



# Connecting with Multicultural Shoppers

## Situational Analysis

With estimated purchasing power of \$2.5 trillion (USD) by 2009, the multicultural shopper wields tremendous influence in the retail marketplace and represents a meaningful opportunity for many retailers. Not only is this shopper typically a member of a larger-than-average household, but he/she is also a significant purchaser of many general merchandise and personal care items. To win this shopper, successful retailers must effectively develop and tailor their merchandising and marketing strategies to appeal to a broad array of different guest segments.

## Project Analysis

How can Target continue to attract and delight the multicultural shopper? What product, price, promotion, and presentation strategies will make this guest view Target as the best U.S. retailer to execute multicultural merchandising initiatives?

## Project Parameters

Develop a comprehensive merchandising plan that identifies trends within the multicultural consumer base and addresses them with the correct product mix and presentation. Focus on delivering this strategy through the lens of Target's Merchandising Strategy.

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 the multicultural environment as well as a second SWOT analysis based upon implementation of the proposal.

## SUGGESTED TOPICS

- **Product:** What is the right product mix to attract and delight the different segments of this guest? What are emerging product categories that Target should carry?
- **Price:** What factors influence price the most? How does the guest assess value?
- **Presentation:** How can Target improve its presentation to drive sales with the multicultural guest? Should "multicultural" product categories be separated from or integrated with general merchandise?
- **Promotion:** How can Target better leverage itself through the use of promotions to attract this guest? What partnerships should be established to promote Target's effort to delight the multicultural guest?



## Target Case Study Program

- **Guests:** How do different multicultural guest segments shop? How does Target distinguish the difference between the demographics around a store and the demographics of the guest that shop the store? Do guests look at the make-up of a store's team as a reflection of where they should shop?
- **In-Store Signing:** How can signing be improved to create a better shopping experience? What is the effect of bi-lingual signing? Is it necessary?
- **Competitors:** What are other competitors doing to attract the multicultural consumer? What are they doing well?
- **Brands:** What are some key brands for this guest? How can Target leverage partnerships with these brands?
- **Trends:** Which trends in multicultural merchandising complements Target's brand image?

### 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](http://Target.com/community).

### 2000 Census Information

White non-Hispanic population is predicted to increase by 7% (195.7M to 210.3M) by 2050; however, this group will only comprise 50.1% of the total population in 2050 compared to 69.4% in 2000.

Hispanic population is predicted to increase by 188% (35.6M to 102.6M) and comprise approximately 24.4% of the total population by 2050.

Asian population is predicted to increase by 213% (10.7M to 33.4M) and comprise approximately 8.0% of the total population by 2050.

African-American population is predicted to increase by 71% (35.8M to 61.4M) and comprise approximately 14.6% of the total population by 2050.