

Michael R. Francis

EVP and CMO, Target Corporation

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Biographical Summary

A graduate of the University of Michigan, Francis has spent his entire career in the retail industry. He started with Marshall Field's as an executive trainee and served in a number of managerial positions before being appointed senior VP of marketing in 1995. Francis joined Marshall Field's parent company Target in 1996 as a senior VP of marketing and was eventually appointed chief marketing officer in 2008. Francis is now leading Target's entry into the Canadian market.

Biographical Highlights

- Francis was born in 1963
- He received his bachelor's degree in International Studies from the University of Michigan
- Marshall Field's (Acquired by Target Corporation in 1990)
 - Executive Trainee (1985)
 - SVP, Marketing
- Target Corporation
 - Various Positions, Media Manager and Advertising Director
 - VP Marketing and Visual Presentation, Department Store Division (1996-2001)
 - EVP, Marketing (2003-2008)
 - EVP and CMO (2008-)
- Francis was instrumental in helping Target open its first store in New York City in 2004. "The buzz that generates from there has an amazing amplifying impact on our advertising budget," said Francis.
- Over the last decade, Francis has talked about his leadership of a quarterly contest he called the Big Idea. "Every team leader throws out two or three things he's thinking of--what's the next concept for food packaging or what's the next way we can reinvigorate pets? We put that challenge out to the whole organization. Some people who come back with good ideas are not in the core [marketing or product development] areas. We might get someone from finance doing [ad] storyboards...We've done everything from what's the next consumable product that we would like to repackage to what product in your pantry frustrates you the most. The winner gets a cash prize, recognition and sometimes we create the product or campaign."
- As head of Target's marketing, Francis is in charge of an annual budget of more than \$1 billion.
- About surviving the recession, Francis said, "There was more innovation happening within Target during this recession than in any time in my 25 years with the corporation. The recession caused us to challenge every assumption. It was a catalyst for a lot of more overarching changes."
- His focus now is on making Target's debut in Canada a success. Francis has been charged with inspecting all 220 Zeller's stores that were acquired in January 2011 to determine which locations to convert to Target stores.
- In 2006 Francis was named one of 25 Masters of Innovation by *BusinessWeek* Magazine

Personal Attributes and Interests

- Francis is one of the few company executives who has publicly addressed the company's nickname, widely used among the chain's devotees. "Tar-zhay is something you'll never hear Target use," he told CNBC. "It surfaced in those early years [of discount retailing] as a way to differentiate the experience that guests felt at Target from other discount outlets. Over time as we began to broaden our assortments and took on design partners, it morphed a bit...I think that sense of fashion, innovation and newness has given it a richer meaning. We actually quite like it but we have chosen to never use it for our own purposes. It's a gift to us from the guests and we treat it as such."
- When asked by a journalist about a big idea that didn't work, Francis told the following story: "We thought, 'What if we took a thousand hermit crabs and painted bullseyes on white shells' as a way for Target to brand the Spirit Awards, [a beachside film event in Los Angeles, the week before the Academy Awards]. It worked, sort of. People said, "Look at the cute little hermit crab." Then it would bite their little finger and we'd wind up having our well-branded hermit crab hanging off someone's finger in a photograph. But for the next 18 months, we'd get calls from Mexico, San Diego, from

families who were on break who'd find the hermit crabs. So, we decided it was a great opportunity to send out Target gift cards and turn it into something we'd never planned on -- a find-the-hermit-crab sweepstakes.

Other Boards and Organizations

- Lead director, Piper Jaffray Companies (2003-)
- Director, Lenox Group Inc. (2001-)
- Member, National Board, Smithsonian Institute
- Member, Cooper-Hewitt National Design Museum
- Member, Minneapolis Institute of Art
- Director, Advertising Council, Inc.
- Member, University of Minnesota School of Journalism
- Member, Walker Art Center
- Member, United States Artists
- Member, Target Foundation
- Member, National Design Museum
- Trustee, Minneapolis Foundation

Current Focus

- **Improved Sales:** In July 2011, Target announced that same-store sales jumped 4.5 percent in June, much better than the 3.2 percent increase that analysts expected. The company cited strong sales of health and beauty products and clothing along with expanded food sections for the increase. Total revenue for the month rose 6 percent to \$6.26 billion. Those sales numbers are encouraging, coming on the heels of a 2 percent increase in first quarter sales.
- **More focus on food:** In 2010 Target had success with adding more food items to its stores and is moving forward with a wider rollout. In March 2011 it announced plans to remodel several stores in Charlotte, creating a prototype that represents an even deeper focus on food--40% more, to be exact. The prototype includes an open-market fresh food layout, complete with a selection of fresh produce, fresh meat and baked goods. The new layout also features reinventions in several other areas throughout the store, including beauty, home, baby and shoes. "We heard from our guests that they wanted more fresh food options in the convenience of their local Target store," said Target. The company expects to expand 700 food departments in 2011.
- **Entering Canada:** In 2011, Target put Francis in charge of its move into Canada, one of the company's most significant initiatives in its 47-year history. Target purchased Canadian retailer Zeller's and its 220 stores for \$1.8 billion and Francis is now in the process of deciding which stores will be converted into Target locations. Target expects to open its first store in Canada in 2013 - with Francis leaning toward Vancouver as a starting point - and the company expects to open 150 stores by 2014. "Michael has more than 25 years of experience with Target and has a deep understanding of the retail industry," said Target CEO Greg Steinhafel in explaining his choice of Francis to head the initiative.
- **Agency and advertising changes:** In 2010 and 2011, Target's lead agency, Wieden & Kennedy, shifted its marketing approach from "shiny, happy people" to something more closely resembling reality. Having a lead agency is a change from the company's historical reliance on a roster of primarily boutique agencies. "It was time to bring in a "more thoughtful quarterback," Francis said, adding that Target needed a partner to help align its messaging and approach across channels. Now Wieden works in tandem with the company's other agencies to execute campaigns. Often Wieden will craft the broad architecture of a campaign, even if another agency takes the lead on the project, Mr. Francis explained. Of changing the tone of the company's advertising to more closely resemble reality, Francis said, "Consumers didn't really see their lives reflected in the execution, the post-modern homes and shiny, happy people that populated a lot of the Target brand were out of step."
- **Taking mobile seriously:** Website traffic from mobile phones increased nearly three-fold in 2010 and now accounts for 8% of Target's online page views. "At Target, cross-channel shopping, in which guests engage with us both in-store and online, is growing faster than either distinct channel," said the Company. "We will continue investing to keep Target at the forefront of mobile retailing." In addition to investing in m-commerce, Target is launching its own e-commerce platform in 2011, marking the end of its multi-year partnership with Amazon.com. "This new platform will completely transform the online experience for our guests, driving traffic and sales by serving as the platform for our multi-channel initiatives," said CEO Gregg Steinhafel.
- **Using crowdsourcing to stay on top of the next big thing:** Francis says he is constantly tapping consumer and employee expertise in certain areas to help Target stay on top of consumer trends. "I have people who are brilliant all over the country and they feed in ideas on a regular basis. I probably have about a dozen of them -- trend people, movie people, advertising people. We pay them. And we get monthly missives -- emails or letters...They've become

invaluable for me, because it's people whom we trust, who we know have the right taste level, who understand our brand.

- **Strategic Initiatives:** In 2011 Target said that its store remodel program, 5% REDcard Rewards program and the new Target.com platform will help sustain sales momentum, continue to drive traffic and an enhanced customer shopping experience throughout the year. Target is also remodeling nearly 380 stores in fiscal 2011, which include an expanded grocery offering, improved store layout and enhancement of in-store shopping experience across departments, such as beauty, home, electronics and video games. By the end of 2011, Target plans to have P-fresh in-store food and grocery sections in approximately 850 stores. The company expects P-fresh to boost 2011 comparable-store sales by 1% to 2%.

Key Challenges

- **Making Canada Work:** Target's \$1.8 billion acquisition of Canadian retailer Zeller's in January 2011 finally gives the retailer a foothold in Canada, a market it's long overdue to enter. But now it remains to be seen where Target will open its first stores and how it will convert Zeller's small, 30,000-square-foot stores into full-service Target locations. "At this stage, we're deep into our analysis on a site-by-site basis right across Canada," Francis told the *Vancouver Sun* in February 2011. Current plans call for Target opening its first store in 2013 and renovating 150 stores by the end of 2014. Francis said the upside to the move into Canada is that most Canadians - an estimated 70% - are familiar with the Target brand. "The attractive aspect of this acquisition was the immediate scale we could achieve," said Francis. In July 2011, Target said it was making "good progress" on evaluating which Zeller's stores to keep and convert to Target locations.
- **Changing Image:** Target ran into problems with the gay and lesbian community when a news story revealed Target had donated \$150,000 to a conservative group that backed a Republican candidate for governor of Minnesota who opposed marriage equality, prompting a boycott of Target stores throughout the U.S. Since then, Target has formed a review committee composed of senior executives who will decide where donations are made. Its reform policies were put to the acid test in March 2011 when pop star Lady Gaga threatened to back out of an exclusive distribution deal with Target for her new CD *Born this Way*, telling *Billboard* the deal "hinged upon their (Target's) reform" efforts. Francis said the retail chain is serious about changing its ways. "Target has a long history of working with a diverse group of musicians, entertainers and designers that appeal to a broad spectrum of our guests," said Francis.

Peers and Influencers

- **Gregg Steinhafel, Chairman, President and CEO, Target Corporation:** Steinhafel is the CEO of Target and has worked with Francis for more than a decade.
- **Tina Schiel, EVP, Stores, Target Corporation** - Schiel and Francis have both served in upper management positions for Target for more than 15 years.

Additional Information

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