

Lilly Pulitzer's Target Disaster Was Actually a Success



At first blush, the recent rapid sell-out of the new “Lilly Pulitzer for Target” line — and the backlash it generated from [disappointed customers](#) — seems like a major screw-up by both companies. But it actually contains the keys to successful expansion for other high-end brands and designer labels and to improved brand perceptions for other mass retailers.

There's no question that Target disappointed many customers by selling out of the exclusive line within hours. Its website crashed, mobs formed in its stores, and some pieces ended up for sale on eBay at multiples of their original prices. Reporters and business experts alike questioned how Target could have allowed such a snafu, particularly after experiencing similar problems a few years earlier with a line from Missoni. They also predicted significant damage to both the Lilly Pulitzer and the Target brands given how their customer relationships had been soured.

Some used the situation to bolster their criticism of Lilly Pulitzer's wisdom in forming the partnership in the first place. Critics wondered why a designer brand would put its name on products perceived as lower quality reproductions of original classics and make them available to mass consumers in low-brow stores at a fraction of the prices it commands elsewhere. It seemed to dilute the brand's exclusivity and premium image.

But unlike the market saturation and brand extension strategies that have de-valued other luxury brands like Michael Kors and Coach, the Target collaboration was a smart move for Lilly Pulitzer. The limited-item, limited time collection allowed the company to expand the brand while maintaining its exclusive appeal.

It generated awareness for the brand with new customers. Previously Lilly Pulitzer was well-known among the Palm Beach set and sorority sisters, but it lacked the mainstream awareness it needed to become a cultural icon. Target effectively introduced the brand to millions of younger consumers — people who influence whether brands are

considered hot or not by injecting them into social conversations, haul videos, and Pinterest boards. Despite — or rather, perhaps because of — the fact that those new customers weren't able to purchase the products, they were exposed to the brand style and the huge hype it generated.

The partnership with Target also expanded Lilly Pulitzer's relatively small business into significant national distribution. Compare Target's 1,800 stores to Nordstrom's 116 and the brand's own 29 — not to mention the different types of markets the companies operate in. Availability in new geographies and a new class of trade generated wider and more varied media coverage for Lilly Pulitzer — and it proved brand demand to new retailers in different markets that the company may aspire to distribute through. The sell-out only magnified the company's exposure in both regards.

Most importantly, Lilly Pulitzer for Target increased the designer's desirability through a different kind of scarcity. High-end brands have long used limited distribution and limited production quantities to boost their appeal — thanks to human psychology, people simply desire more those things they can't have. The exclusive line at Target had always been intended as a limited-time only promotion and would have enjoyed some appeal because of that scarcity alone. But by selling out so quickly, demand increased that much more. While other designers and luxury brands have struggled with making their brands too accessible by making their products too broadly available, the Black Friday-style rush at Target managed to make even Lilly Pulitzer's mass-targeted offering seem scarce.

The outcomes weren't positive only for Lilly Pulitzer — Target also benefited significantly from the collaboration. Mass retailers struggle with value perceptions, since so much of their brand appeal is driven by low prices. Target has used its partnerships with designers to improve its perceived brand value and the buzz that the Lilly Pulitzer sell-out created only increased that perception. Given that items were resold with significant mark-ups on eBay proves that the relatively low prices offered by Target were only part of the collection's appeal. Target had effectively shaped a new value equation for its goods.

Moreover, the promotion highlighted exclusive products, another powerful weapon many retailers use to combat commoditization. Lilly Pulitzer may have provided product differentiation for Target for only a short period of time, but it contributed to the positive halo Target has been developing over the rest of its assortment. And the next Target-designer partnership is likely to remind people of the Lilly Pulitzer scarcity, thus continuing a virtuous upward cycle for Target.

Given the harsh criticism both companies had to address, the problems Target and Lilly Pulitzer encountered can hardly be called desirable. But they're not as problematic as they initially seem — and with better communication, more robust technology, and measures to prevent re-selling, the backlash could have been moderated. When all is said and done, the incident may end up inspiring other labels and retailers to use similar partnerships to achieve their brand goals.