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News

Boutique shop is on Target : Sign of the times: Minneapolis' Peterson Milla Hooks is building a reputation beyond its retail roster
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This is the story of the little ad boutique that helped make discount shopping hip. And in the process, it contributed to a Fortune 50 company's decision to change its name and image.

Peterson Milla **Hooks**, a 25-person Minneapolis shop, has worked mainly on charity, theme park, telco and dot-com accounts. But it made its name with superclient Target Stores, the 921-outlet national discount chain that offers everything from detergents, vitamins and fingernail polish to cashmere sweaters, designer chairs and grills.

The "H" in Peterson Milla **Hooks** is director of client service Brian **Hooks**. He jokes that prior to breaking Target's "Sign of the Times" campaign in spring 1999, when he would make prospecting calls, "People would say, 'I've never heard of you. Now go away.' Now they say 'Oh, yeah. I've heard of you. Now go away.'"

Peterson Milla holds only a small slice of Target's \$424 million ad budget, which is parceled out among a host of shops, such as HMS Partners, Columbus, Ohio; Kirshenbaum Bond & Partners, New York; and Martin/Williams, Minneapolis. But several of the retailer's more noted efforts, including spots that feature its eye-popping red-and-white target logo set against the "Sign of the Times" were created by Peterson Milla.

Its latest colorful and kitschy ads show branded products such as Procter & Gamble Co.'s Tide paired with Target's fashion items.

BUILDING FROM THE BOTTOM

The privately held agency that would help polish Target's image started in 1990 with three employees, a handful of projects and minimal first-year billings.

Thanks to the retailer's business-and more from predominately regional clients-capitalized billings have increased 30% annually over the last three years, reaching \$25 million in 1999, with revenue doubling during that time, Mr. **Hooks** said. Peterson Milla's client roster has grown to include NetRadio.com-a 120-channel Internet broadcaster-as well as local clients McLeodUSA Telecommunications, regional healthclub network Wellbridge and the Minneapolis-area United Way.

"It's good for the chemistry of the shop to have a balance of accounts," said Dave Peterson, co-founder and president-creative director.

OK, so the balance is a little skewed, considering that Target and sibling retailers Dayton's, Hudson's and Marshall Field's combined constitute about half Peterson

Milla's billings. But Target isn't Peterson Milla's only success story.

NETRADIO.COM

Ed Tomechko, president-CEO of NetRadio.com, except for Target the agency's only other national client, said site visits have increased 150% since Peterson Milla's print campaign broke at the end of 1999.

"They're creative. They're responsive. They understand our business. They've never been distracted by any other client," he said.

Even its PSA work has been well-received. During the two years Peterson Milla handled the local United Way campaign drive, donations grew about 6% annually following ads that focused on contributors rather than crises. That's faster than the growth rate in the rest of the country, a spokeswoman at the charity said.

As for Target, Mr. Peterson said he is not concerned that his agency doesn't have an exclusive relationship with an account that pays so many of its salaries.

"With any client, agency of record doesn't mean anything. As long as you are hitting home runs [you're OK]," he said. "You have to earn client appreciation every day. You are only as good as your last home run."

The Target relationship predates the agency. In the 1980s, Mr. Peterson worked on the Dayton-Hudson department stores account at Campbell Mithun Esty, Minneapolis' largest agency, which then worked for the company on a project basis. CME was also an incubator for Peterson Milla Creative Director Joe Milla.

The edgy bull's-eye branding work that pushed Peterson Milla to the fore started with a single spot in spring 1999 and blossomed into a full-blown branding campaign.

FUN, WITH-IT IMAGE

Peterson Milla's ads encapsulate the fun and with-it image that Target has been trying to portray for the last decade, said Minda Gralnek, fashion creative director for Target Stores.

"They're just very current and a great partner," she said.

Advertising played a part in Target's sales rise, increasing 13% from 1998 to \$26 billion last year. Not only did Target have better national name recognition than Dayton-Hudson, the chain's sales accounted for 75% of parent Dayton-Hudson Corp.'s total. That prompted the parent to change its name to Target Corp. late in January.

Retail analyst Candace Corlett of WSL Strategic Research said the bull's-eye work created by Peterson Milla for Target has made it part of the American psyche in break-neck time.

"It's on one of the fastest tracks to achieving success I've ever seen for an advertising campaign," she said. "Their advertising just keeps evolving and getting better and better. It's breakthrough. People notice it. It gets talked about. It's the most you could ask for in an advertising campaign."

HOLDING ON TO FOCUS

Mr. **Hooks** said most people familiar with the Target work are surprised the agency is so small, but it is too busy building clients' brands to focus on its own image.

"It's not like we want to remain microscopic, but we want to remain focused on our mission and our passion, and growing within that context," he said from Peterson Milla world headquarters, an old Packard dealership on the outskirts of downtown Minneapolis.

"We're a lot like the cobbler's children. Our own brand is not one we have paid much attention to. We don't even have a Web site. We're all about function and not form."

David Beals, senior partner with search consultant Jones-Lundin Associates, said micro-agencies such as Peterson Milla don't turn up top-of-mind when he conducts an agency review. But he added small boutique shops are a good fit for clients looking for supercreative shops without the media buying, planning and international resources offered by agency network powerhouses.

"There always has been, and will continue to be, a market for small, creative agencies," he said.

NO SALE

Mr. Peterson said he has been approached about selling the 10-year-old agency but isn't interested. "It's all about the right people at the right place doing the right thing," he said. "If you take that apart, it won't work."

Photo Caption: Bull's-eye: Peterson Milla **Hooks** produces the bold, bull's-eye-dominated creative for retail chain Target, the Minneapolis shop's largest client and one of its few national ones. * Optical energy: Peterson Milla's latest colorful and kitschy commercials portray national brand products such as Lifesavers' candy line in the quite fashionable company of other items marketed at Target Stores.

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