



# Sustainability

## Situational Analysis

As a good corporate citizen, Target seeks to understand our impact and continuously improve our business practices in order to use our resources responsibly, reduce or eliminate waste, minimize our carbon footprint, offer a wide variety of eco-friendly products and influence our vendors and suppliers to embrace sustainable practices.

Our sustainability focus is not new. We have a solid track record of pursuing environmental initiatives for many years. For more than 15 years, we've been a leader in the effort to reduce, reuse and recycle. And Target is always looking for ways to improve.

When it comes to the communities Target serves, there is growing pressure to include sustainable elements into the store development. Some examples of how Target has done this include: green roofs, reusable shopping bags, receiving LEED and organic grocer certifications, energy efficient store lighting, low impact landscaping, organic food and textile offerings. As you can see, Target incorporates sustainability into its stores themselves, but market demand is growing for retailers to offer sustainable products options as well. Target needs to position itself to satisfy its guest's wants and needs through its product offerings.

## Project Question

How can Target fulfill the guests' wants to support sustainability through its product offerings? How can Target communicate its commitment to sustainability in a meaningful, clear and concise way?

## Project Parameters

Create a Sustainability Merchandising Plan specific to one of the following categories:

- Personal Care
- Beauty
- Home

Focus on delivering this strategy through the lens of 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

## Suggested Topics

- Product: What product categories will need to be in this strategy? What categories will need to be expanded or reduced in this strategy?



## Target Case Study Program

- Price: What factors influence price? How does the sustainability conscious guest assess value? How does price influence the guest when choosing a sustainable item vs. a traditional item?
- Presentation: How does presentation drive sales? How can Target convey sustainability through presentation? How can Target educate the guest on the differences between a sustainable versus traditional items?
- Promotion: What promotions would be effective in this strategy?
- Packaging: What should Target's packaging be made of? What packaging material is the most environmentally friendly in the eye of the guest? How can the packaging call out being an environmentally friendly option?
- Signing: Should Target have cohesive signing throughout the category that calls out sustainable items? If so, what would it look like? How would Target communicate it in a Target brand manner?
- Vendors: What classifications should Target require from its vendor partners? Should Target have a Vendor Code of Conduct? If so, what should it be?
- Transportation: How should Target get the product from the vendor to the store?
- Guests: Who is the sustainability conscious guest? What does the sustainability conscious guest want in regards to sustainability? What does sustainability mean to this guest?
- Services: What services should be provided to improve this guest's shopping experience? How can services be used to create loyalty among the guest(s)?
- Competitors: What are other retailers doing to connect with the sustainability conscious guest? Who should Target benchmark against?
- Economy: What factors in the economy can and will drive change in how the sustainability conscious shopper shops?

## 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).