

NBC News

You Might Not Recognize Target After These Changes

By Nicole Spector

July 17, 2017

In an attempt to stay off the endangered species list, embattled retailer Target is shaking things up in its fashion department.

The nation's second-largest discount retailer will phase out Merona, one of its longtime women's and men's apparel brands; as well as the men's items under the Mossimo label, said Jessica Carlson, a spokesperson for Target.

In their place, the company will introduce four new brands in their stores and online starting end of August: A New Day (women's wear), Goodfellow & Co. (menswear), JoyLab (athleisure wear), and Project 62 (home goods).

"Over the last few years, we realized we needed to make some updates and refresh some offerings in men's and women's fashion and in our home space," Carlson told NBC, adding that the timing of the new collections has everything to do with the spirit of the season.

"Fall is a time when guests are updating their wardrobe and turning over decorative pieces," said Carlson.

It's Change or Die for Retailers

The elephant in the room? It's a devastating time for brick-and-mortar retail. According to new research from [NS1] Fung Global Retail & Technology, there have been 5,321 store closures from the start of the year to mid-June alone — up 218 percent year over year.

"Like most truisms in business, the most relevant in the retail world today is that change is not only inevitable, it is now a mandate for survival," said Amanda Nicholson, professor of retail practice at Syracuse University's Martin J. Whitman School of Management.

"Most businesses evaluate strategies every six months or so and adjust based on results and operational metrics," Nicholson told NBC News. "However, the current retail environment has most players re-evaluating their product selection on a daily basis — so Target's move to phase out Merona and Mossimo [for men] is not really a surprise, considering how long both brands have been gracing their aisles."

Ronald Friedman, partner and co-leader of national retail and consumer products group Marcum Accounting, thinks that Target is ditching Merona and the menswear from Mossimo because these brands have become "tired" and "stale," and that Target has been cornered into reinventing itself.

"I think that Target is facing a dilemma," said Friedman. "Target has lost a lot of its market share and business has been declining. Creating exclusive brands in one way of protecting itself."

Exactly what is Target protecting itself against? The same forces that are hurting all brick-and-mortar establishments — or, to sum it up in one word: Amazon.

"Everyone is trying to protect themselves from the Amazon phenomenon," said Friedman. "And Amazon is just starting. They're going to make it more difficult for a brand like Target that relies so heavily on apparel because Amazon can deliver a great product and style at great prices, with next-day delivery. How do you beat that?"

Snagging the Consumer That Sears Left Behind

Target is probably also looking to grab the customers who have been left stranded from other retailers' store closures.

"Target seems to be making a play to replace the mid-tier lifestyle retailers that are struggling, as shoppers diverge to either low- or high-end options," said Benjamin Glaser, features editor at DealNews. "With Ann Taylor, Lane Bryant, Rue21, Michael Kors, and J. Crew all struggling and closing tons of stores, women have fewer options for affordable business casual and casual clothing. Target looks like it is really playing up the versatility and value of its new women's line. Plus, Lululemon's struggles (and high prices) open up an opportunity in athleisure, which Target seems to be pursuing with Joy Lab."

With Goodfellow & Co., Target also looks to be tapping a market with which it's never really been totally in tune: men.

"Target openly admits it is trying to get men to think of it as a fashion destination, which isn't the case now," said Glaser. "There's been a surge in men caring more about dress, but Target hasn't gotten a piece of the trend yet. It is also being forced to compete with other megastores getting involved in men's fashion. [For instance,] Wal-Mart just bought high-end menswear company Bonobos, and Amazon started its own in-house clothing brand."

Come In, Come In, Millennials

But beyond simply appealing to more people, Target wants to appeal more to a specific type of person: the millennial.

"The millennials have all the buying power and that's who Target is chasing," said Friedman. "Millennials do shop brick-and-mortar, but it tends to be more specific and unique stores. Stuff they can't get online."

And we're back in part to the point about exclusive brands, aka, private labels. Target has to make stuff that consumers — particularly the e-commerce-savvy millennial — can only get from its stores. Most anything else it can nab for cheaper online.

"Private label is becoming more important to retailers as it is one of the last forces that is driving customers (particularly millennials) into stores," said Matt Sargent, SVP of retail at Magid, a research-based consultancy firm. "While brands like Nike used to draw customers into retailers, now Nike can be shopped via Amazon or directly to Nike.com."

Farewell, Fan Favorites

It may have been time for Target to revamp its apparel lines and add to its furniture offerings, but not everybody is pleased with the eliminations of Merona and Mossimo. Consumers have taken to Twitter to mourn and vent.

I need to take a personal day to recover from the news that Target will no longer be carrying Mossimo and Merona.

— (@caffeine_cynic) July 10, 2017

If it's any consolation, Target's Carlson said that while Merona is indeed being canceled, "its t-shirts and basics will continue under the new brand, A New Day." Additionally, both A New Day and JoyLab will carry plus sizing, as Merona did.

The only definite farewell to be bid is to men's Mossimo. But so far, it doesn't look like many are shedding tears for that inventory.