



Meeting the Needs of Changing Demographics

Situational Analysis

Almost one-half (46%) of U.S. population growth in the next decade will come from three states: California, Texas, and Florida, which by 2016 will have overtaken New York as the third-largest in the country. Additionally, higher birth rates among minorities and increasing immigration from Latin America and Asia are making parts of the U.S. significantly more diverse.

Minorities now make up one-third of the U.S. population. The Hispanic population is the fastest growing, with more than 42 million people of Hispanic origin in America today and a projected 102.6 million by 2050. Analysts predict that the sheer number of Hispanics in our country will elevate the demographic from what is often considered a "niche market" today, into a mass market in its own right, segmented by nationality, cultural experience, and other characteristics.

Additionally, the Asian population continues to grow. MTV is already launching new channels, MTV Desi, MTV Chi, and MTV K aimed at South Asian, Chinese, and Korean immigrant teens.

Project Question

How can we ensure that our merchandising mix matches that of the changing cultures and environments where our stores are being built?

Project Parameters

Develop a strategy to help ensure that Target continues to meet the diverse needs of the communities it serves.

Utilize the Suggested Topics section as a guide by exploring the most relevant topics and supporting proposal recommendations with information that addresses the "why's" behind each explored topic.

Include in this proposal a SWOT analysis (Internal: Strengths/Weaknesses, External: Opportunities/Threats) of the current situation Target faces in multicultural merchandising, as well as a second SWOT analysis based upon implementation of the proposal.

Suggested Topics

- **Product:** What product categories should be expanded and/or tailored to meet specific cultural needs or preferences? What product categories should be reduced or eliminated based on the environment in which a store is located?



- **Presentation:** How can each Target store offer a shopping experience that is relevant to the community in which it is built while still delivering a consistent brand message? What presentation strategies are essential across all Target stores?
- **Marketing:** How should marketing strategies differ when speaking to different cultures and guest segments? Are certain marketing vehicles more effective among specific groups?
- **Guests:** How can Target gain a better understanding of the changing cultures and environments around its stores? How can Target more effectively capture and respond to the changing needs of its guests?
- **Competitors:** What are competitors doing to track and respond to changing demographics? Who should Target benchmark?
- **Trends:** What are some of the current trends in multicultural merchandising? Which trends complement the Target brand image?
- **Economy:** What economic factors can and will drive change in the cultures and demographics of major cities?

Company Information

What is Target?

Minneapolis-based Target serves guests at more than 1,600 stores in 47 states nationwide by delivering today's best retail trends at affordable prices. Target is committed to providing guests with great design through innovative products, in-store experiences and community partnerships. Whether visiting a Target store or shopping online at Target.com, guests enjoy a fun and convenient shopping experience with access to thousands of unique and highly differentiated items. Target (NYSE:TGT) gives more than \$3 million a week to its local communities through grants and special programs. Since opening its first store in 1962, Target has partnered with nonprofit organizations, guests and team members to help meet community needs.

What is the Merchandising Strategy?

Target's Merchandising mission is to drive profitable market share growth by fulfilling its "Expect More. Pay Less." brand promise. Specifically, the Merchandising team focuses on the following five areas to remain relevant to guests over time and sustain a competitive advantage:

- **Team:** Promote continuous learning in a diverse environment where high-performing teams excel.
- **Value:** Provide outstanding value through price, quality, and great design.
- **Differentiation:** Create excitement with distinctive, exclusive and innovative offerings.
- **Reliability:** Drive sales by having what guests want, when they want it, where they shop.
- **Frequency:** Increase shopping frequency by creating a convenient shopping experience that meets guests' wants and needs.



Target Case Study Program

Who is the Typical Guest?

Our guests are young, well-educated, moderate-to-better income families who live active lifestyles. The median age of our guests is 42, the youngest of major discount retailers. They have a median annual income of \$60,000, 51 percent have completed college and 33 percent have children at home. Also, we have one of the strongest brands in the marketplace. Our Bullseye is recognized by 97 percent of American consumers, even nudging out Apple and the Nike swoosh.

How Quickly Has Target Grown?

Target opened its first store in Roseville, Minnesota, in 1962. More than 100 new Target stores are opened each year during three cycles in March, July and October. New store prototypes, ranging in size from approximately 127,000 square feet to 174,000 square feet utilize advancements in technology and design to better respond to Target guest needs. Total store square footage of Target Stores is more than 210 million. Target currently operates 26 regional distribution centers (RDC), four import warehouses and one Target.com distribution center.

What is Target's Role in the Community?

Since 1946, Target has given five percent of its income to support and enrich the communities we serve. Today that equals over \$3 million every week to support education, the arts, social services and volunteerism. In addition to our financial support, Target team members and retirees, along with their families and friends; have contributed millions of volunteer hours to community-based projects. To learn more about our programs and community partners, visit [Target.com/community](https://www.target.com/community).

Industry Notes

In an attempt to help retailers and suppliers better meet the needs of their multicultural shoppers, the General Merchandise Distributors Council Educational Foundation late last year released a multicultural marketing study that serves as a guide in creating and implementing multicultural marketing and merchandising programs. There are several key strategies in achieving multicultural success, according to GMDC:

- Be culturally relevant. Address the specific behaviors and expectations that are unique for each ethnic group.
- Seek out those, such as suppliers, employees and customers, who can help you better understand these consumers.
- Identify and carry those products that are geared toward lifestyles of particular cultures and groups and individuals.
- Show you care. Marketing both to the individual health interests and the broader community interests of customers is key.
- Promote with a purpose. For example, multi-unit pricing cannot only be efficient from a store expense standpoint but can be especially valuable to larger Hispanic households.
- Start with a celebration. Honoring important cultural traditions can strengthen consumer loyalty.



Target Case Study Program

- Build a culture for your store. The real opportunity is bringing elements of minority cultures to mainstream stores.