What Brands Can Learn From Lilly Pulitzer and Target’s Sold-Out Collaboration

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Lilly Pulitzer’s headquarters in King of Prussia, Penn., is nicknamed the Pink Palace – but shoppers who hoped to get their hands on the preppy apparel maker’s line for Target might be feeling blue.

That's because the 250-piece limited-edition collection sold out almost immediately yesterday – in stores and online –
with no plans of it coming back.

The collaboration with Lilly Pulitzer is the most recent in a long line of designer partnerships between Target and high-end brands like Altuzarra, Phillip Lim, Prabal Gurung, Zac Posen, Jean Paul Gaultier, Alexander McQueen and, of course, Missoni, which also had the distinction of crashing Target's website when it debuted in 2011.

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Items in the vibrantly patterned Lilly Pulitzer for Target collection ranged from $2 to $150, with the most expensive dress going for $44 dollars. Dresses in Lilly Pulitzer's main collection retail from $88 to $348 and are sold at high-end retailers such as Saks Fifth Avenue and Nordstrom, as well as through the company's website.

Many of these high-low collaborations have been wildly popular, but do they actually help or hinder brands in the long run? Laura Ries, co-founder of branding consultancy Ries & Ries, says while this latest collection sold instantaneously, she wonders how it will impact Lilly Pulitzer's core business – and if future high-low partnerships could end up devaluing it down the line.

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"The more popular it is at Target, the worse it is for Lilly Pulitzer the brand," she says. "You see the same things happen with the outlets for some brands. Look at what happened to Coach; their outlet business went like hotcakes because you were getting Coach bags at the third of the price and, long term, it hit the exclusivity of their core business. Part of what drives high-end fashion is exclusivity."

Denise Lee Yohn, a retail consultant and the author of What Great Brands Do, says that though the prices were considerably lower, the limited nature of Lilly's line at Target could end up bolstering the company's exclusive reputation. "Even among the mass consumers that have an opportunity to buy it, it's pretty much guaranteed they are going to get shut out...It almost makes the brand even more in-demand."

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Lee Yohn says she thinks that the collaborations are often a win-win, the designers can promote their brand and reach a different customer base while the Targets of the world can elevate their retail brand by association with the high end and exclusive. However, there is a downside to the frenzy: the reselling (and requisite marking up) of these hot-ticket items on sites like eBay. "That is less of a win for the retailer and the designer, because then it diminishes the strategy they are trying to implement."

Lee Yohn said that while it might inspire a raft of social media criticism, to protect the equity of the brand, next time, Target might want to look into setting a limit on how many items people could purchase. "In the long run, it might be a smarter way to do it."

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