



Food Localization

Situational Analysis

The era of standardization is coming to an end. Consumers are growing more diverse in ethnicity, wealth, lifestyle and values. Consequently, retailers need to tailor their assortment at specific stores and specific times in order to provide a more relevant shopping experience for specific consumers' wants and needs. One category that is seeing the need to localize its assortment is food.

Today, Target addresses the need for food localization by changing the food assortment for Hispanic sensitive stores and updating the assortment for specific timeframes. For example, Target offers authentic Mexican food like Mexican tortillas, spices, beans, cookies, peppers and rice in stores that are sensitive to that nationality/market. Target also carries specific food for Cinco de Mayo that includes all of the ingredients to make popular Mexican dishes.

Project Question

How can Target gain local relevancy while maintaining its corporate brand, margin goals and commitment to its shareholders? What traditional product, promotion, and presentation strategies need to be adapted to be successful in providing the guest with a relevant shopping experience?

Project Parameters

Create a Merchandising Plan specific to one of the following food items:

- BBQ sauce
- Pickles
- Chips

Focus on delivering this strategy at a General Merchandise store (not a Super Target) by leveraging Target's Merchandising Strategy

Use the Suggested Topics section as a guide by:

- Exploring the most relevant topics
- 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 within the food industry
- Second SWOT analysis based upon implementation of the proposal

Suggested Topics

- Product: What food categories are locally sensitive? What food categories should be expanded or introduced to Target stores? What food categories should be



reduced or eliminated? How can Target ensure they are carrying the proper localized items?

- Price: What factors influence price the most? What role does price play in the guest choosing a local vs. a national brand item? How does the guest assess value?
- Presentation: How can Target offer a unique grocery shopping experience that supports its brand experience? What presentation strategies are essential across all Target stores? How do we educate the guest that we have localized items?
- Promotion: How can Target better leverage itself through the use of promotions? What sort of promotion vehicles should be employed in the grocery business?
- Replenishment: How can Target best replenish localized food items? Should localized items go through the Target Food Distribution Center (FDC) or Direct to Store (DTS)? What costs are associated with going through the FDC vs. DTS? How can Target manage casepack or pallet constraints for localized items? How can Target manage the inventory levels of localized items to ensure they are not taking unnecessary markdowns?
- Guests: Who is the guest that looks for localized items? How does this guest shop? How can Target gain a better understanding of this guest? How can Target educate the guest that it offers localized food? How can Target gain guest loyalty of this consumer?
- Competitors: What are competitors doing to provide a more relevant grocery shopping experience? What successful food strategies have competitors employed? Who should Target benchmark against?
- Brands: What are some key brands in the food market? How can Target leverage partnerships with these brands to provide its guests with localized items?
- Trends: What are some of the current trends in the food market? Which trends complement the Target brand image?
- Economy: What factors in the economy can and will drive change in the food market?

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.

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).