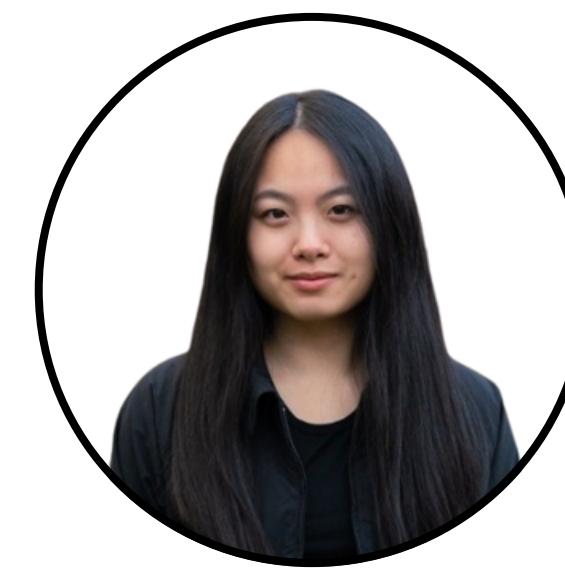
THE TEAM



ERIN MEADE



HOLLY MISLEY



ANNA CHEN



LIA CARROLL



ANNA ATKISON

EXECUTIVE SUMMARY



Key Question

How can Nordstrom better capture Gen Z customers and create **long term spending** and brand loyalty?



Situation

Nordstrom feels too expensive

Gen Z has a diverse wallet

Prefer experiences over items



Solution

Nordstrom Select Rental Service through the R.E.N.T. Strategy



Impact

Reaching \$649M revenue targeting Gen Z by 2030 through Nordstrom Select



Meet... NATALIE

AGE: 23 YEARS OLD

CITY: BROOKLYN, NY

OCCUPATION: Social Media Coordinator at a PR firm

VALUES: Affordable, accessible, on-trend fashion that supports her fast-paced lifestyle

LIFESTYLE: Regularly attends client meetings, gallery events, and concerts

NATALIE'S NORDSTROM JOURNEY



Growing up
with
Nordstrom -
Nordstrom
Café

NATALIE'S NORDSTROM JOURNEY



Growing up
with
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Nordstrom
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Shop for Prom
and other
**special
occasions**

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Nordstrom
starts to feel **out
of reach**

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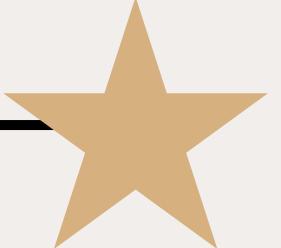
Nordstrom
starts to feel **out
of reach**

Occasionally
browses
website but opts
for something
more
affordable

NATALIE'S NORDSTROM JOURNEY



OPPORTUNITY



Create **new memories** at Nordstrom

Growing up
with
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Nordstrom
Café

Shop for Prom
and other
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occasions**

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SWOT ANALYSIS

Strengths

- Brand reputation
- Omnichannel presence
- Broad selection
- Effective private labels

Weaknesses

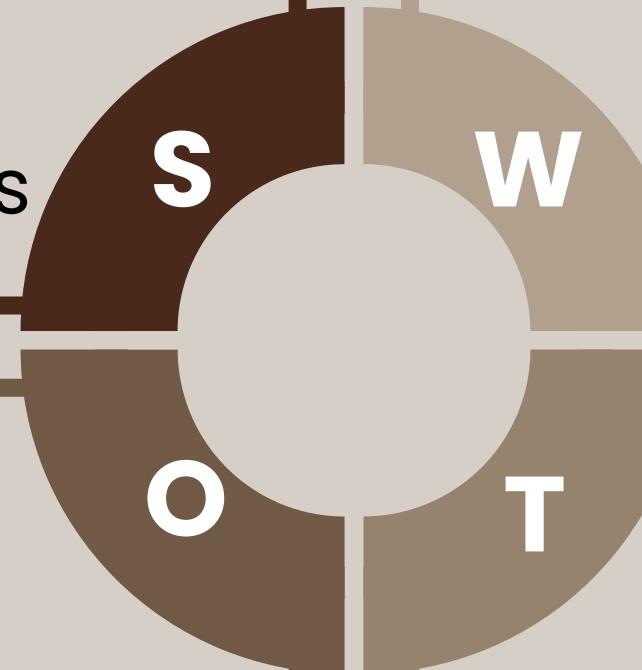
- Premium pricing
- Limited Gen Z Affinity
- Underutilization of digital marketing

Opportunities

- Experiential retail
- Digital personalization
- Rental/resale programs
- Expand partnerships

Threats

- Fast fashion/resale
- Digital consumer preferences
- Changing fashion cycle



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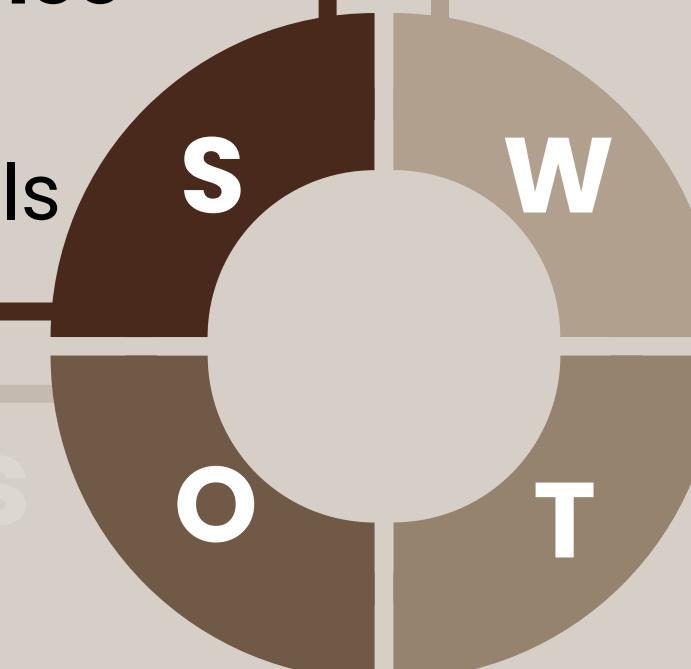
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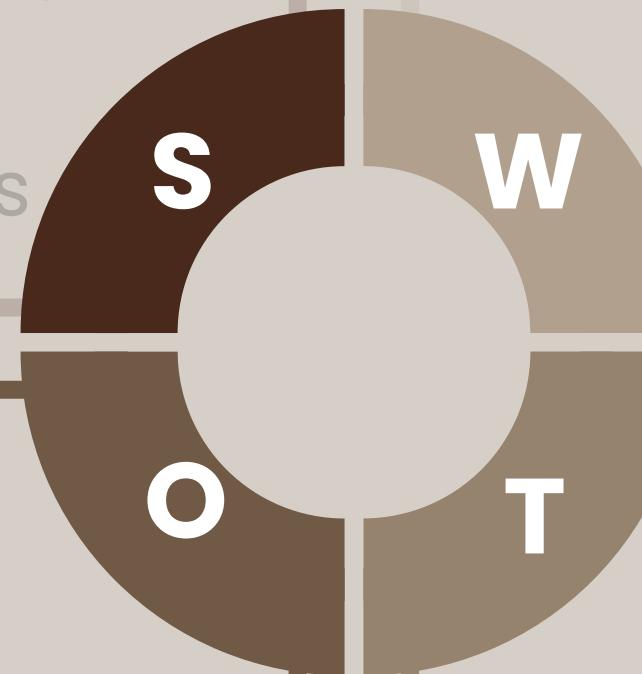
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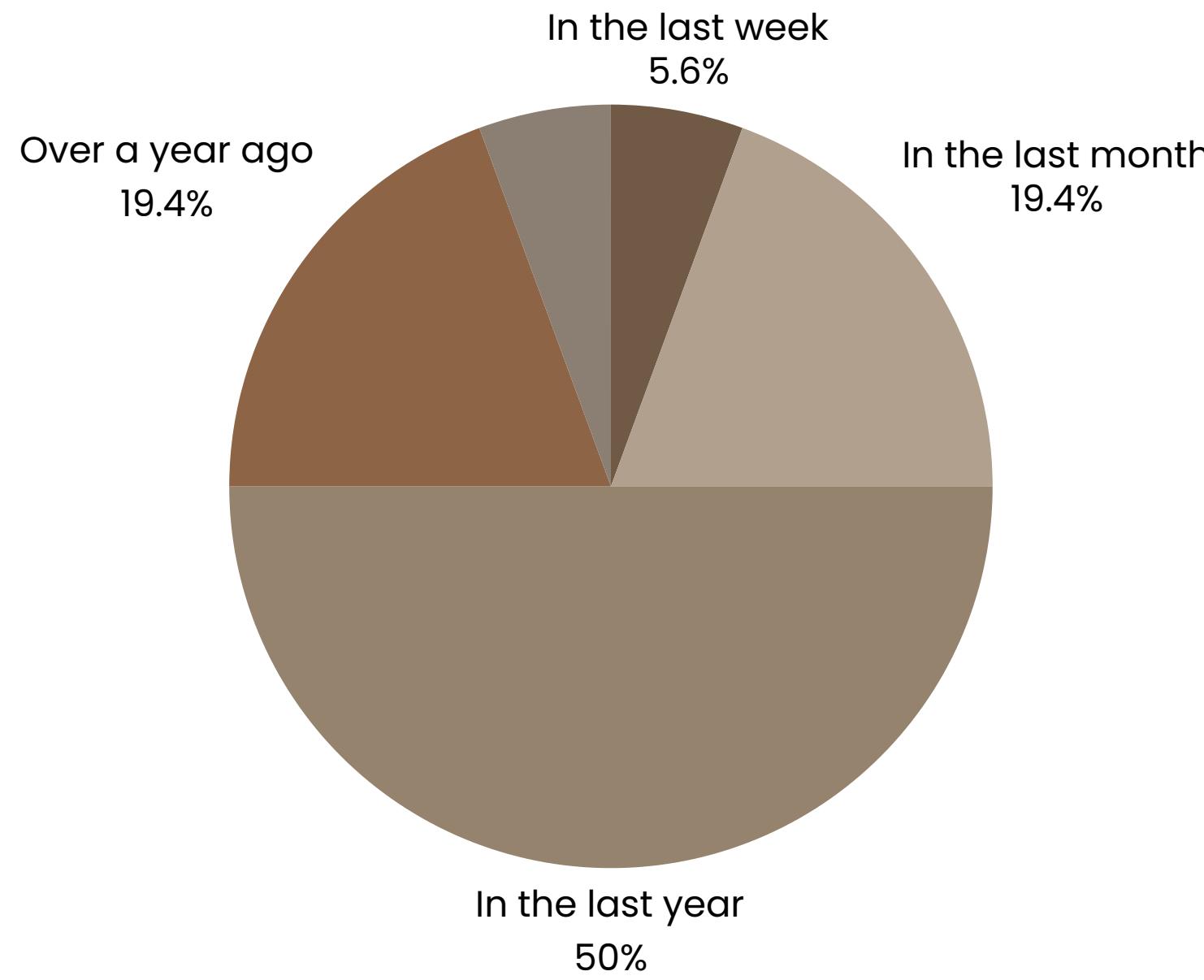
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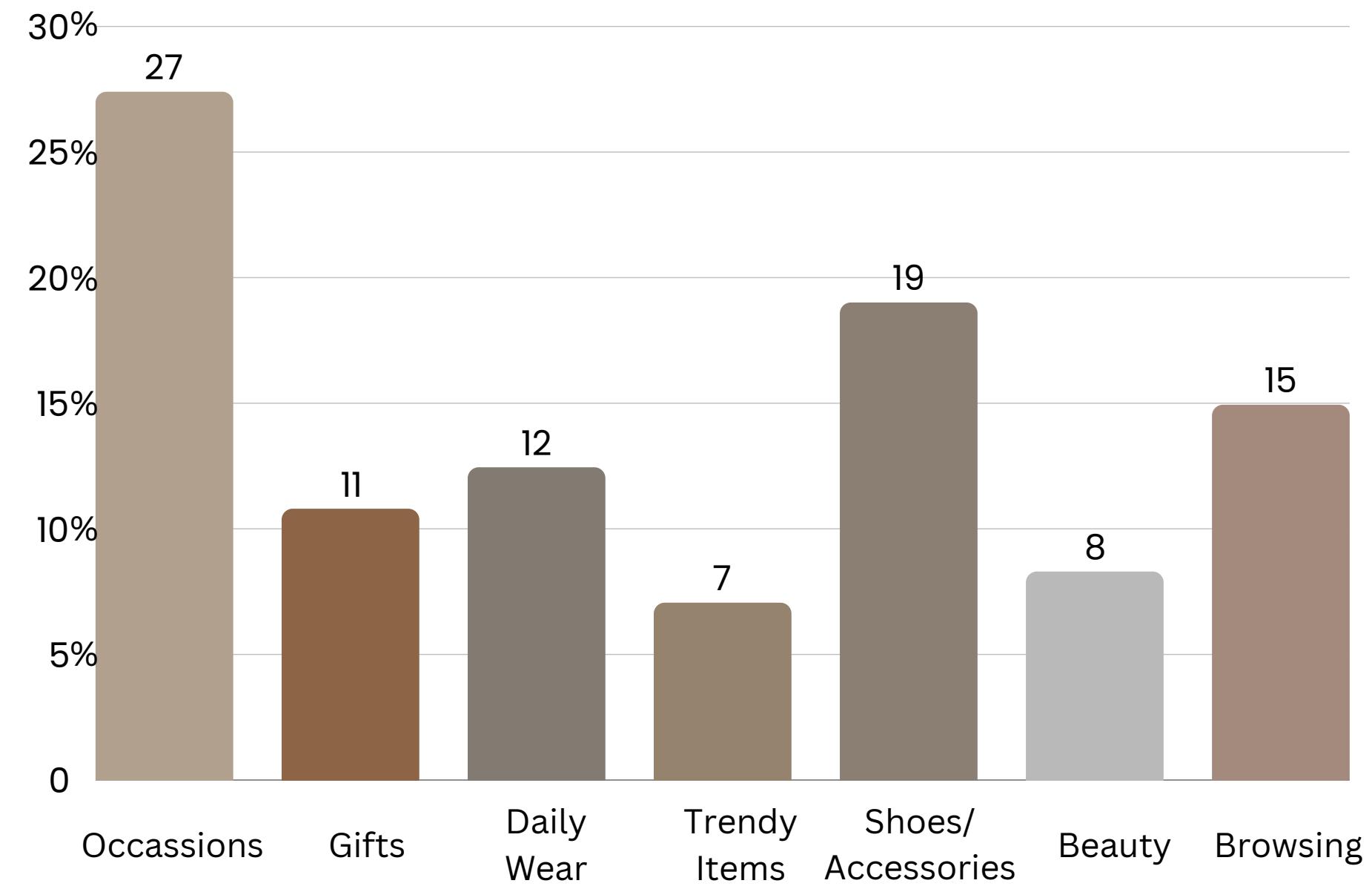


SURVEY RESULTS

WHEN WAS THE LAST TIME YOU SHOPPED AT NORDSTROM?

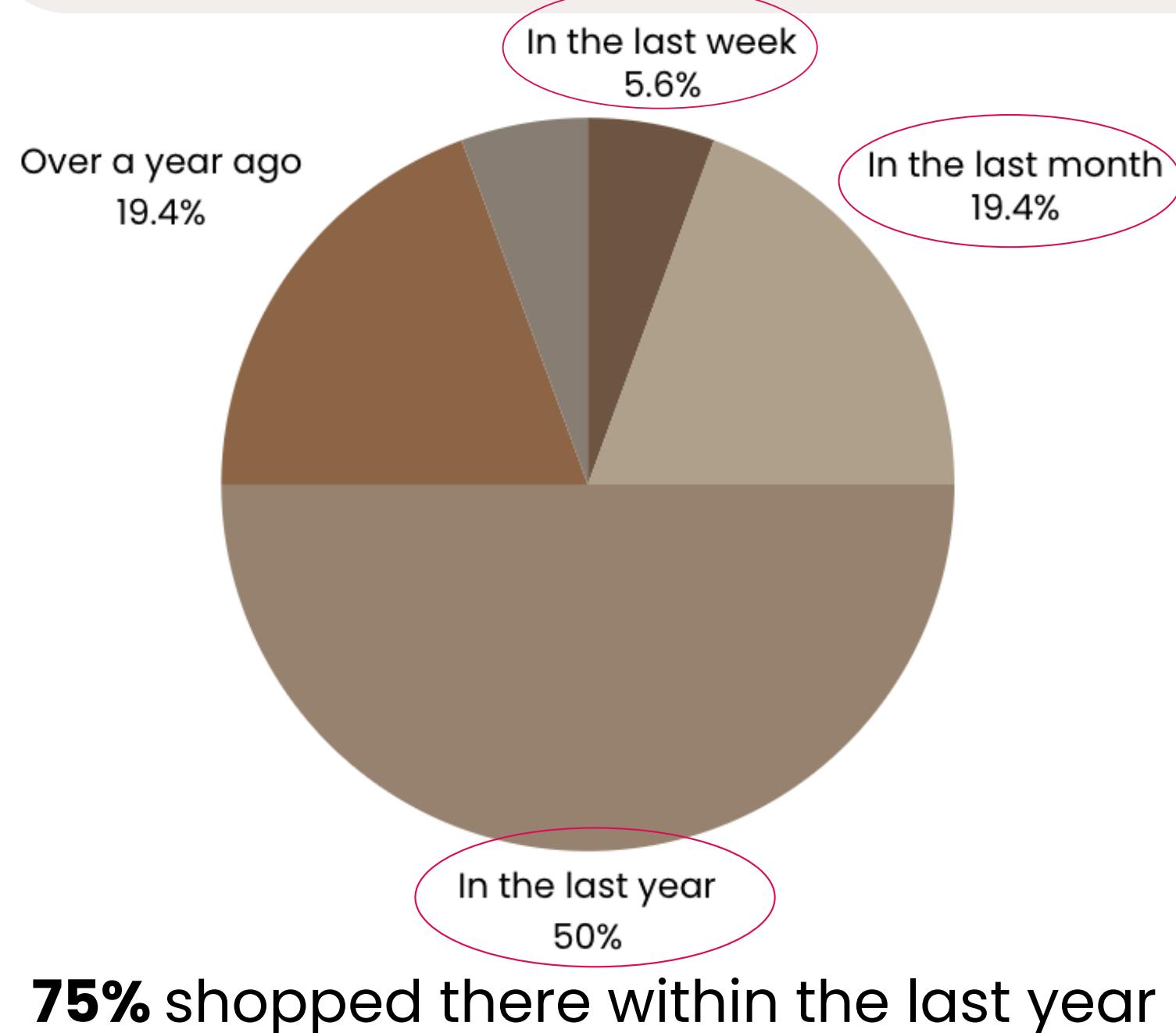


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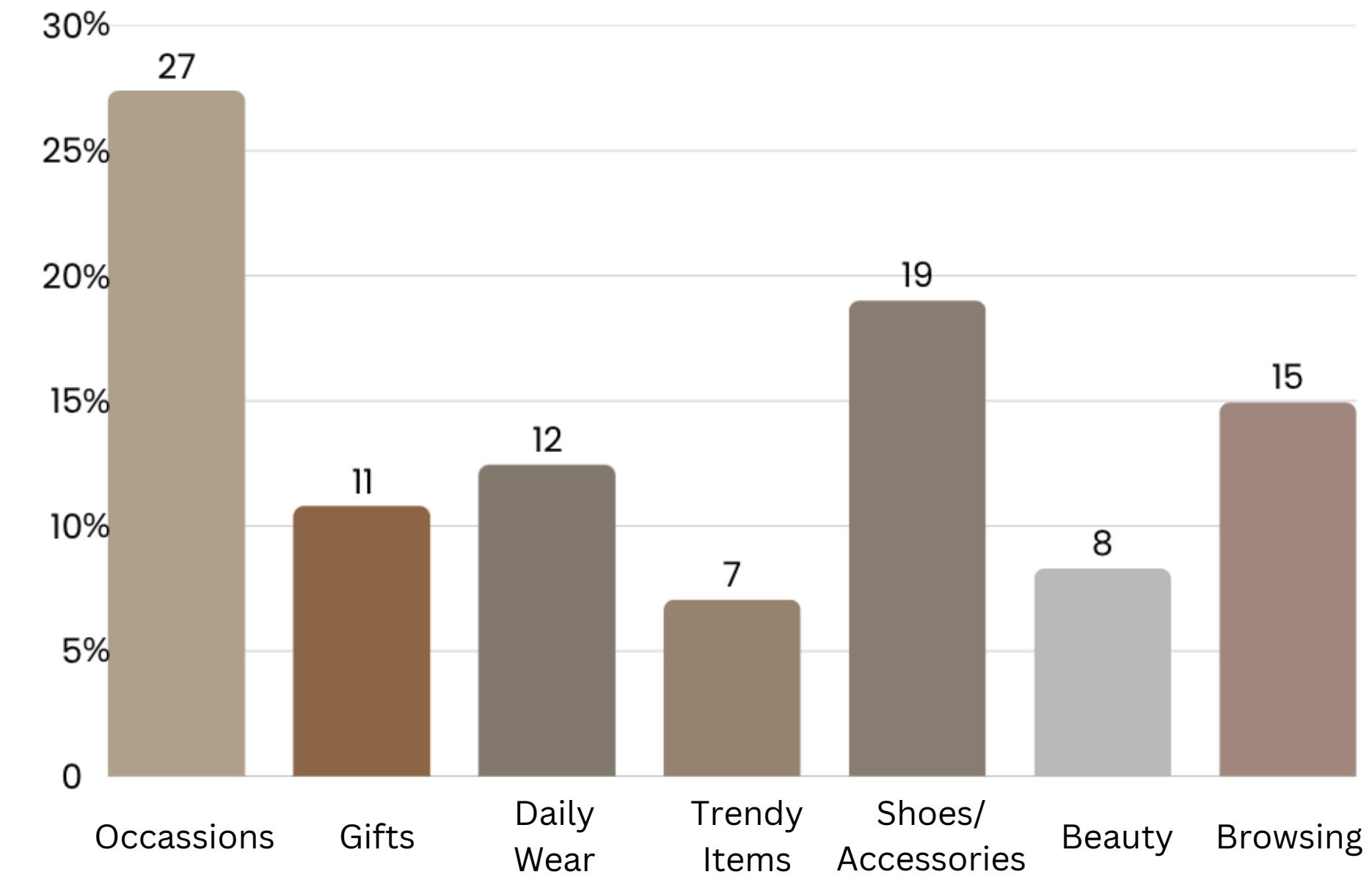


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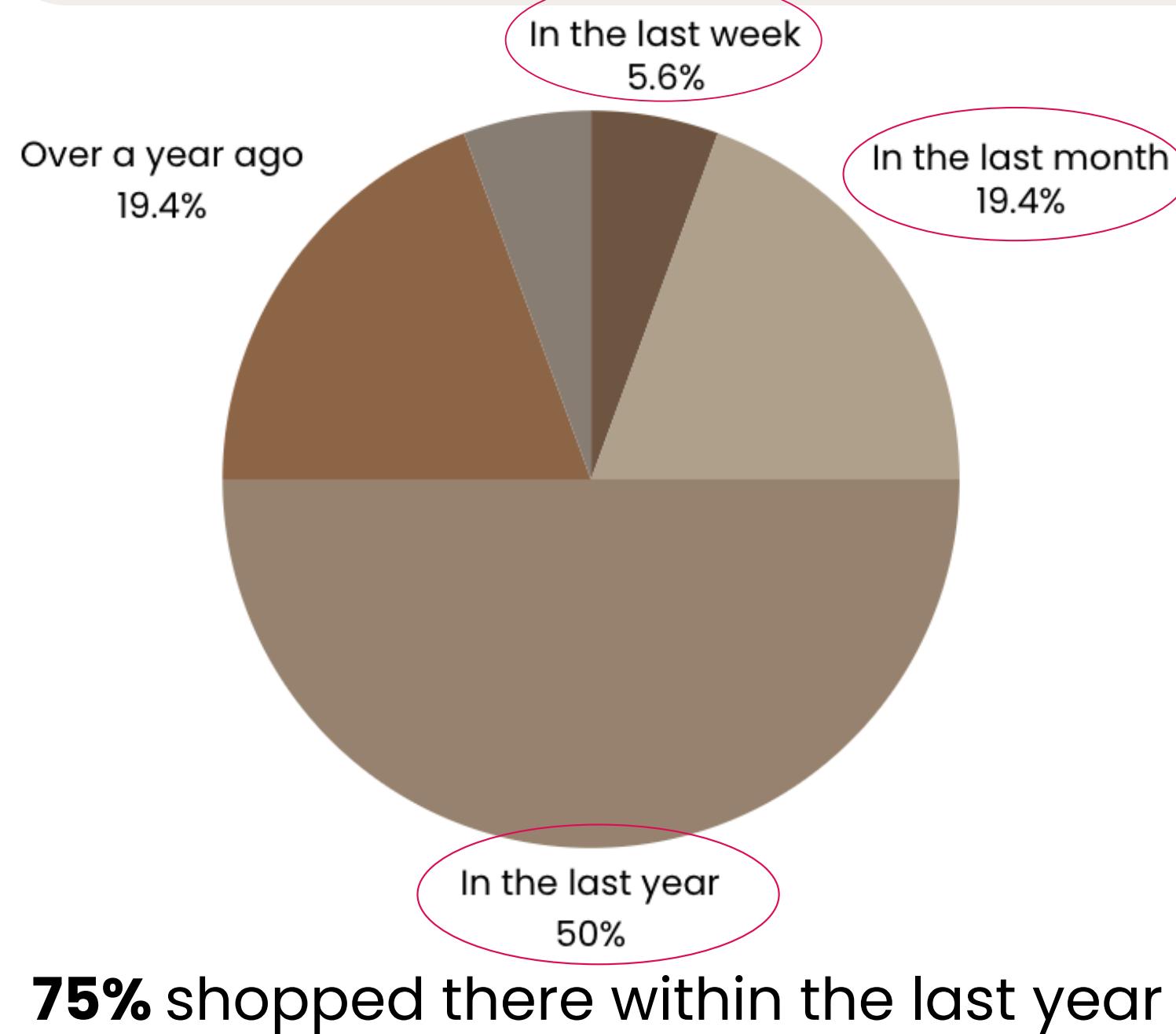


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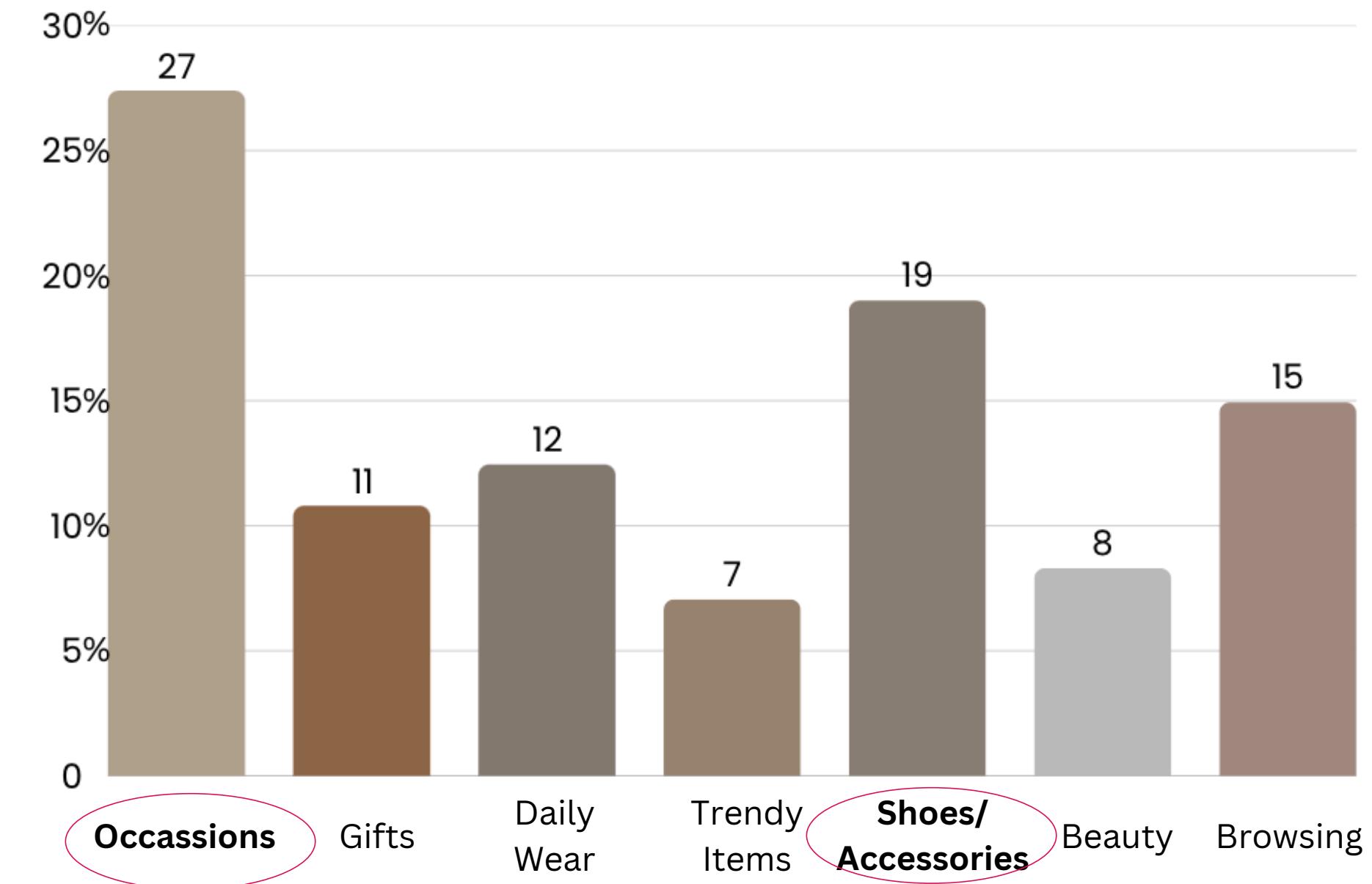


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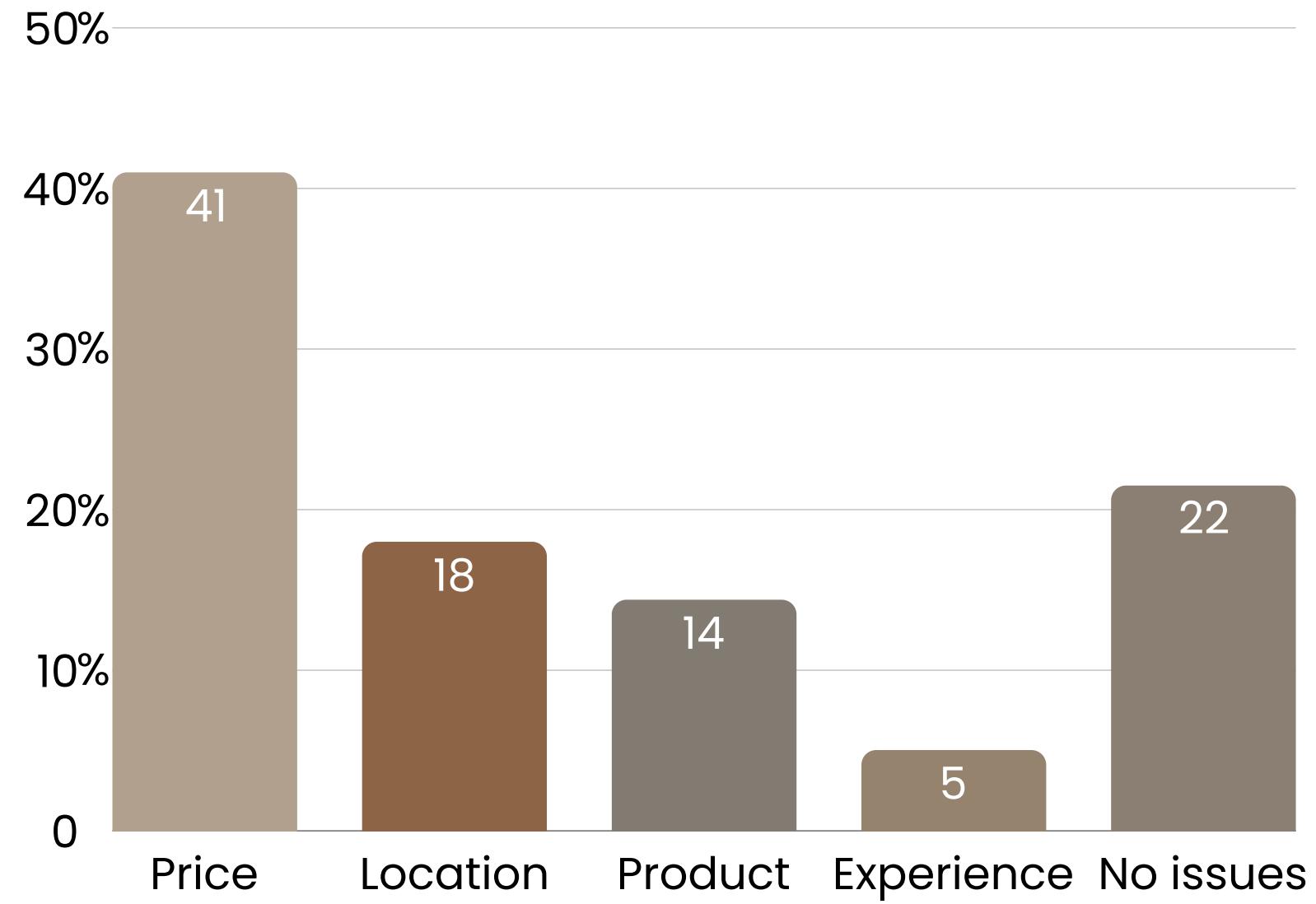


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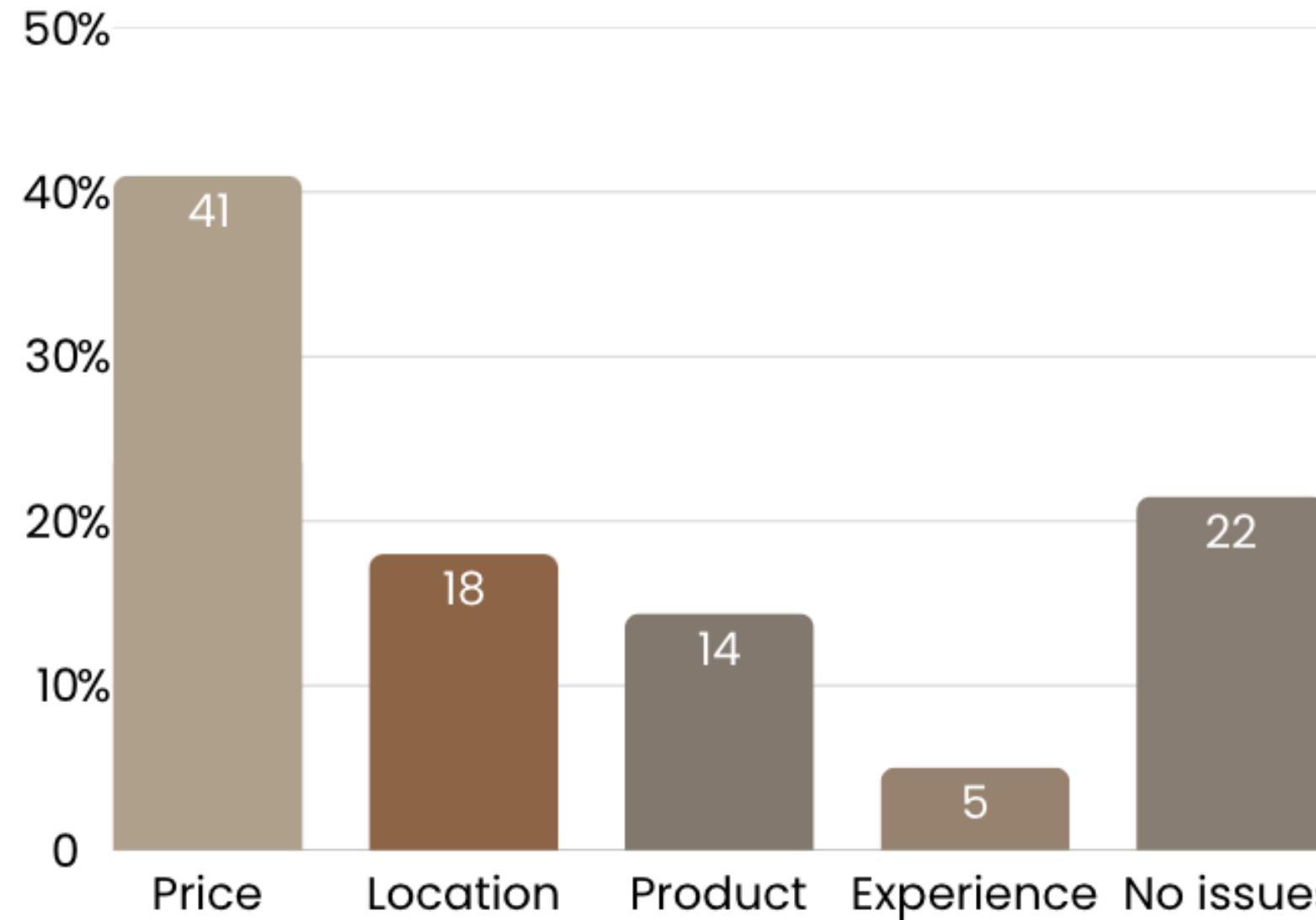
KEY FINDINGS

WHAT KEEPS YOU FROM
SHOPPING AT NORDSTROM?



KEY FINDINGS

WHAT KEEPS YOU FROM
SHOPPING AT NORDSTROM?



Gen Z wants
price and accessibility
trendy options that are
affordable, **easy to access**,
and **experience-driven**.

WHAT DOES GEN Z PREFER?

**Touch and
Feel**

Best Deals

**Digital
Convenience**

**Invest in
Experiences**

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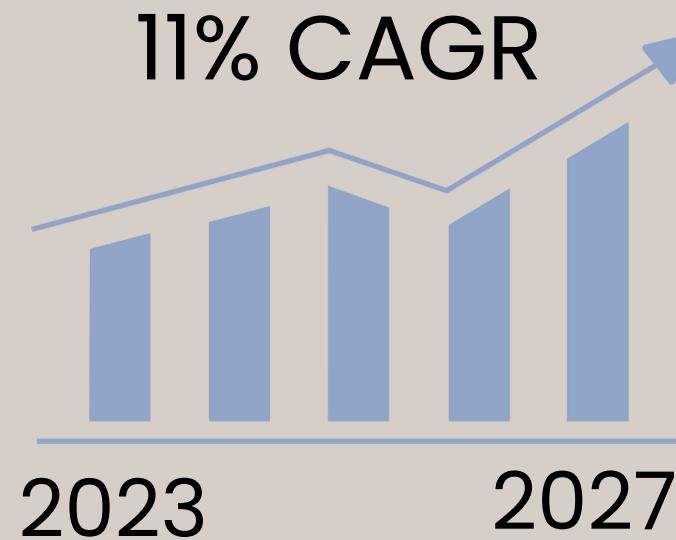
A premium fashion rental service delivering personalized, high-end style with the ease and service of Nordstrom.

THE *Nordy* CLUB

NORDSTROM

NORDSTROM
RACK

CLOTHING RENTAL INDUSTRY



55%

of Gen Z has rented clothes

COMPETITOR INSIGHTS

A majority of customers are...

nuuly

Under 35



Gen Z and Millennials

nuuly Revenue Growth

2022 – 96%

2023 – 172%

Q1 2024 – 50% YoY

Rapid growth shows robust demand for rental service

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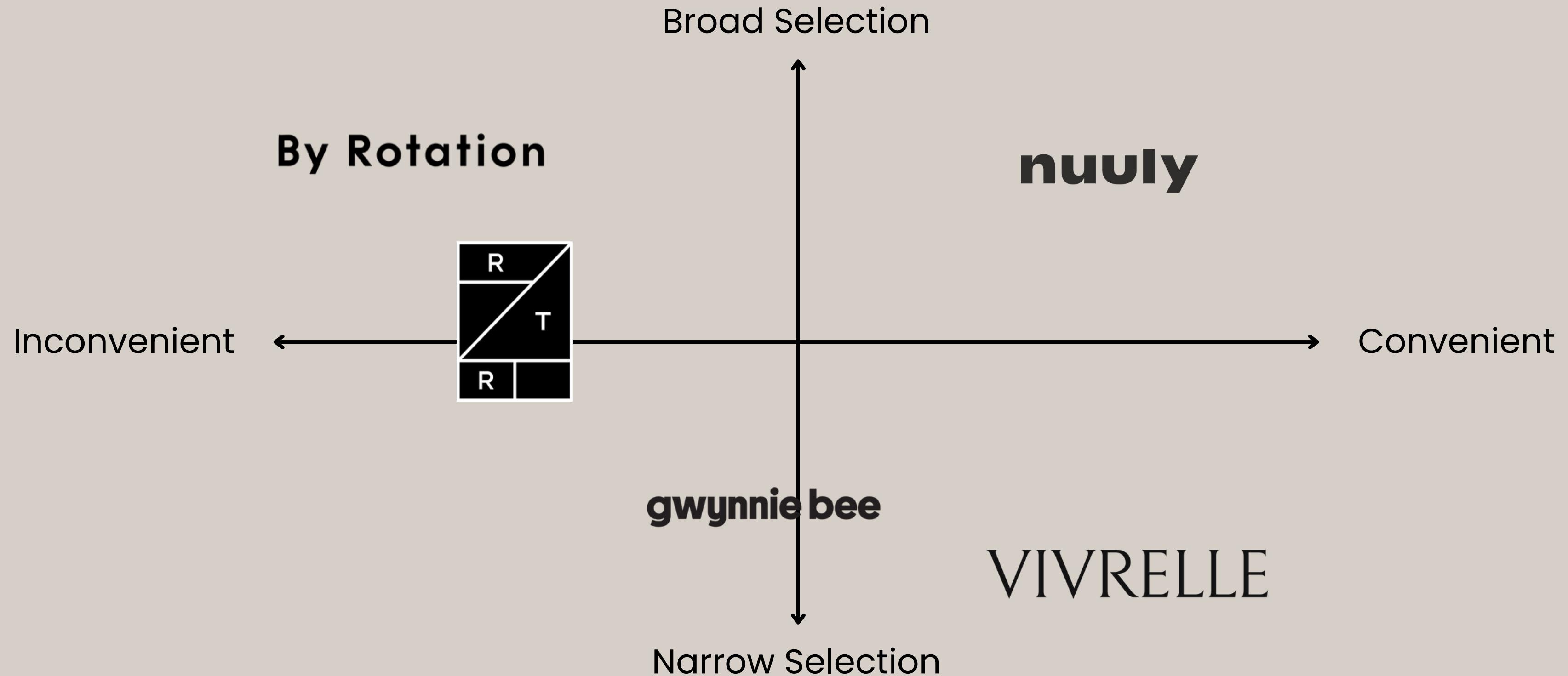
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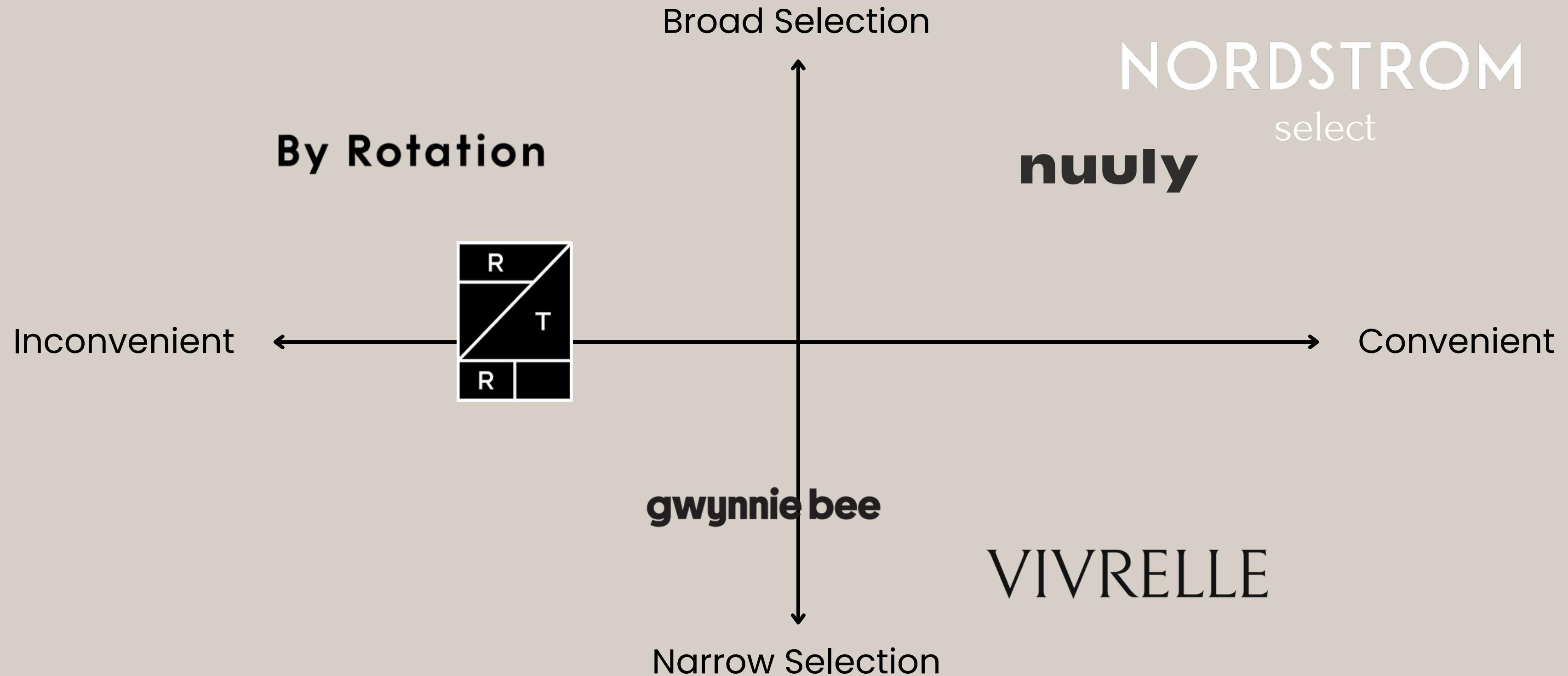
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Rapid growth shows robust demand for rental service

COMPETITIVE POSITIONING



COMPETITIVE POSITIONING



INTRODUCING...

INTRODUCING...

R.E.N.T.

REACH.

REACH.
EXPERIENCE.

REACH.
EXPERIENCE.
NETWORK.

REACH.
EXPERIENCE.
NETWORK.
TRY.

R
REACH
CUSTOMERS
THROUGH A
SUBSCRIPTION
PLATFORM

1

TIERED MEMBERSHIP STRATEGY



ESSENTIALS



REGULAR

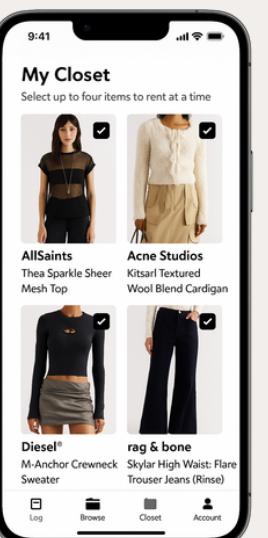


VIP

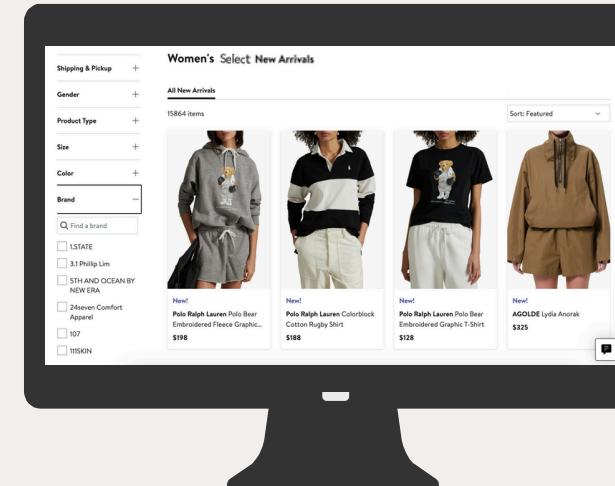
2

OMNICHANNEL PRESENCE

MOBILE APP



DESKTOP PAGE



MEMBERSHIP TIERS

R
REACH

ESSENTIALS

\$69 / MONTH

4
ITEMS / BOX

EVERYDAY BRANDS

10% STUDENT DISCOUNT
WITH PROOF OF COLLEGE
EMAIL



College, Internships,
Budget-Conscious
Discovery

REGULAR

\$120 / MONTH

6
ITEMS / BOX

HIGH-END CONTEMPORARY
BRANDS & SELECT ACCESSORIES

1 POINT / \$1 SPENT
2000 POINTS = EXTRA ITEM



First full-time job,
growing purchasing
power

VIP

\$190 / MONTH

6
ITEMS / BOX

VIP ONLY BRANDS & FULL
ACCESSORIES

2 POINTS / \$1 SPENT
2000 POINTS = EXTRA ITEM



OUR RENTAL TIERS GROW
WITH HER

APP PROTOTYPE

R
EACH

Browse Page

Item Details

My Closet

CLICK TO VIEW ITEM

ADD TO RENTAL CLOSET

NORDSTROM SELECT

ITEM DETAIL

My Closet

Select up to four items to rent at a time

FARM Rio
Greek Garden Tiered Linen Biend Maxi \$260

Retrofête
Vivi Dress \$698

DÖEN
Aphra Lace Trim Top \$198

Rails
Susana Minidress \$238

Acne Studios
Kitsari Textured Wool Blend Cardigan \$540

SIZE I SELECTED

PRODUCT DETAILS

BUY NOW

ADD TO MY RENTAL CART

Log **Browse** **Closet** **Account**

AllSaints
Thea Sparkle Sheer Mesh Top

Acne Studios
Kitsari Textured Wool Blend Cardigan

Diesel®
M-Anchor Crewneck Sweater

rag & bone
Skylar High Waist: Flare Trouser Jeans (Rinse)

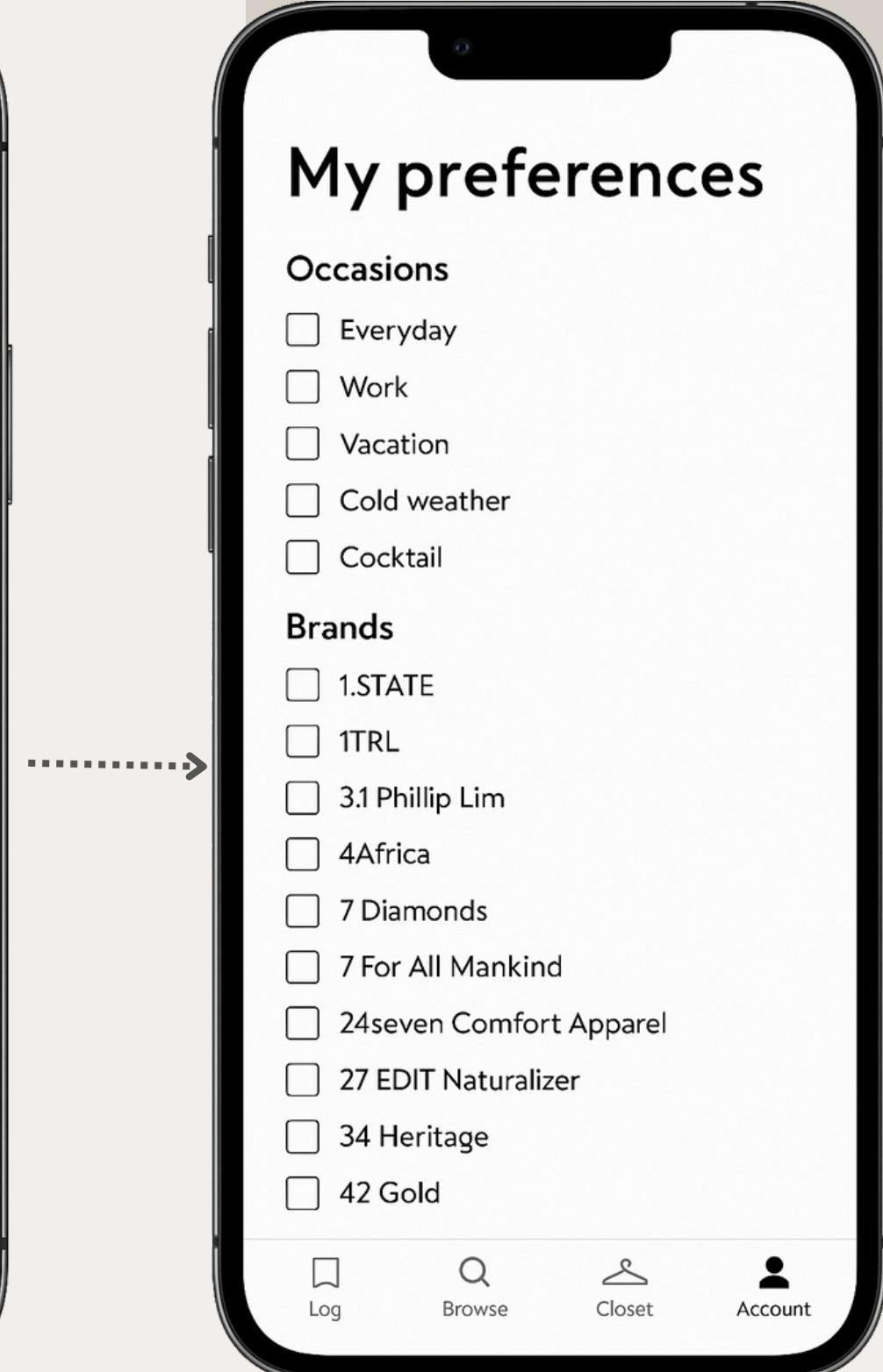
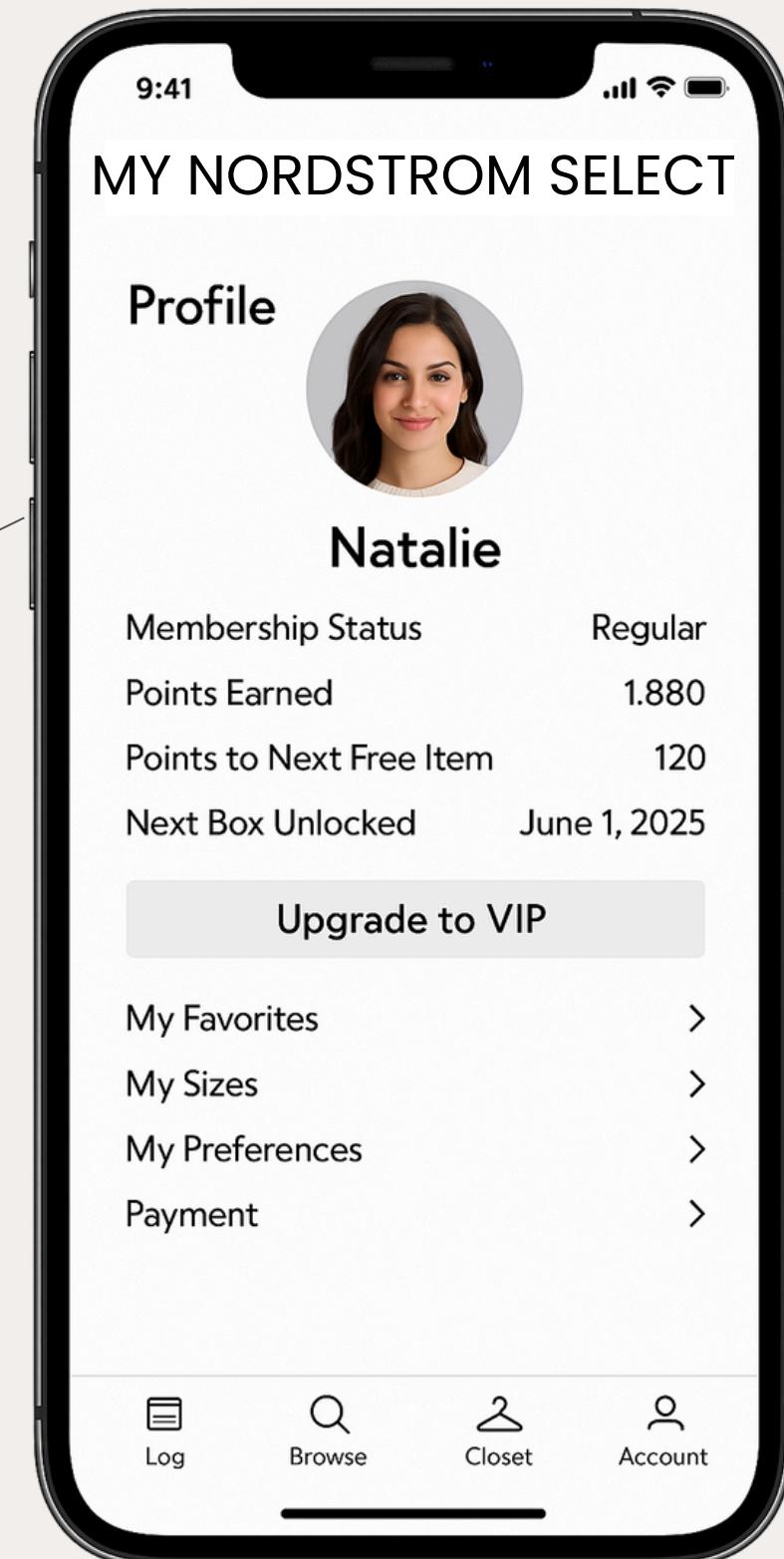
Log **Browse** **Closet** **Account**

N

APP PROTOTYPE

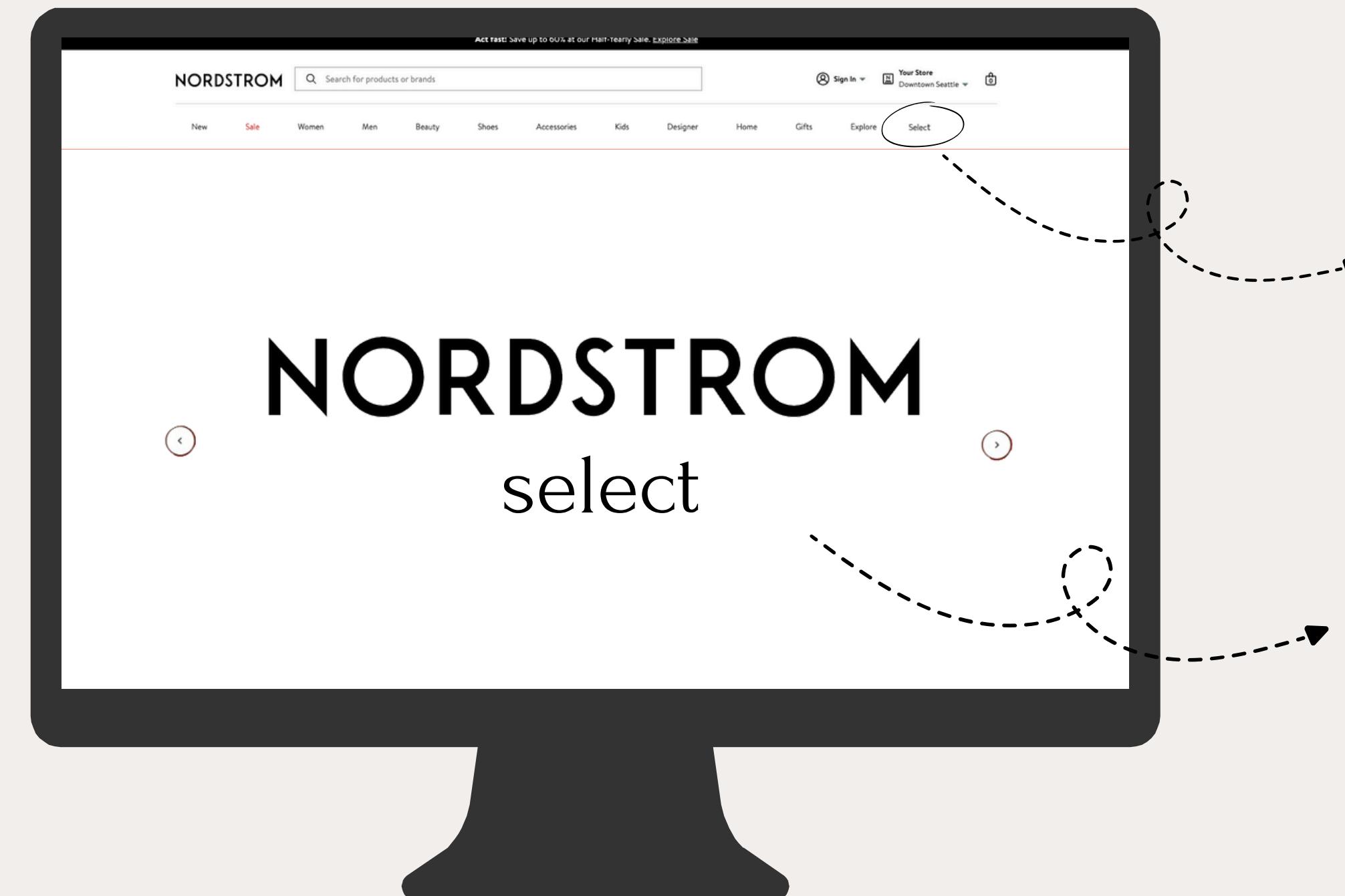
R EACH

My Profile



DESKTOP WEBPAGE

R
EACH

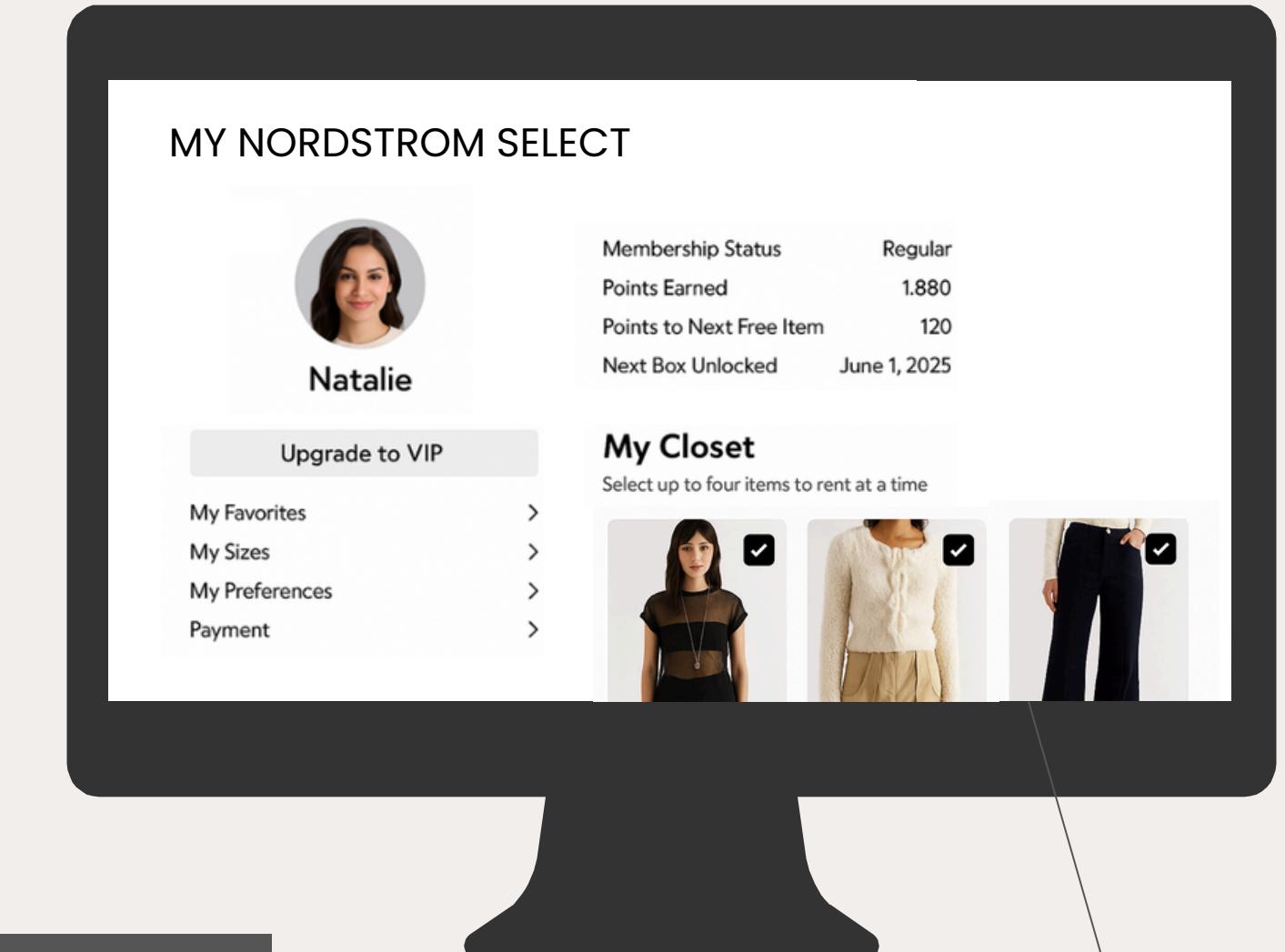
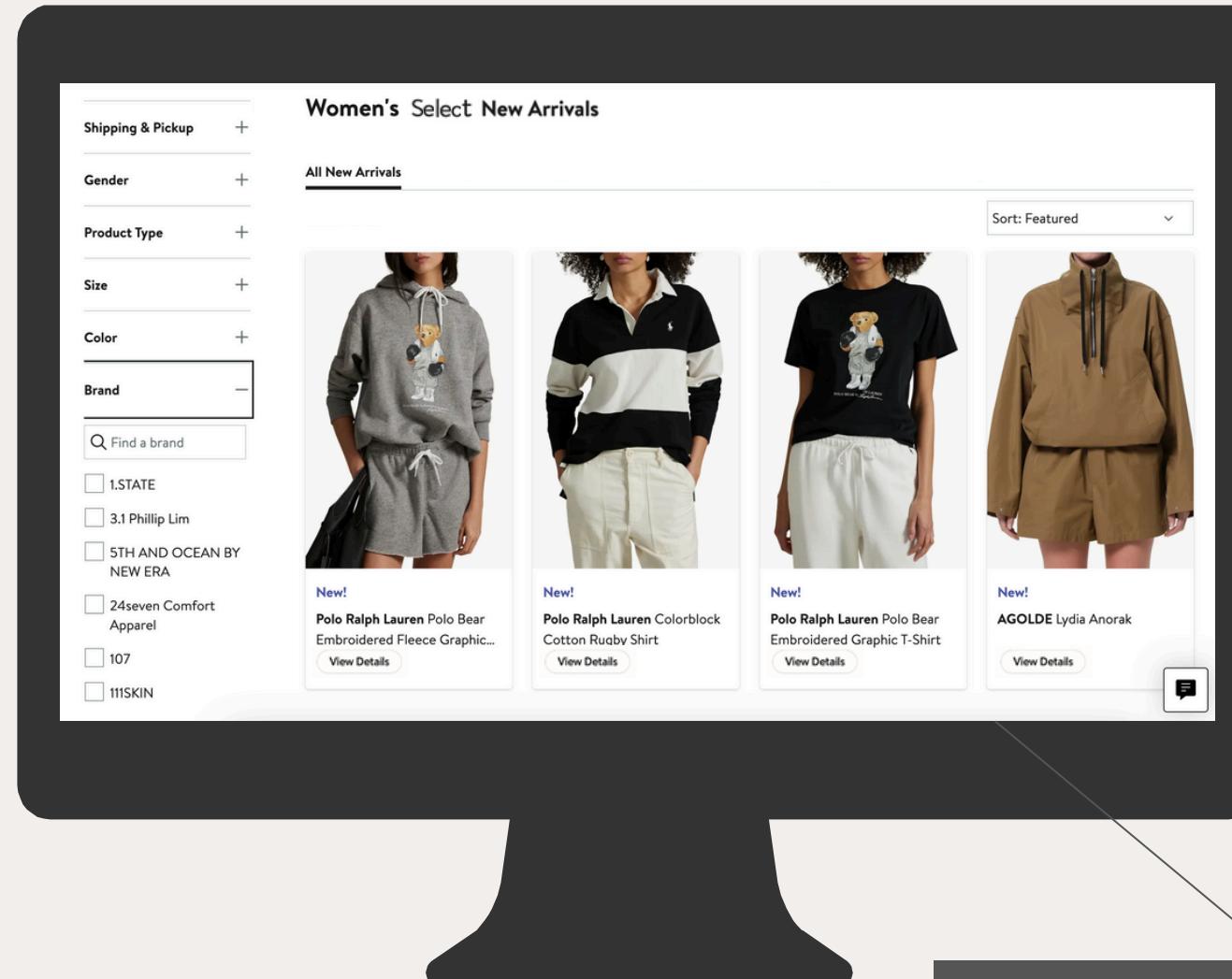


NEW:
Select Tab

NEW:
Homepage Banner

DESKTOP WEBPAGE

R
EACH



Browse
New Items

View Profile

E
EXPERIENCE
THE NORDSTROM
WAY VIA NEW RENTAL
FEATURE

- 1 BRAND SELECTION
La **DOUBLEJ*** SAINT LAURENT
ALAÏA LOVESHACKFANCY
THE ROW **JACQUEMUS**
- 2 IN STORE DROP-OFFS

- 3 24/7 CUSTOMER SUPPORT




N

E
EXPERIENCE

NORDSTROM SELECT INVENTORY



ESSENTIALS

REGULAR

VIP

E
XPERIENCE

TREND DRIVEN-BRAND ACCESS

HYPE / TRENDY
REGULAR

GANNI

La DOUBLEJ.*

Reformation

LOVE SHACK FANCY

STREETWEAR
VIP / REGULAR

Off-White

JACQUEMUS

alexanderwang

Acne Studios

LUXURY
VIP

THE ROW

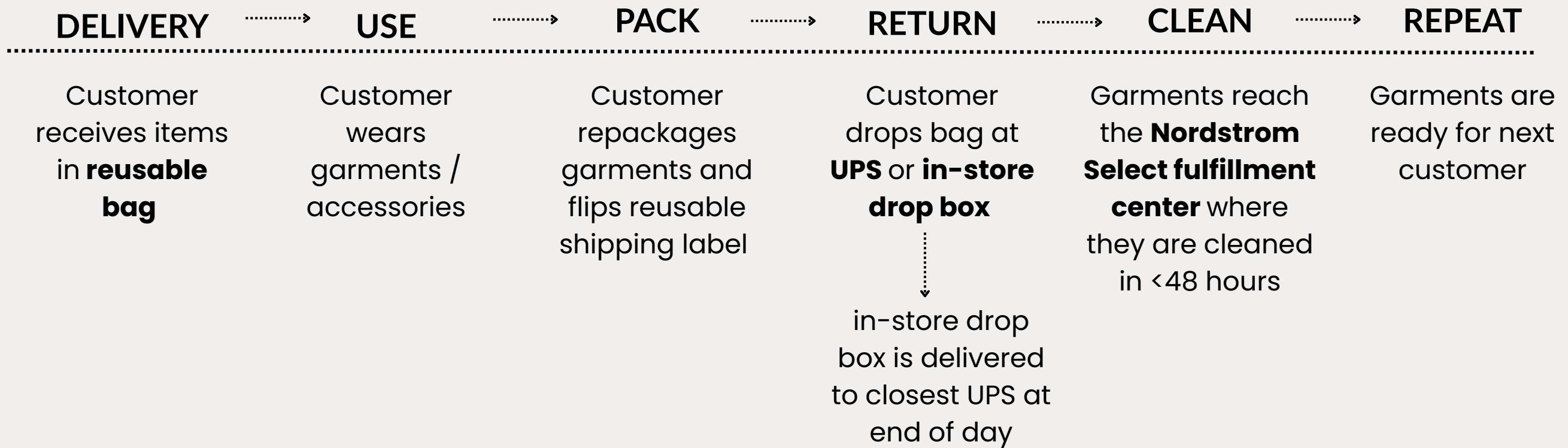
SAINT LAURENT

ALAÏA

BOTTEGA VENETA

E XPERIENCE

END-TO-END RENTAL LOGISTICS



E XPERIENCE

RENTAL IS A SERVICE BUSINESS

Missed box, billing error, delayed Shippment



Churn risk



LTV Depends on fast, reliable customer support

AI-ENABLED SUPPORT

Customers are automatically directed to **Nordstrom Select chat bot** but can opt for human support



Increase support efficiency while still satisfying older tech resistant cohorts

Avg. Rep Salary	\$75k
Headcount at Scale	75
AI Infrastructure Cost	\$.4M
Agent / Subscriber	1 / 7,300 subscribers
Target Response Time	5 minutes

CUSTOMER SUPPORT

N

NETWORK

LEVERAGE
NETWORK OF
CUSTOMERS &
BRAND
PARTNERSHIPS

1

TIK TOK INFLUENCERS



2

UNIVERSITY POP-UPS



N NETWORK



51% of Gen Z uses TikTok to research brands [\(Source\)](#)

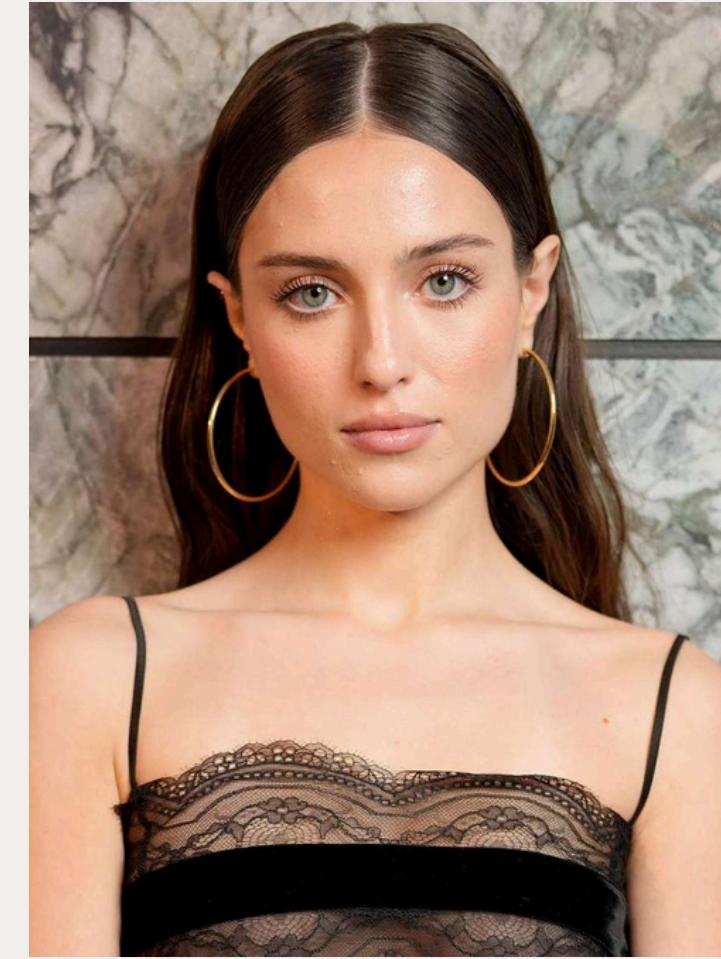


63% are more likely to trust a brand after seeing it promoted by a creator they follow [\(Source\)](#)



Influencer partnerships are a core use of S&M spend

TIKTOK PARTNERSHIPS



Madeline Argy

AGE 22

Ashtin Earle
AGE 21



N NETWORK



Students will...

- College Build authentic brand awareness on campus
- Create peer-to-peer trust and influence
- Drive social media engagement with Gen Z
- Host events and giveaways
- Offer real-time feedback and trend insights



STUDENT AMBASSADORS & POP-UPS

T

TRY
CUSTOMERS
ARE
ENCOURAGED
TO TRY
NEW FASHION
ITEMS

1 BORROW BAR



2 TRY ON IN-STORE



3 TRY-TO-BUY PIPELINE



T

TRY

BORROW BAR

- In-store rental bars
- Staffed with stylists
- Stocked with rental inventory
- Generate demand and driving foot traffic



SEATTLE
NEW YORK
SAN FRANCISCO
LOS ANGELES
CHICAGO
BOSTON

N



ALTERNATIVES

Visit Designer Collections - our online
designer boutiques at nordstrom.com

ALTERNATIVES

Implement more affordable brands

- Dilutes Nordstrom's **quality**
- Lack of differentiation to other fast fashion department stores

Acquire Rental Service

- Nordstrom already has the **capabilities** itself
- Dilutes the authenticity of the Nordstrom brand

Focus Solely on Nordstrom Rack

- Already successful with Gen Z, no need for continued focus

Nordstrom Select

- Capitalizes on the growing clothing rental industry
- Leverages **Nordstrom's existing strengths**

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IMPLEMENTATION

NORDSTROM
select

5 YEAR ROLLOUT TIMELINE

POST-LAUNCH ROADMAP

	2026	2027	2028	2029	2030
Create digital platform extenstions	Add rental interface to app + website	Personalization tools	"Rent Again" and styling bundles	Customer feedback + rental data	Hybrid resale-rental
Renting Fulfilment Centers (TX + NV)	Expand capacity to support reverse logistics	RFID + barcode system	Repair + cleaning upgrades	Priority processing for premium/rush rentals	Scale to high-volume locations
Establish brand partnerships	Add 15 brands to Select portfolio	Exclusive rental-only collections	Co-design with eco + luxury partners	Seasonal rotations with influencer styling	Partner with legacy brands
Contract TikTok Creator Partnerships	"Rent the Look" campaign kickoff	25+ Creator expansion	Style-drop collaborations	Try-On Lives	Integrate affiliate links
Establish Student Ambassadors at US Colleges	10+ Campuses	50+ Campuses	Pop-ups in major cities	Partner with college orgs for capsule drops	Ambassador-designed rental bundles

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RISKS + MITIGATIONS

-
-
-
-
-

RISKS + MITIGATIONS

Brand Dilution

Cannibalization of Retail Sales

Customer Confusion

Inventory + Profit Margin Pressure

Inconsistent In-Store Experience

RISKS + MITIGATIONS

Brand Dilution



Launching separate sub-brand

Cannibalization of Retail Sales



Try-to-Buy Options

Customer Confusion



In-Store Displays + Stylists

Inventory + Profit Margin Pressure



Rev-share high MSRP pieces

Inconsistent In-Store Experience



Flagship Stores to offer Try-Ons

RISKS + MITIGATIONS

Brand Dilution



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Cannibalization of Retail Sales



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Flagship Stores to offer Try-Ons

N

FINANCIALS

HAPPY HAPPY HAPPY

SUBSCRIBER FORECAST

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1.4% OF TOTAL SOM

HOW WE FORECAST DEMAND



Started with SOM by cohort



Applied penetration assumptions by year



Segment by tiers



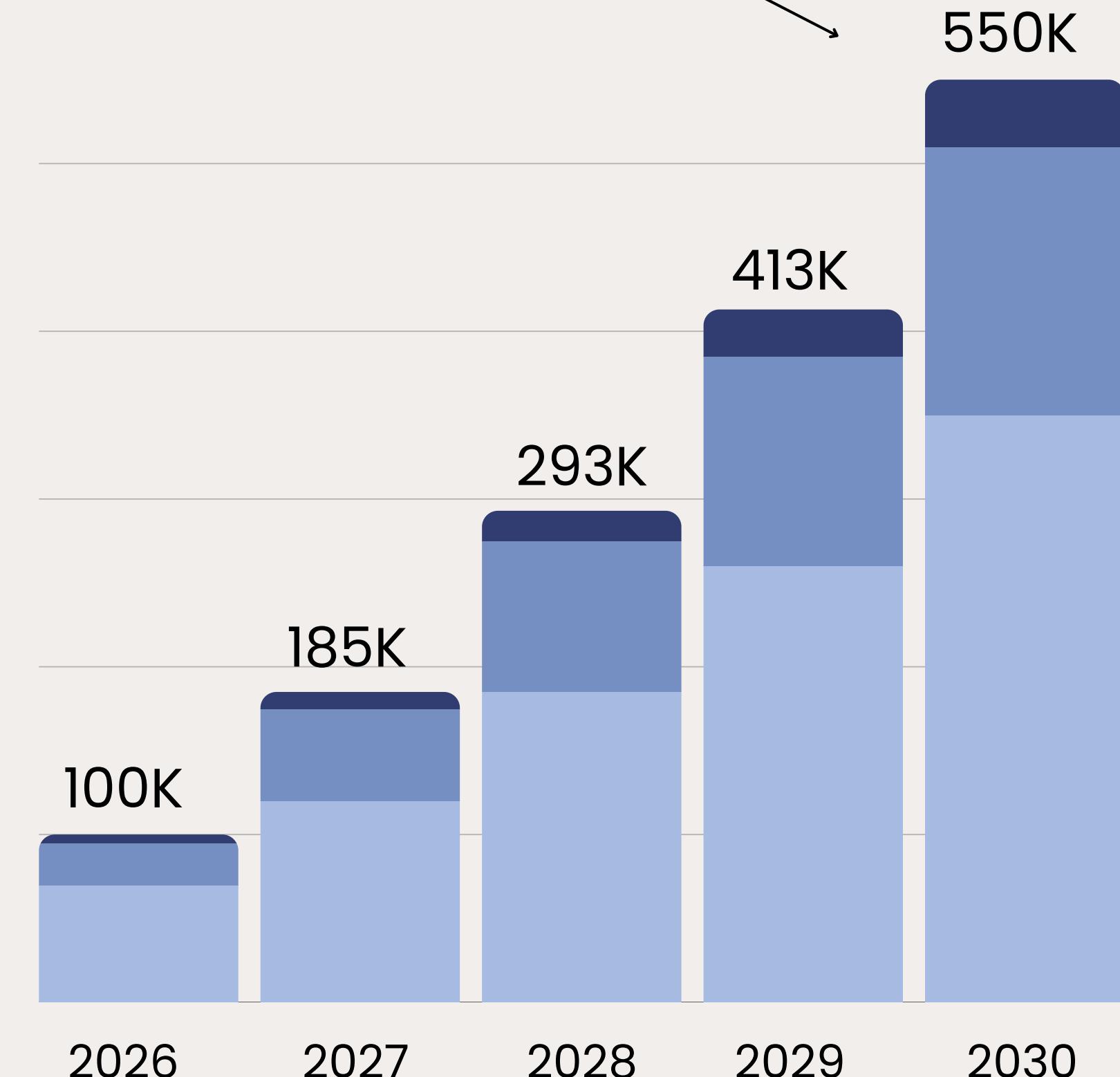
ESSENTIALS



REGULAR



VIP



KEY FINANCIAL METRICS

Year 5
Subscriber Base

550K

5-Year ROI

126%

EBITDA
Breakeven

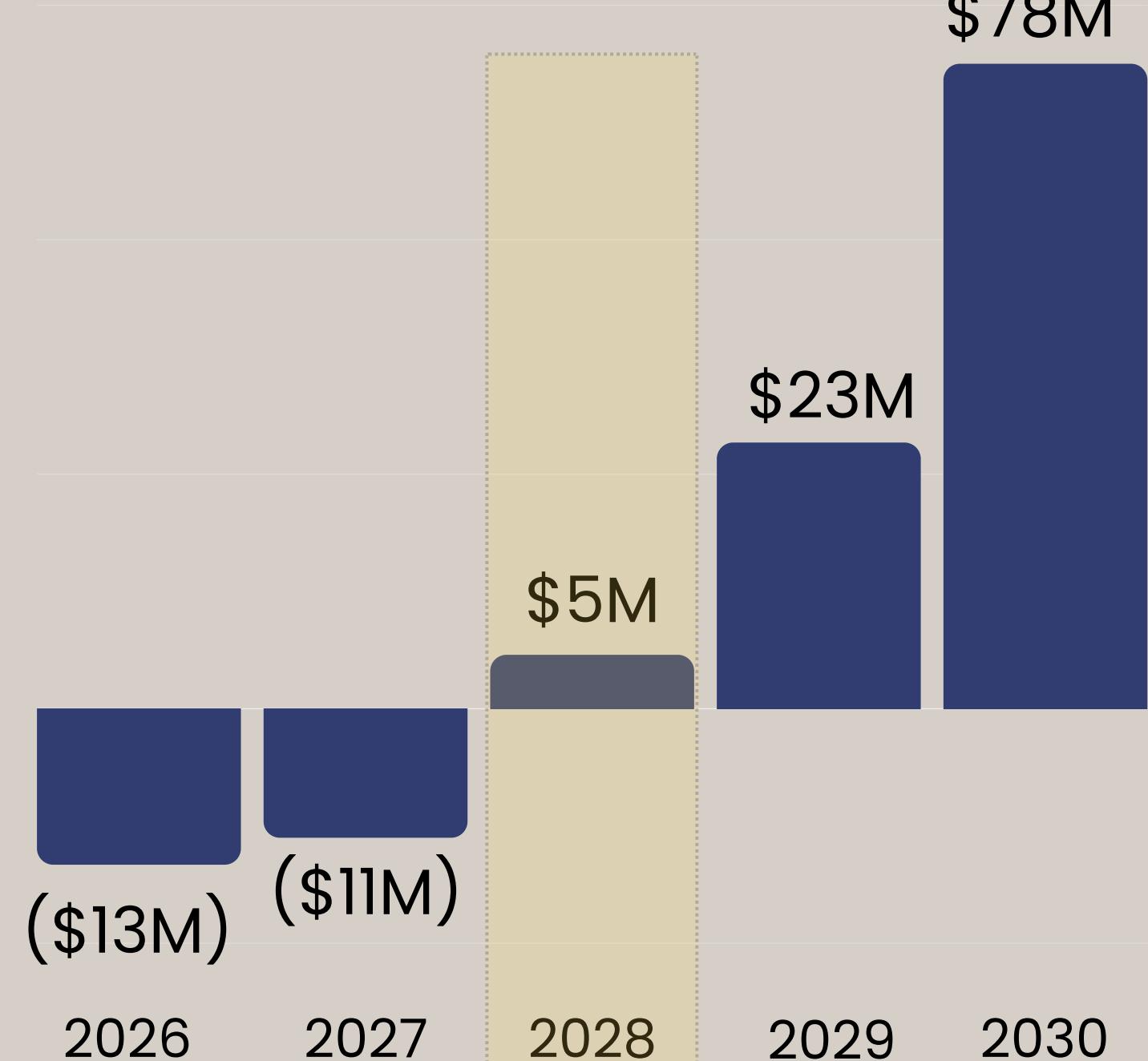
YEAR 3

5-Year NPV

\$48.8M

**Discounted EBITDA at 9%*

EBITDA
(Operating Profit)



CONCLUSION

PROBLEM

Nordstrom faces mounting challenges in **attracting younger shoppers** and need to adapt to **changing consumer preferences** to secure its future growth

SOLUTION

R.E.N.T.
STRATEGY



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NATALIE'S NORDSTROM JOURNEY



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NORDSTROM
select



**Nordstrom
meets all of
Natalie's needs,
every step of
the way**

THANK YOU

NORDSTROM
select

NORDSTROM
select

APPENDIX

APPENDIX

Intro:

- Mission Statement
- Executive Summary
- Persona
- Customer Journey
- SWOT analysis

Findings:

- Survey Results
- Key Findings
- Gen Z Preferences

Strategy:

- Nordstrom Select
- Clothing Rental Industry
- Competitor Insights
- Competitive Positioning

Recommendation:

- R.E.N.T Strategy
- R.each
 - Membership Tiers
 - App
 - Website
- E.xperience
 - Inventory
 - Trend-Driven Brand Access
 - End-to-End
 - Customer Support
- N.network
 - Tiktok Partnerships
 - Student Ambassador
- T.try
 - Borrow Bar

Alternatives:

- Why Nordstrom Select?

Implementation:

- 5 Year Rollout Timeline

Risks + Mitigations:

- Main

Financials:

- Subscriber Forecast
- Key Financial Metrics

Conclusion:

- Natalie's End Journey

Additional Information:

- Brands by Tier
- Use Cases
- Hybrid Inventory
- Inventory Model Economics
- Why We Blend Rev-Share Inventory
- Global Online Clothing Rental Market
- Value Proposition
- Pain Points
- Ideal Customer Profile
- Fulfilment Center Operations
- Phased Fulfilment Expansion
- Shipping + Cleaning Costs
- Borrow Bar Economics
- Inventory Acquisition Plan
- Serviceable Obtainable Market
- Projected Income Statement
- What's Rack Doing Right?
- Pop-Up Examples

BRANDS BY TIER

ESSENTIALS

1822 Denim • 4SI3NNA • 525 • & Other Stories • 1.STATE • 7 For All Mankind Essentials line • 90 Degree by Reflex • Able • adidas Originals & adidas Sportswear • Alo Yoga • Alternative Apparel • All in Favor • Aviator Nation • BP. • BLANKNYC • Caslon • Chelsea28 • Citizen's new vintage knits • Columbia • Cotopaxi • Daily Practice by Anthropologie (URBN allows wholesale, no rental lock) • Daydreamer tees • Free Fly • FP Movement (sport only) • Good American Good Curve • Halogen • Hue lounge • Kut from the Kloth • Levi's • Liverpool Los Angeles • Lush • Madewell • Marine Layer basics • Nike Sportswear tops • Patagonia • Sweaty Betty • Tasc Performance • The North Face basics • Thread & Supply • Treasure & Bond • Topshop • Varley • Vuori • WAIFUL (Wayf loungewear) • Wash Lab Denim • WAYF • Wit & Wisdom • Zella A.L.C. • Acne Studios • AFRM • AG Jeans RTW • Alexander Wang • Alice + Olivia • AllSaints • Amanda Uprichard • ASTR the Label • Avec Les Filles • Bardot • Baum und Pferdgarten • BB Dakota by Steve Madden • Cinq à Sept • Collina Strada (capsule knits) • Diane von Furstenberg • En Saison • Faithfull the Brand • Favorite Daughter • For Love & Lemons • FRAME • Ganni • Good American ready-to-wear • Helmut Lang • House of CB • JW Anderson • Ksubi • L'AGENCE • La DoubleJ • Line & Dot • Lisa Says Gah • LoveShackFancy • Maje • Madewell Collection • Mille • rag & bone • Reformation • Reiss • Sandro • Sandy Liang • Significant Other • Self-Portrait • SIMON MILLER • Sister Jane • Smythe • Staud • STAUD Friends • Tibi • Totême • Ulla Johnson • Veronica Beard • Vince • We Wore What Barbour • Brooks Brothers Red Fleece • J.Crew • Lacoste • L.L.Bean Signature • Lauren Ralph Lauren • Polo Ralph Lauren • Theory • Tommy Hilfiger Heritage • Vineyard VinesAG • AGOLDE • Citizens of Humanity • DL1961 • FRAME Denim • Hudson Jeans • Joe's Jeans • Mother • Paige • Pistola • rag & bone/JEAN • Re/Done • Silver Jeans • SLVRLAKE • 7 For All Mankind premium • Wrangler Women's Heritage capsuleG. Occasion & EventAidan Mattox • Badgley Mischka • Bec & Bridge • Chiara Boni La Petite Robe • Dress the Population (+ Curve) • Fame & Partners • Jenny Yoo • Mac Duggal • Marchesa Notte • ML Monique Lhuillier • Retrofête • Tadashi Shoji • Xscape Evenings • ZimmermannFarm Rio • House of Aama • Laude the Label • Mate the Label • Naadam • Silk Laundry • Whimsy + Row

REGULAR & VIP

Acne Studios • A.L.C. • Alexander Wang • Altuzarra • Amanda Uprichard Statement • Coperni • Courrèges • Diane von Furstenberg Collection • FRAME Premium • Ganni runway • Helmut Lang • JW Anderson • Ksubi Lux • L'AGENCE • La DoubleJ • LoveShackFancy Luxe • Maje Edition • rag & bone tailoring • Reformation Red Carpet • Reiss • Sandro • Sandy Liang • Self-Portrait • SIMON MILLER • Smythe • Staud • Tibi • Totême • Ulla Johnson • Veronica Beard • Vince Signature • Off-White mid-tier • Jacquemus "Le Chouchou"

VIP ONLY

Alaïa • Balenciaga • Balmain • Bottega Veneta • Brunello Cucinelli • Chloé • Dolce & Gabbana • Dries Van Noten • Etro • Ferragamo • Givenchy • Golden Goose Deluxe RTW • Khaite • Lanvin • Maison Margiela • Marni • Max Mara / Studio • Moncler Grenoble • Proenza Schouler mainline • Rabanne • Rick Owens • Sacai • Saint Laurent • Simone Rocha • Stella McCartney • The Row • Thom Browne • Tom Ford • Valentino • Versace

USE CASES

DENIM & EVERYDAY



Basics and
denim for
everyday
wear

CONTEMPORARY & TREND



Statement /
Seasonal
pieces

HERITAGE & ESSENTIALS



Classic polo
shirts and
timeless
staples

OCCASSION / EVENT



Dresses and
eveningwear

INDIE DARLING



Sustainable
small-label
pieces

HYBRID INVENTORY MODEL

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ESSENTIALS

100% Owned



REGULAR

70% Owned
30% Rev-Share



VIP

60% Owned
40% Rev-Share



INVENTORY MODEL ECONOMICS



OWNED INVENTORY
Margin Optimization



REV-SHARE INVENTORY
Unlocks 3-5X higher MRSP items

Access to fashion-forward brands is what drives Gen Z & Millennial subscriber growth and aligns Nordstrom Select with our parent brands premium positioning

	OWNED INVENTORY	REV-SHARE INVENTORY
Average MSRP	\$120	\$600-\$2,000
Average Landed Cost	\$46 Essentials \$109 Regular \$150 VIP	N/A
Cleaning / Turn	\$5.5	\$5.5
Uses / Lifetime	8-12	1-2
Revenue Split	N/A	45% Regular 50% VIP
Gross Margin	50-60%	20-30%

OWNED INVENTORY*ESSENTIALS TIER*

Durable fabrics,
predictable demand

High frequency SKUs
with >10 turns / year

Low unit cost (\$45-55)
and high box utilization
yield gross margins of
50-60%

REV-SHARE INVENTORY*REGULAR +VIP TIER*

Luxury streetwear and
designer styles

Lowers upfront CAPEX on
volatile trendy, high
price-point pieces

Expands brand access
without additional
obsolesces risk

WHY WE BLEND OWNED AND REV-SHARE INVENTORY

BALANCES UNIT ECONOMICS, TREND
AGILITY, AND MARGIN PRESERVATION

VALUE PROPOSITION

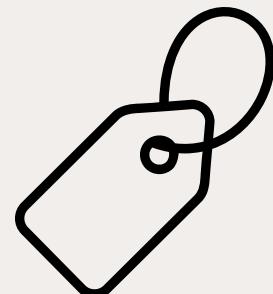
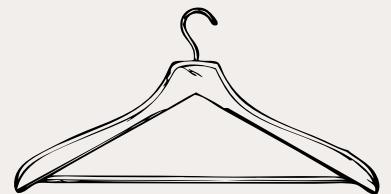
Rental services delivers curated, high-quality fashion on your terms

Personalized to your style, supported by exceptional service

Prices convenient to you

Experience the flexibility of renting with the confidence
and care only Nordstrom can offer

STYLE·STYLE·STYLE·
STYLE·STYLE·STYLE



EVER-CHANGING STYLE

Creative freedom without
long-term closet commitment

WASTEFUL

Tired of buying pieces she only
wears once

UNIQUE FASHION

Doesn't want to look like everyone else

PRICE SENSITIVE

Can't justify the **cost of high-end brands** for everyday use

PAIN POINTS



IDEAL CUSTOMER PROFILE



ESSENTIALS



Gen Z, Early Millennials



Adult Female



Medium Income

Cares about keeping up with trends, values quality, but is hesitant to invest in trendy quality pieces due to quick trend cycle



REGULAR



Gen Z, Millennial



Adult Female



Medium Income

Wants access to streetwear and hype brands without having to purchase the high-price point pieces, values quality and variety



VIP



Gen Z, Millennial, Gen X



Adult Female



Medium / High Income

Values high-quality and well-known brands, looking for a way to shop luxury items without purchasing each item individually



TWO FULFILMENT HUBS

Location: Dallas, TX & Reno, NV
Size: 100,000 sqft / hub



TURNAROUND EFFICIENCY

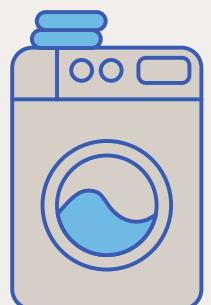
RFID Sortation, tunnel finishers,
waterless cleaning (see appendix)



Processing, cleaning, packaging
<48 hours



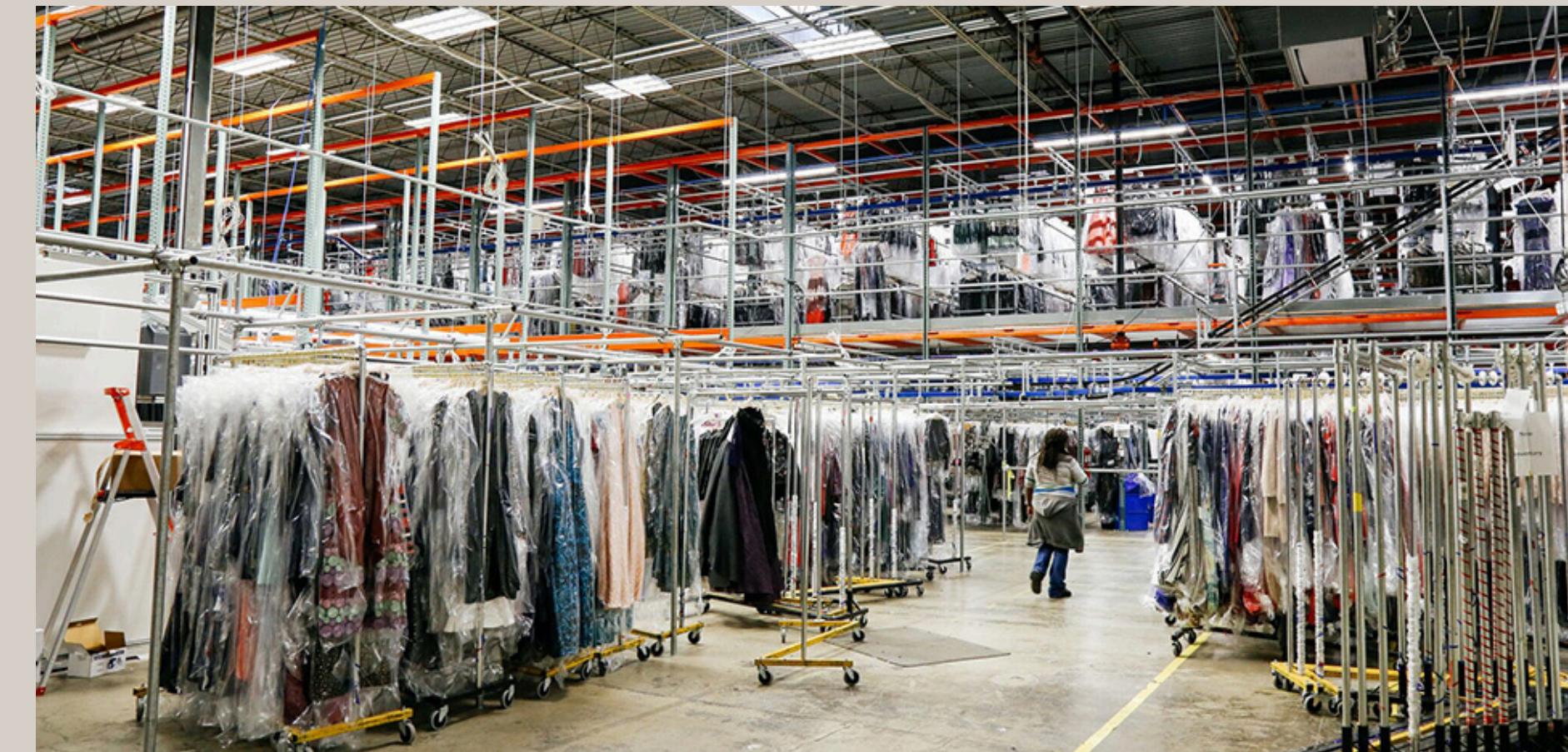
Allows for 12 annual turns for each garment



IN-HOUSE CLEANING

Industrial washers, steam tunnels,
conveyers

FULFILLMENT CENTER OPERATIONS



PHASED FULFILLMENT EXPANSION

	2026	2027	2028	2029	2030
Live Hubs	1	1	2	2	2
Cleaning Equipment CAPEX	\$8M	-	\$8.5M	-	-
Rent & Utilities*	\$.7M	\$.7M	\$1.5M	\$1.5M	\$1.6M
Operations Payroll	\$3M	\$3.9M	\$5.3M	\$6.3M	\$7.4M
Cleaning Depreciation	\$.8M	\$.8M	\$1.7M	\$1.7M	\$1.7M
Total Fulfilment Overhead	\$4.5M	\$5.4M	\$8.4M	\$9.5M	\$10.6M

*Fulfillment centers are leased @ \$7/ sqft

SHIPPING & CLEANING COSTS

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	2026	2027	2028	2029	2030
TOTAL SUBSCRIBERS	100K	185K	293K	413K	550K
ITEM TURNS	5.5M	10M	17M	23M	31M
CLEANING FEE / GARMENT	\$8	\$7.2	\$6.7	\$6.2	\$5.5

ITEM TURNS

(SUBSCRIBERS BY TIER * ITEMS / BOX) * 1 TURN PER MONTH * 12 TURNS PER YEAR



NUULY & RTR REPORT
CLEANING COSTS \$5-6 PER ITEM, SCALE TO \$5.5

TOTAL CLEANING

\$44.2M **\$75.2M** **\$111.6M** **\$145.7M** **\$171.6M**

% OF REVENUE

42% 37% 34% 31% 27%

SHIPPING FEE / BOX

\$8	\$8	\$8	\$8	\$8
\$9.6M	\$17.8M	\$28.1M	\$39.6M	\$52.8M

SHIPPING COST

SUBSCRIBERS * 12 TURNS PER YEAR * \$8

COST TO ACQUIRE PACKING

\$1M	\$.85M	\$1.08M	\$1.2M	\$1.37M
→				

OF NEW SUBSCRIBERS * \$10 PER BOX

TOTAL SHIPPING

\$10.6M **\$18.6M** **\$29.2M** **\$40.8M** **\$54.2M**

% OF REVENUE

10% 9% 9% 9% 8%

BORROW BAR ECONOMICS

	2026	2027	2028	2029	2030
BORROW BAR COST	\$4.7M	\$4.8M	\$4.8M	\$4.9M	\$5.0M
NEW SUBSCRIBERS / BAR	1,583	1,333	1,667	1,833	2,083
AVERAGE LTV / SUBSCRIBER	\$11K	\$11K	\$12K	\$12K	\$12K
LTV GENERATED PER BAR	\$18M	\$15M	\$19M	\$21M	\$25M
LTV / COST	3.8X	3.2X	4.0X	4.4X	5.1X



Convert **10%** of Essential & Regular Subscribers annually
Generate **3-5x** cost in lifetime value

INVENTORY ACQUISITION PLAN

→ *Essentials tier purchases + Regular tier purchases + VIP tier purchases*

	2026	2027	2028	2029	2030
TOTAL UNITS PURCHASED	564k	1.05M	1.66M	2.33M	3.10M
PURCHASE COST	\$37.9M	\$73.8M	\$119.1M	\$168.4M	\$223.2M
DEPRECIATION INTO COGS	\$30.3M	\$65.1M	\$108.3M	\$156.4M	\$209.8M
COST OF REVENUE SHARE	\$7.1M	\$15.3M	\$26.5M	\$38.2M	\$52.3M

UNITS PURCHASES BY TIER

Subscribers in tier * % of items owned in tier * items / box * 1.4 coverage ratio

PURCHASE COST BY TIER

Units purchased in tier * average landed cost by tier

DEPRECIATION

Inventory purchased depreciated over 15 months

COST OF REVENUE SHARE

(Regular revenue * 30% rev-share * 45% fee) + (VIP revenue * 40% rev-share * 50% fee)

SERVICABLE OBTAINABLE MARKET

TOTAL SERVIEABLE OBTAINABLE MARKET (\$30.9M)

Gen Z

1997-2012

Millennials

1981-1996

Gen X

1965-1980

US COHORT TOTAL	69M
↓ 50%	
FEMALE COHORT	34.5M
↓ 69%	
ADULT FEMALES	23.8M
↓ 45%	
MIDDLE INCOME	10.7M
↓ 86%	
METRO-AREA	9.2M
GEN Z SOM	9.2M

US COHORT TOTAL	72M
↓ 50%	
FEMALE COHORT	36M
↓ 50%	
MIDDLE INCOME	18M
↓ 86%	
METRO-AREA	15.8M
MILLENNIALS SOM	15.8M

US COHORT TOTAL	72M
↓ 50%	
FEMALE COHORT	36M
↓ 50%	
MIDDLE INCOME	18M
↓ 86%	
METRO-AREA	15.8M
GEN X SOM	15.8M

FINANCIALS

INSIGHTS

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\$ in millions	2026E	2027E	2028E	2029E	2030E
<u>Revenue by Tier</u>					
Essentials	\$58.0	\$99.4	\$157.8	\$221.7	\$307.4
Regular	\$36.0	\$79.2	\$133.5	\$185.4	\$244.4
VIP	\$11.4	\$22.8	\$42.3	\$65.8	\$96.8
Total Revenue	\$105.4	\$201.4	\$333.5	\$472.9	\$648.6
<u>COGS</u>					
Cost of Inventory Owned	\$30.3	\$65.1	\$108.3	\$156.4	\$209.8
Cost Of Revenue Share	\$7.1	\$15.3	\$26.5	\$38.2	\$52.3
Cleaning & Repair	\$44.2	\$75.2	\$111.6	\$145.7	\$171.6
Shipping & Packaging	\$10.60	\$18.61	\$29.21	\$40.85	\$54.17
Total COGS	\$92.2	\$174.1	\$275.6	\$381.1	\$488.0
Gross Profit	\$13.1	\$27.2	\$58.0	\$91.8	\$160.7
<i>Gross Margin</i>	12.5%	13.5%	17.4%	19.4%	24.8%
<u>Operating Expenses</u>					
Fulfillment & Overhead	\$4.5	\$5.4	\$8.4	\$9.5	\$10.6
Borrow-Bar Ops	\$4.7	\$4.8	\$4.8	\$4.9	\$5.0
Customer Service & Support	\$0.9	\$2.1	\$3.4	\$5.1	\$6.5
Sales & Marketing	\$10.5	\$14.1	\$20.0	\$26.0	\$29.2
General & Administrative	\$5.8	\$6.0	\$6.7	\$7.1	\$8.4
Operating Expenses	\$26.4	\$32.5	\$43.4	\$52.6	\$59.7
EBITDA	-\$13.3	-\$5.2	\$14.6	\$39.2	\$101.0
<i>EBITDA margin</i>	-12.6%	-2.6%	4.4%	8.3%	15.6%

Revenue grows **6.2x** over 5 years



- 5.5x subscriber growth
- Rising ARPU

Gross margin expansion from **12% to 25%**



Per-garment cleaning cost drops 31% as volume scales

Break-even by 2028, with a **12.1% margin** by 2030.

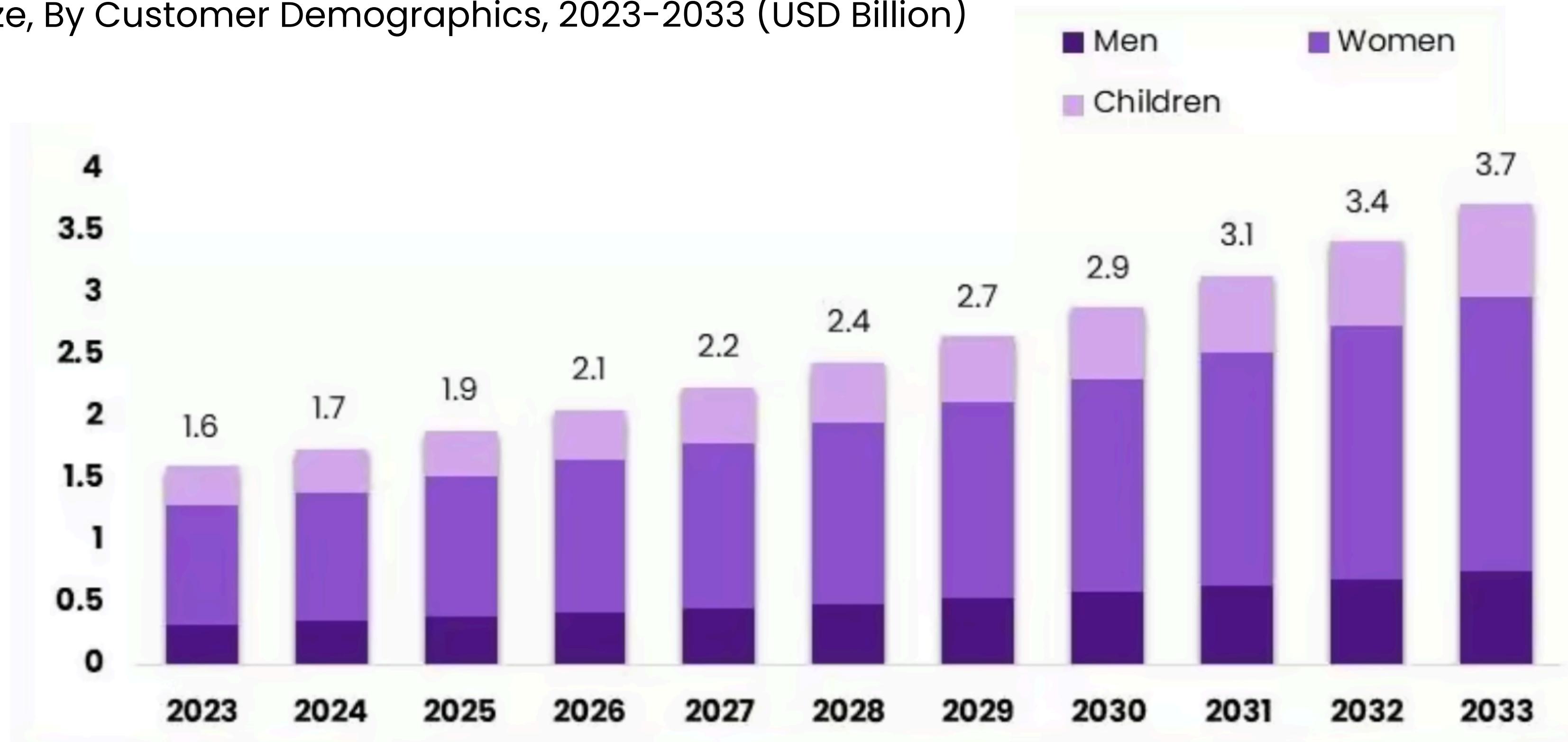


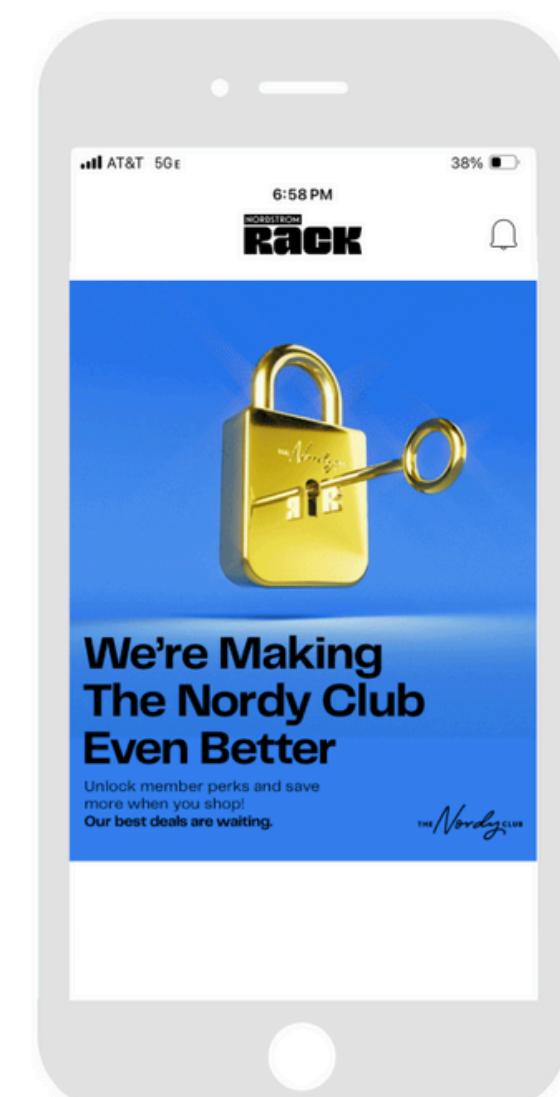
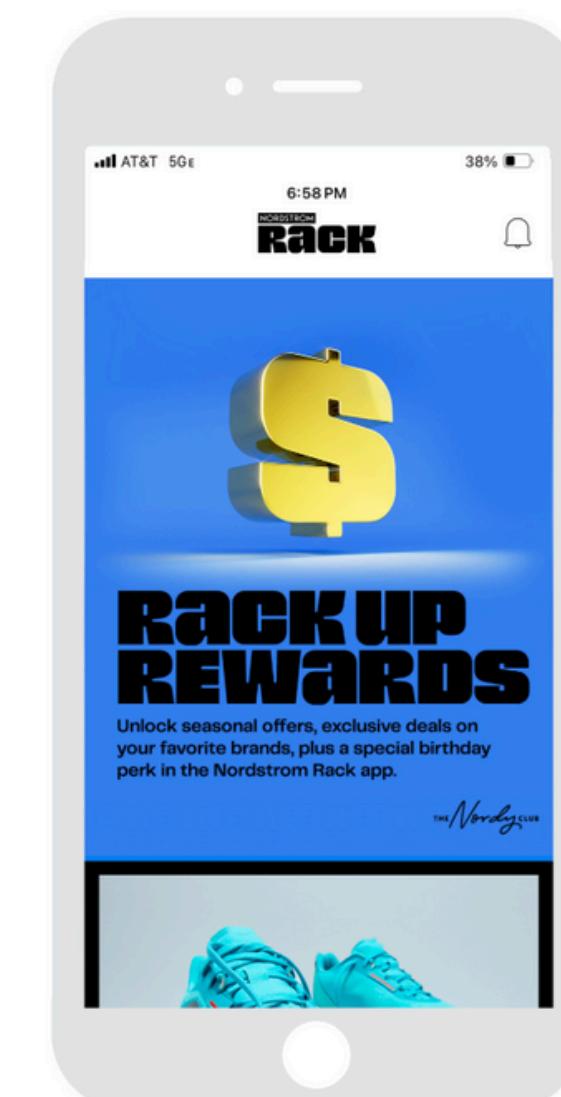
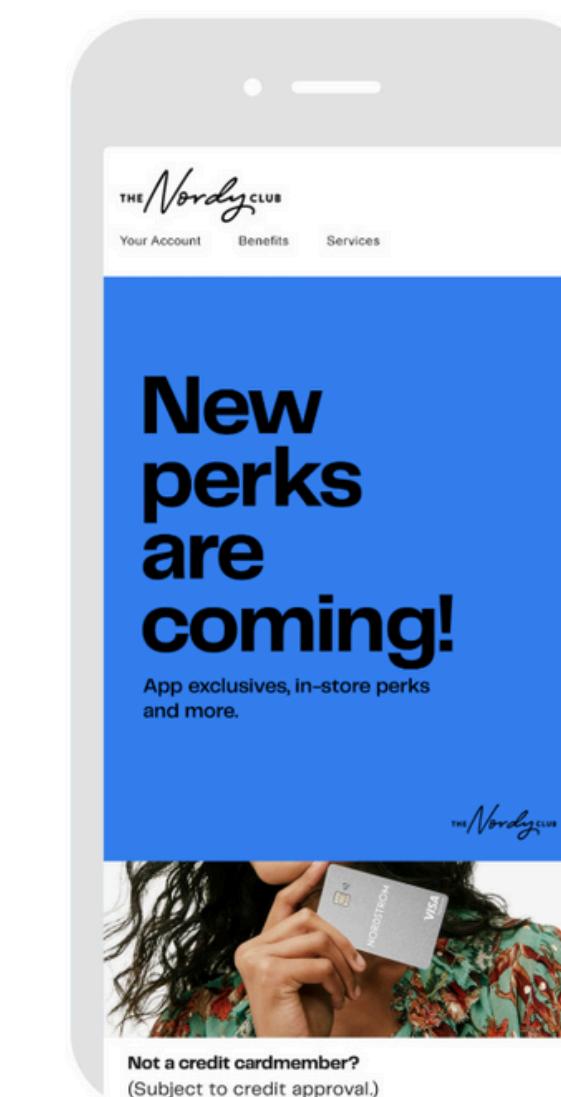
Facility, equipment, and support costs are absorbed over more volume

GLOBAL ONLINE CLOTHING RENTAL MARKET

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Size, By Customer Demographics, 2023–2033 (USD Billion)





POP-UPS@NORDSTROM



Hello Kitty 50 Year Anniversary



Fjallraven Cabin Village