



Hispanic Market

Situational Analysis

The Asian population was the third-largest minority grouping the United States totaling 14.9 million in 2006 and was the second fastest-growing minority group, with a 3.2 percent population increase during 2005-2006. The African American population was the second-largest minority group, totaling 40.2 million in 2006 and increased by 1.3 percent, or 522,000, between 2005 and 2006.

In 2006, the Hispanic population made up 14.8 percent of the U.S. population which equals 44.3 million. They had a 3.4 percent increase between 2005 and 2006, making the Hispanic population the largest, fastest-growing minority group in the U.S. According to a U.S. Census forecast, Hispanics will compose 25 percent of the population by 2050.

In 2007, U.S. Hispanics purchasing power was more than \$700 billion and is projected to reach \$1 trillion by 2010. The Hispanic consumer wields tremendous influence in the retail marketplace and represents a meaningful opportunity for many retailers. To win the Hispanic consumer, successful retailers must effectively develop and tailor their merchandising and marketing strategies to appeal to the broad array of different demographics, cultures and behaviors within the Hispanic population.

Project Question

How can Target best capitalize on the U.S. Hispanic market while maintaining its brand image and commitment to its shareholders? What traditional product, promotion, and presentation strategies need to be adapted to be successful in the Hispanic market?

Project Parameters

Develop a Merchandising Strategy specific to each of the following Hispanic sensitive markets:

- Miami
- Chicago
- Los Angeles

This strategy should increase Target's share of the U.S. Hispanic market. Focus on delivering this strategy by understanding the differences between each ethnic market and 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 topic

Include in this proposal a:

- SWOT analysis (Internal: Strengths/Weaknesses, External: Opportunities/Threats) of the current situation Target faces within the Hispanic market



- Second SWOT analysis based upon implementation of the proposal

Suggested Topics

- **Product:** What product categories should be expanded or introduced into the Hispanic market? What product categories should be reduced or eliminated? To what degree should Target segment the business (i.e. store level, regional level)?
- **Price:** What factors influence price the most? What role does price play in traditional versus Hispanic markets? How does the Hispanic guest assess value?
- **Presentation/Signage:** How can Target improve its presentation to drive sales with the Hispanic guest? How can Target offer a unique Hispanic experience that supports its brand experience? What presentation strategies are essential across all Target stores? Should Hispanic product categories be separated from or integrated with general merchandise?
- **Promotion:** How can Target better leverage itself through the use of promotions? What sort of promotion vehicles should be employed in the Hispanic market?
- **Guests:** Who is the Hispanic guest? How does the Hispanic guest shop? How can Target gain a better understanding of the Hispanic guest? What Hispanic holidays and occasions influence the products and time periods of Target's assortment? What role does the country of origin play in how the Hispanic guest shops? Are there universal themes within the different Hispanic nationalities?
- **Competitors:** What are competitors doing in the Hispanic market? What successful Hispanic strategies have competitors employed?
- **Brands:** What are some key brands in the Hispanic market? How can Target leverage partnerships with these brands?
- **Trends:** What are some of the current trends in the Hispanic market? Which trends complement the Target brand image?
- **Economy:** What factors in the economy can and will drive change in the Hispanic 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.



Target Case Study Program

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).