Targeting Design

With Michael Graves creations adorning its shelves and fashion nymphs modeling its air filters, Target is betting its brand on fun, unpredictable and affordable designs. Based on the results thus far, Americans appear to be buying it.

Ron Johnson, Vice President/General Merchandise Manager for Home Décor, Target
With Target's parent, Dayton Hudson Corporation, for 14 years, Ron Johnson assumed responsibility for Target's home décor merchandise in 1995.

Minda Gralnek
Fashion Creative Director, Target
With Target since 1990, Minda Gralnek is responsible for producing the company's fashion campaigns in multiple media.

About 18 months ago the *New York Times Magazine* ran a Target Stores ad showing an aloof model in a boatneck shirt (priced at $9.99) doing something decidedly atypical to her hair – crimping it with a waffle iron ($24.00). People took notice. That ad was soon followed by one showing a stylish woman wearing wrenches and another in a paper clip blouse. People noticed them too. By the time Target rolled out a housewares line designed by world-renowned architect Michael Graves, the discount retailer had generated enough double-takes to give the entire country whiplash.

The effect was exactly what Target wanted. "When people go into Target, they don't expect to see that it is as great as it is," says Minda Gralnek, Target's Fashion Creative Director. "They think of it as a discount store." Founded in 1961, the same year that K-Mart and WalMart were born, the Minneapolis-headquartered company wanted to dispel the widely held belief that all three discount giants offered identical merchandise. Entry into the New York metro area provided Target with the opportunity. "Our image campaign was launched because we were going into many markets where people weren't familiar with us or what they can get at Target. If you tell them it is a WalMart or K-Mart, you aren't giving them the right description," Gralnek explains. Hence, the ads created by Kirshenbaum Bond & Partners in Manhattan, which now appear monthly in such upscale publications as *Texas Monthly, Elle* and *Mademoiselle.*

But Target's image shift was more than superficial. "We like to feel that we are our own unique specialty retailer," says Ron Johnson, Vice President/Merchandise Manager for Home Décor. "The idea of a discount store is a 38-year-old concept. WalMart, K-Mart and Target have evolved dramatically from where they started. In the last ten years, we have taken different paths. WalMart's path is one of price leadership. Target's has become one of idea leadership. We view value as not solely in the price of the products we sell, but in the entire experience that the guest [customer] has in the store and with the merchandise itself."

That thinking led Target to pursue a strategy based on high-end yet affordable design. "In the last 15-20 years of retailing, there has

TARGET FACT SHEET

Parent Company: Dayton Hudson Corporation

Principal Officer: Bob Ulrich, *Chairman and CEO*

Business Line: Mass Merchandise

Revenues: $20.4 billion, fiscal 1997

Number of Stores: 860

Number of Employees: Approximately 166,000

STILL LIFE PHOTOGRAPHY: BOB ESPARZA; LOCATION PHOTOGRAPHY: JOHN BLAUSTEIN

been an overly high focus on the end price of products and a minimization of the importance of design," explains Johnson. "But historically, design has been the most important aspect in retailing. Look at the great products of the past year – the VW Beetle, the revised Apple computer. The very core of those ideas were about design. It is clearly an incoming idea. We wanted to impact that, and we partnered with Michael Graves to do it."

Johnson met Graves while the architect was overseeing the scaffold design for the Washington Monument restoration, a project heavily funded by Target. "We uncovered the common belief that good design doesn't have to be expensive," says Johnson. "Design isn't about price, but about design itself. Michael shared our desire to bring great ideas, great design to people regardless of price."

In-Store Display
Because Target shoppers tend to shop by merchandise category, Graves products are found in various parts of the store. However, Graves products are grouped by category on their own 16-foot long gondola [shelving] and elaborately displayed with the designer's photograph, biography, signature, logo and lavish use of Graves' trademark blue.

Graves recalls the first discussion with Johnson over lunch, "Ron said, 'You know, Michael, we've been knocking you off for years. Maybe it's time to come to the source.' We joked about that. I liked him immediately."

The offer to create original designs was a big change for Target. "For years, we operated on the assumption that if we had merchandise six months to a year behind someone else at a lower price, that was value," Johnson says. "But no longer do we go to a competitor, pick an item that looks important and knock it off at a lower price. That's a game we aren't playing anymore. We are into the idea of idea leadership."

The choice of Michael Graves was a lofty one, however. A much-acclaimed architect and product designer and Princeton University professor, Graves is revered in elite design/museum circles. His witty $112 whistling-bird teakettle for Alessi is a design icon of the '80s. Still, Graves was hardly a household name. That didn't matter to Target. In fact, it entered into the partnership

Graves Style 1
Evocative of Graves' classic teakettle for Alessi, the Target original picks up Graves' signature blue and red.

Wit and Whimsy 2
Famous for instilling a bit of whimsy into his sleek post-modern designs, Graves gives a playful tilt to this cheerful yellow knob. The egg, an object basic to cooking and a form that's easy to hold, is a recurring shape in Graves' kitchenware products for Target.

Garden Furniture
The success of Graves' home décor products led Target to invite him to design for other merchandise categories such as garden furniture.

PAUL WESTBROOK

Graves' House Logo
All Target products within the Michael Graves Design Collection bear the designer's distinctive house logo and wavy signature. To mark its move into originally designed products, Target launched its Graves collection at the Whitney Museum.

Culinary Utensils
Graves' nylon kitchen utensils pick up the oval theme in the easy-grip cushioned handles. The signature blue packaging reinforces the impression of high-end value.

Knife Set
The oval shape is captured in the Bakelite handles of this knife set, giving a comfortable fit for the hand. It is also echoed in the silhouette of the wooden block holder.

Red Hot, Cool Blue 3
Graves relies on American visual vernacular to indicate that red means hot, blue means cool and that the teakettle whistles when the water inside is boiling.

Exclusive Packaging
Premium design value is communicated in the packaging, which shows a photographic view of the product from all sides, with a brief biography of Michael Graves' impressive credentials in the back.

Made by Black & Decker
Graves transformed the utilitarian look of kitchen appliances such as toasters into a contemporary design statement. These appliances are manufactured exclusively for Target by Black & Decker.

believing that perhaps only one in 100 of its customers would be familiar with Graves' name, let alone his work.

"It wasn't about celebrity, but about Michael's skill and design talent," says Johnson. "We had an innate confidence that good design would be recognized by the Target guest and that Michael would be able to deliver good design across multiple categories. Michael doesn't have to appeal to *every* Target guest. He has to appeal compellingly to a *core* group of our guests. That is really what good design is meant to do."

Although Graves says that he had no qualms about designing for a discount retailer, he admits that a few colleagues questioned the wisdom of such a down-market association. "I don't think that way," he says. "Being an architect, if I design, say, the Denver Public Library or any other public building, it's for everybody. I would like nothing better than all my Alessi products and things for higher-end retailers to be available to everyone."

Graves adds that the product's price point doesn't affect how he designs. "If I'm asked to design, say, a fruit bowl for Cartier and a fruit bowl for Target, the quality of the metal, one being sterling silver and the other being stainless steel or glass, might be different, but the design energy is going to be exactly the same. You don't crank it down when you're designing for somebody like Target. In fact, designing for Target has generated so much press that you know everyone is watching, so you want to make it the best you possibly can."

Even so, Johnson insists that Target didn't ask Graves to adhere to any price point. "We did not start out saying this item has to be this price. We were also very careful that whatever Michael did, it wouldn't infringe on any previous design he had done or any relationship that he had. We said, 'Michael, give us your best new fresh take on this.' We had confidence that Michael has a point of view. If you like what he did for this, you'd probably like what he did for us."

With 860 stores in 41 states and an annual revenue of nearly $20.4 billion, Target also felt strongly that it had the buying clout to source Graves products with high quality and still bring value to the marketplace. "Remember that in a place like Minneapolis, 89% of the population is in a Target every two weeks," Johnson says. "The kinds of products you find in a Target store are basic, replenishment items that customers go back for all the time. But those people have the same lifestyle and privileges as those who shop at Nordstrom. If we offer ideas that are clever, bright, with credibility or authenticity, our guests are going to respond."

In fact, the median Target shopper is 40 years old, college-educated and earning a household income of about $47,000 annually. Even before Graves, Target courted them by selling more trended, upscale merchandise such as Calphalon pans. However, unlike gourmet specialty shops, Target depends on volume to keep prices low, so display "real estate" is precious and restocking is a continuous chore. Kitchen appliances are typically bolted to the shelves. "That was done by design," explains Johnson. "It is very hard in this environment to find the labor to keep up the displays. [Yet] we want every Target guest in the country to have the same shopping experience. We found that by putting products as we do, guests can experience 80% of the product. Every kitchen product is equal distance apart. Every handle goes in the same direction."

The Graves products, however, are sold in specially designed boxes featuring Graves' signature blue color and clean contemporary graphics emphasizing they are exclusive Target originals – and ideal gift items.

Today Graves-designed originals have expanded beyond the housewares section and grown into a 200 product-strong collection. In addition to chubby toasters, whimsical teakettles, sleek candleholders and egg-handled utensils, Graves' signature can be found on garden furniture and decorative timepieces.

The runaway success of the Graves Collection has come as no surprise to Target. It had great faith that budget-minded consumers would readily embrace good design if it was made available at a bargain price. "Our concept is to separate the idea and quality from the price point that we are trying to get," Johnson says. "The better price we can give to a product, the more we can sell. But at the core, you have to have good design and good quality or nothing will succeed."

Target Web Site
Target extends its retail identification program onto its web site through the consistent use of its logo and signature red. Guests (customers) can go online to register for a Target store charge card, order from the Michael Graves collection and view what's new.

Catalog/Lifestyle Magazine
Target promotes its fashion apparel and home and garden products in a full-color catalog that doubles as a lifestyle magazine, when opened from the opposite direction. Celebrity lifestyle interviews and articles on cooking, entertaining and home décor offer an interesting read and subtly link Target's offerings to "the good life."

Identity Program
Target's identity program is made up of three key elements – its bull's eye logo, signature red and slogan, "Expect More, Pay Less."

TARGET

In-store Branding
Target maintains a consistent branding message throughout its stores – right down to the color of its shopping baskets, the red and khaki "uniforms" of the sales staff and the checkout signage.