



Target Communications Case Study: Designing a Sustainable Gift Card

Situational Analysis

Target is an industry leader in gift card innovation, offering guests a choice of up to 35 different designs at any given time. In addition to the winter holidays, Target GiftCardsSM are also a popular choice for birthdays, “thank you” gifts, baby showers and weddings.

To become the Best Company Ever, Target is committed to the pursuit of profitable and sustainable growth, consistent with our long-standing dedication to the social, environmental and economic well-being of the global community in which we do business.

Throughout the industry, gift cards are traditionally made of PVC (polyvinyl chloride), which is not biodegradable or commonly recycled. As part of our commitment to reducing our environmental footprint, Target has identified an opportunity to incorporate sustainable elements into the design and manufacturing of its GiftCards.

One sustainable innovation is the reloadable Back to College GiftCard, which encourages reuse by allowing parents to continue to add value to their student’s card while he or she is away at school.

Target is also leading the gift card market by using resins made from renewable resources. In December 2005, Target introduced the first corn-based GiftCard on the market (made from PLA, or polylactic acid). In 2007, Target released a line of GiftCards made of PHA (polyhydroxyalkanoate), a resin made from corn and other sugar-producing plants. This material is biodegradable in your backyard compost.

Project Question

How can Target incorporate a sustainable element into an innovative new GiftCard design? How will this GiftCard be marketed to our guests?

Project Parameters

Design a new GiftCard featuring a sustainable or reusable element that is connected to a holiday/calendar event. Then create a marketing plan to generate awareness for this new design. Explain the thought process behind both your design and the accompanying marketing plan.

Utilize the Suggested Topics section as a guide. Explore the most relevant topics and support all proposal recommendations with information that addresses the “whys” 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 gift card market, as well as a second SWOT analysis based upon implementation of the proposal.

Suggested Topics

Guests: What makes this design appealing to Target guests? Who is the key demographic for the holiday/event you have chosen?

Government & Regulations: What regulations would Target need to consider before producing and/or marketing this design as sustainable or otherwise “earth-friendly”?

Competitors: Have any competitors tried something similar to this idea? What makes yours different?

Environmental Impact: How would this design make a positive impact on the environment? Can you quantify this impact?

Cost: What costs might be involved in producing this GiftCard?

In-Store Display: How would this GiftCard be displayed in Target stores?

Brand: How is the Target brand supported and enhanced by this design?

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. This includes 218 SuperTarget locations in 21 states. 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.



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- **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.

Industry Notes

The Natural Marketing Institute (NMI) has developed a classification system called LOHAS (Lifestyles of Health and Sustainability) that separates consumers into five segments based on their attitudes toward health, conscious consumption, the environment, personal development, sustainable living and social issues.

U.S. consumers surveyed in 2007 were segmented as follows:

- **LOHAS:** 19% (40 million) LOHAS consumers are dedicated to personal and planetary health. Not only do they make environmentally friendly purchases, they also take action – they buy green products, support advocacy programs and are active stewards of the environment.
- **NATURALITES:** 19% (40 million) Focused on natural/organic consumer packaged goods with a strong health focus when it comes to foods/beverages. They are not politically committed to the environmental movement nor are they driven to eco-friendly durable goods.



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- **DRIFTERS: 25% (53 million)** This segment has good intentions, but when it comes to behavior, other factors influence their decision more than the environment. Somewhat price sensitive (and trendy), they are full of reasons why they do not make environmentally friendly choices.
- **CONVENTIONALS: 19% (40 million)** This very practical segment does not have green attitudes but do have some "municipal" environmental behaviors such as recycling, energy conservation, and other more mainstream behaviors.
- **UNCONCERNED: 17% (36 million)** The environment and society are not priorities to this segment. They are not concerned and show no environmentally-responsible behavior.

Source: Natural Marketing Institute