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Wal-Mart Takes a Page From Vogue

Actually eight pages. The discount chain aims to lure bigger spenders with ads for its clothing.

By Leslie Earnest
Times Staff Writer

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Wal-Mart Stores Inc., which wooed cost-conscious shoppers to become the world's largest retailer, is setting its sights on deeper pockets.

Readers of the September issue of Vogue magazine, which hit newsstands Tuesday, encountered eight pages of ads for the discount chain. Sandwiched between spots for high-end designers Emanuel Ungaro and Roberto Cavalli, the ads show a mom, a martial artist and other women wearing Wal-Mart clothes. Each ad lists the featured woman's "style profile" and the city where "her Wal-Mart" is located.

Wal-Mart, based in Bentonville, Ark., is part of a growing trend: Retailers known for low prices are launching ad campaigns to lure big spenders.

Minneapolis-based Target Corp., which is already attracting shoppers with products designed by the likes of Isaac Mizrahi and Michael Graves, bought all of the ad space in the Aug. 22 edition of the highbrow New Yorker magazine. Target also has eight ad pages in the September Vogue.

John Fleming, Wal-Mart's chief marketing officer, said Tuesday that the company's Vogue campaign was intended to highlight the chain's continuing effort to improve its apparel. Fleming said he hoped the ads would prompt more of the 120 million customers the chain averages per week to visit its clothing aisles. That assumes, of course, that Wal-Mart's current customers read Vogue, which sounds like a stretch until Fleming says that 93% of all households include a person who visits a Wal-Mart at least once a year.

Fleming acknowledged, however, that "there would be some customers who read Vogue who have never been in a Wal-Mart store."

The median annual household income of Vogue's nearly 1.2 million readers is more than \$59,000.

Vogue said its in-house ad agency approached Wal-Mart's media buyers. For the magazine, where a full-page ad in color goes for \$104,490, it was a chance to "make something happen for the world's largest retailer," said Vogue's associate publisher, Deborah Cavanagh, who oversees the magazine's marketing.

Cavanagh said the 802-page September issue — which at nearly 4 pounds is the magazine's biggest — will reach the "change agents" of fashion, along with the masses, so it makes sense for Wal-Mart to be seen with the likes of Gucci and Louis Vuitton.

Wal-Mart also bought a dozen ad pages in Vogue's December issue, plans to buy 48 more pages over the next year and has agreed to sponsor the Fashion Adventure segment of Vogue's syndicated "Trend Watch" TV show, the magazine said.

The marketing blitz comes a week after Wal-Mart posted its smallest quarterly profit increase in four years and lowered its projections for the remainder of the year. Chief Executive H. Lee Scott Jr. said he was worried about how higher gasoline prices would affect its customers.

Wal-Mart's shares fell 33 cents Tuesday to \$46.34.

Appealing to the moneyed set has paid off for Target, which posted a 50% second-quarter jump in profit, more than expected. The chain, which is planning to add more luxury goods to its shelves, such as 600-thread-count sheets and Riedel wine glasses, has figured out how to make economizing "chic instead of grubby," said Peter Sealey, a marketing professor at UC Berkeley.

To mimic Target's success with well-heeled consumers, Wal-Mart must "fashion a new identity for itself," said Kurt Barnard, president of Barnard's Retail Trend Report. He said the company needed to revamp its stores so that a visit to Wal-Mart wasn't automatically associated with scrimping.

"Who wants to be reminded that they're poor?" he said.

Although some analysts think Wal-Mart can reach its goal of broadening its customer base, others are skeptical.

"I think Wal-Mart would be best advised to take care of its existing customers as opposed to reaching up and trying to curry the favor of a more affluent customer," said Robert Buchanan, an analyst with A.G. Edwards & Sons.

But Buchanan said Wal-Mart had "fallen behind the fashion curve" as its customers had become more tuned in, partly because the Internet had connected them to "fashion runways around the world."

"There might have been a time when Wal-Mart's bread-and-butter customer wasn't fashion-savvy, but I think those days are now gone," he said.

Although splashy advertising tactics can enhance a company's profile, they also can backfire if customers' raised expectations aren't met with quality merchandise, marketing experts say.

"If you're advertising in the New Yorker, people will think you're pretty chichi," said Mike Kamins, an advertising professor at USC, referring to the Target ads. "The problem is, you have to deliver on that."

New Yorker Publisher David Carey said Target was the perfect fit for his magazine; more than 85% of its readers are college graduates and their average household income is \$85,000 or \$124,000, depending on which research source is cited. Target, the first company to buy all the ad space in a

single issue of the New Yorker, symbolizes the “democratization of style,” he said.

“There’s probably only a handful of companies we could imagine doing something like this with and Target is at the very top of the list,” Carey said. Its ads are intelligent, “wry and subtle,” he said.

The response from readers has been “80% positive,” he said.