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APEX  
MARKETING

TARGET CORPORATION INDUSTRY ANALYSIS  
AND MARKETING PLAN



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# Marketing Plan for Target Corp

*Presented by Apex Marketing*

## **Executive Summary**

Apex Marketing's objective is to ensure that Target Corp's marketing mix matches that of the changing cultures and environments where stores are being built. Apex Marketing has researched Target Corp, the retail industry, and demographic trends in order to develop a marketing plan consistent with Target's strengths and opportunities in the changing markets. Based on Apex's analysis, the greatest opportunity for Target lies in expanding their electronics department and positioning themselves to reach the market of Hispanic millennials.

Target's current strengths start with their extensive portfolio of brands which delivers to customers on-trend, high-quality design at an affordable price. Furthermore, with their price-matching program, Target is able to give customers the confidence that they are receiving the highest value at the lowest price. Target is developing their position in ecommerce with improvements to their website and mobile apps. Here they are going head-to-head with competitors like Amazon and Wal-Mart; however, because Target has a presence in both online and offline stores, Target can offer value to customers by crossing these channels with services like in-store delivery of online orders.

In the U.S. marketplace, technology use is booming. Seeking value and convenience, customers have turned toward online shopping. With the increased ownership and use of mobile devices, online retailers are more accessible than ever. This has created a growing segment of mobile advertising, which the Hispanic market finds appealing. Hispanics are the largest growing population segment in the US and among minorities this group has the most buying power. The native born Hispanic population is young, and is becoming well educated.

Apex's market research also showed growth in the Asian segment, but Apex feels that targeting Hispanic millennials as a segment will be most profitable because they are a large population, well educated, easy to reach due to their mobile connectivity, and are twice as responsive to mobile advertisements and promotions as non-Hispanics. This segment tends to become brand loyal, and since millennials are beginning to start their own lives, they are also a prime candidate for developing new long term loyalties. By targeting a younger demographic, Target has a great opportunity to expand their online presence, ecommerce, and social media advertising. Most millennials have been introduced to technology at a young age and will continue to buy new electronic products and introduce them to their families.

To reach this target market, Apex Marketing suggests that Target expand their technology department with an increased number of products like laptops and tablets. Apex recommends presenting these products in a showroom type setting, with active devices on countertops for customers to try. By offering more in-store electronics for customers to experience, Target is inviting their guests to play and purchase. Apex Marketing wants to bring Target into Hispanic millennials' evoked set as an electronics retailer. In-store, the showroom experience will be enhanced by helpful and knowledgeable employees. Stores will provide clinics where employees can demonstrate how to set up, or use, certain products and software. Individual tech services will include personalized device and software set-up as well as tech support and assistance. Since fixing/modifying electronics voids manufacturer warranties, for employees to work on a specific device consumers must be using a Target warranty for their electronics.

To bridge the gap between browsing and buying, Target will provide tablet kiosks where customers can order a product and have it shipped in-store free of charge. Target Express already uses kiosks in-store, and this will be an extension of that idea. Since Hispanic millennials often shop with their family, kiosks will provide the most value for older shoppers without a smartphone who are accompanying the younger, more tech-savvy generation. For Hispanic millennials, Apex Marketing recommends that the "In-a-Snap" app already being developed is expanded so that customers can use

their mobile device to take a picture of a price label and be sent to an order page. This feature will be more convenient than kiosks for smartphone users.

Since millennials, and especially Hispanics, shop for many electronics online, Apex Marketing proposes adding a virtual showroom to Target.com electronics. The virtual showroom will allow customers to experience products from the comfort of their own home through their desktop, laptop, or mobile device. This showroom will provide images and information for all major electronic products at Target (laptops, tablets, phones, cameras) which can be clicked on to enter a virtual tour of the product. The tour is a simulation of the product. For example, the showroom tablet will bring up a screen similar to what is seen on a tablet, which you can navigate with your mouse or touch screen. Additionally, there will be an option to live chat Target Tech experts with questions about products and services. Alongside the showroom will be videos from Target Tech employees who review the features and specifications of the device.

To promote the new store showrooms, product mix, and the new features of Target.com, Target will launch a marketing campaign with the slogan "Plug-In-To-Target." The marketing campaign will take into account Hispanic millennials' connectivity, specifically their use of mobile devices and social media. Other trends, such as how Hispanics enjoy shopping as an experience, how Hispanics shop with their families, and how friends and family influence purchase decisions, will also be taken into account.

The campaign for social media sites like Facebook, Twitter, and Instagram allows individuals to enter a drawing for a \$100 gift card if they take a picture of themselves in the new Target electronics department and post it with the hashtag #PlugInToTarget. A platform for the social media campaign, the new Target Tech Facebook page will also have information about the new electronics department. The page will include informational spots on specific products, information about the availability of rebates, tech support from Target Tech experts, free computer diagnosis services, and online deals and coupons. To help grow the personal connection between Target and consumers, the page will also feature profiles of Target Tech employees.

Other promotional media include Snapchat for advertisement and engagement, advertisements on the Internet music services Pandora and Spotify, and a video advertisement on YouTube. With Snapchat, Target will send out a mix of behind the scenes snaps of store activities to develop a personal relationship with the target market, and also occasional coupons via Snapchat for screen capture; unsure of what will be shared next, then trying to catch a coupon quickly before the clock runs out, will playfully engage and excite customers. Ads on Pandora, Spotify, and YouTube will focus on the new electronics showroom experience and emphasize the helpful employees, large range of available products, demonstrations, and tech support. These ads will also refer to the social media campaign with photo-sharing and the gift card drawing.

Target will offer a referral program wherein, if a customer purchases an electronic, then refers a friend who purchases a new electronic, that person will receive a \$15 gift card for electronics in-store. Hispanic millennials value family and friends' opinions when making purchases, so referrals could increase business among these communities.

Since a majority of Hispanic consumers begin researching products through a web search, Apex recommends purchasing an advertisement slot when consumers use a search engine like Google or Bing to look up electronics. This will bring Target Electronics to the top of the search results page and help customers associate Target with electronics retailers.

After implementing these strategies for Target, Apex believes that this integrated marketing campaign will yield an 11% return in 2015 and a 21% return in 2016. Our marketing plan estimates increased sales of \$2.65MM in 2015 and \$2.7MM in 2016. Sales increased 5% from 2011-12 while sales increased -1% from 2012-2013. In addition, COGS increased 5.65% from 2011-2012, while COGS increased -1% from 2012-2013. Furthermore, inflation is 1.5% in 2014 and is expected to increase to 1.9% in 2015. These comps were accounted for in Apex's return of investment calculation to project an accurate forecast.

# Industry Analysis

## Target's Mission

“Our mission is to make Target your preferred shopping destination in all channels by delivering outstanding value, continuous innovation and exceptional guest experiences by consistently fulfilling our Expect More. Pay Less.® brand promise.”<sup>1</sup>

## Target's Current Market

### Average Current Guest

- Median Age of 40
- Median household income of approximately \$64,000
- 43% of guests have children at home
- 57% of guests have Bachelor's degrees<sup>2</sup>

## Target's Current Marketing Strategy

“Target is dedicated to providing guests with the right merchandise mix, from everyday commodities and grocery offerings to trend-right home and apparel lines.”<sup>3</sup>

### Target's Value and Low Price Promise<sup>4</sup>

- Price Match Guarantee: Target will match the price of an item purchased at Target if the same item is found at a competing retailer for less within seven days, with proof of the lower price and the customer's original receipt.<sup>5</sup>
- 5% off with REDcard, as well as free shipping and extra 30 days for returns
- With these programs, customers can shop confident that they are receiving the best deal<sup>6</sup>

### Quality Private Brands

- Target's quality private brands offer fun and unique design, and set Target apart from other retailers<sup>7</sup>
- Target uses its extensive catalog of brands to help deliver value to customers. Brands include: Archer Farms, Champion, Cherokee, Circo, Gillian & O'Malley, Market Pantry, Merona, Mossimo Supply Co., RE Room Essentials, Threshold, Up & UP, and Xhilaration<sup>8</sup>

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<sup>1</sup> <https://corporate.target.com/about/mission-values>

<sup>2</sup> Target.com, “What's New,” <http://pressroom.target.com/corporate>

<sup>3</sup> [https://moodle-2014-](https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf)

[15.stolaf.edu/pluginfile.php/43469/mod\\_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf](https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf)

<sup>4</sup> <http://pressroom.target.com/news/target-announces-new-year-round-price-match-of-online-retailers>

<sup>5</sup> <https://corporate.target.com/about/shopping-experience/shop-with-confidence#q5390>

<sup>6</sup> <https://corporate.target.com/about/shopping-experience/shop-with-confidence>

<sup>7</sup> <https://corporate.target.com/about/design-innovation/owned-brands/>

<sup>8</sup> <https://corporate.target.com/about/design-innovation/owned-brands/>

- In 2013 Target acquired CHEFS Catalog, Cooking.com, and DermStore.com to increase their depth in cooking and beauty. These purchases are also an expansion of their ecommerce<sup>9</sup>

### Target Appeals to Diverse Audiences with Brand Partnerships

- Target partners with leading brands such as the Faribault Woolen Mill, Toms, and Taylor Swift to deliver exclusive collections and products for customers.<sup>10</sup>
- Ámbar, Target's "new apparel collection designed with [Target's] Latina guests in mind," which "features vibrant colors, bold patterns, and figure-flattering silhouettes and fabrics.... a mix of dresses, tops and bottoms."<sup>11</sup>
- Curated Latin Music Selection by Emilio Estefan, "icon in both the music industry and the Hispanic community."<sup>12</sup>
- Multiethnic Beauty Products: Target wants to bring in products for its African American and Hispanic customers, including brands like Shea Moisture, Kinky-Curly and Miss Jessie's<sup>13</sup>

### Increased Access through Technology

- Reaching millennials: "In a Snap," a shopping app by Target Corp. Customers can take a picture of an item in Target's ads or Target products in magazines and purchase them. Customers are no longer required to use product barcodes or links to products online. Items ordered through this app can be shipped or picked up in-store. The app is still in testing.<sup>14</sup>
  - "In a Snap" app is "a single-purpose app that will appeal to millennials and college students or anyone not averse to downloading an app"<sup>15</sup>
  - Process: "...scan select ads, choose your favorite items, and make quick purchases without ever entering the store"<sup>16</sup>
  - Competes with Amazon's image recognition app "Firefly" (previously "Flow") another image recognition app<sup>17</sup>
- "Best Year Ever" YouTube Webisodes: target college students and millennials<sup>18</sup>
- Replacing scanner guns and in-store registry kiosks with iPod Touches and iPads<sup>19</sup>
- Available in-store pickup<sup>20</sup>

<sup>9</sup> <https://corporate.target.com/discover/article/Target-spices-it-up-with-cooking-and-beauty-acquis>

<sup>10</sup> <http://pressroom.target.com/news/taylor-swifts-exclusive-deluxe-version-of-1989-now-available-at-target>,  
<https://corporate.target.com/discover/article/Target-and-TOMS-join-forces>,  
<https://corporate.target.com/discover/article/Target-partners-with-Faribault-Woolen-Mill>

<sup>11</sup> <https://corporate.target.com/discover/article/Introducing-Ambar-Target-s-New-Women-s-Line>

<sup>12</sup> <https://corporate.target.com/discover/article/Emilio-Estefan-brings-his-extraordinary-eye-for-ta>

<sup>13</sup> <https://corporate.target.com/discover/article/giving-guests-a-multiethnic-beauty-blowout>

<sup>14</sup> "Target Introduces an Image Recognition App," <http://www.startribune.com/business/268038221.html>

<sup>15</sup> "Target Introduces an Image Recognition App," <http://www.startribune.com/business/268038221.html>

<sup>16</sup> <http://www.pcmag.com/article2/0,2817,2461260,00.asp>

<sup>17</sup> "Target Introduces an Image Recognition App," <http://www.startribune.com/business/268038221.html>

<sup>18</sup> [http://www.prnewsonline.com/water-cooler/2014/07/21/target-has-a-new-target-appealing-to-millennials/#\\_](http://www.prnewsonline.com/water-cooler/2014/07/21/target-has-a-new-target-appealing-to-millennials/#_)

<sup>19</sup> <http://www.usatoday.com/story/money/business/2014/06/05/target-digital-strategy-app-registry-business/9954623/>

<sup>20</sup> <http://www.target.com/c/store-pickup/-/N-55fqz>

## Website Updates and Additions Make Target.com More Accessible

- Faster searches for items, enhanced personal accounts for “faster, easier checkout” with “fewer steps from start to finish.”<sup>21</sup> Testing “same-day delivery for some online orders.”<sup>22</sup>
- New look and useful features: detailed product ratings, an option to add pictures or videos to review, “make [the] site all about you,” and an easier-to-use registry<sup>23</sup>
- Added “integrated shopping lists with live store maps.”<sup>24</sup>
- Changes were made in response to some past website issues brought forth by customers, such as customers waiting through a long check-out process on Target.com, “broken links, missing baby and wedding registries... carts with a mind of their own,” and the pages appearing cluttered.<sup>2526</sup>

## In-Store Experience

- “Reliably having what guests want, when they want it, where they expect to find it.”<sup>27</sup>
- Stores are designed to be comfortable, efficient, well-lit, and clearly navigable. Target also emphasizes delivering great customer service through their team members.<sup>28</sup>
- “To remain relevant to its guests over time, Target continually reinvents its stores, including layout, presentation and merchandise assortment, to create an engaging shopping experience.”<sup>29</sup>
- Target Team Members provide excellent assistance: “Friendly service from team members ready to assist with your list, fully stocked shelves and a speedy checkout process.”<sup>30</sup>

## CityTarget/TargetExpress

- Target has created smaller stores called CityTarget and TargetExpress to appeal to younger urban shoppers - younger people are choosing to live in big cities rather than suburban areas<sup>31</sup>
- The first CityTarget/TargetExpress stores “stock[ed] a mix of grocery and pharmacy items, and a small selection of basic clothing, like socks, home décor and electronics”<sup>32</sup> - in general, “quick-filler items”<sup>33</sup>

## Expansion in Canada

- Target is very dependent on US stores in CA, TX, FL, MN, and IL.<sup>34</sup>

<sup>21</sup> Target.com, “What’s New,” <http://www.target.com/spot/help/whats-new>

<sup>22</sup> <http://www.usatoday.com/story/money/business/2014/06/05/target-digital-strategy-app-registry-business/9954623/>

<sup>23</sup> Target.com, “What’s New,” <http://www.target.com/spot/help/whats-new>

<sup>24</sup> <http://www.usatoday.com/story/money/business/2014/06/05/target-digital-strategy-app-registry-business/9954623/>

<sup>25</sup> <http://adage.com/article/news/target-faces-hurdles-site/230188/>

<sup>26</sup> <http://www.adweek.com/adfreak/pretty-much-everyone-hates-new-targetcom-redesign-154071>

<sup>27</sup> <https://corporate.target.com/about/shopping-experience>

<sup>28</sup> <http://www.abullseyeview.com/2013/07/target-store-design-philosophy-then-and-now/>

<sup>29</sup> <http://pressroom.target.com/corporate>

<sup>30</sup> <https://corporate.target.com/corporate-responsibility/team-members>

<sup>31</sup> [http://www.nytimes.com/2014/01/17/business/target-is-testing-a-small-store-for-city-shoppers.html?\\_r=0](http://www.nytimes.com/2014/01/17/business/target-is-testing-a-small-store-for-city-shoppers.html?_r=0)

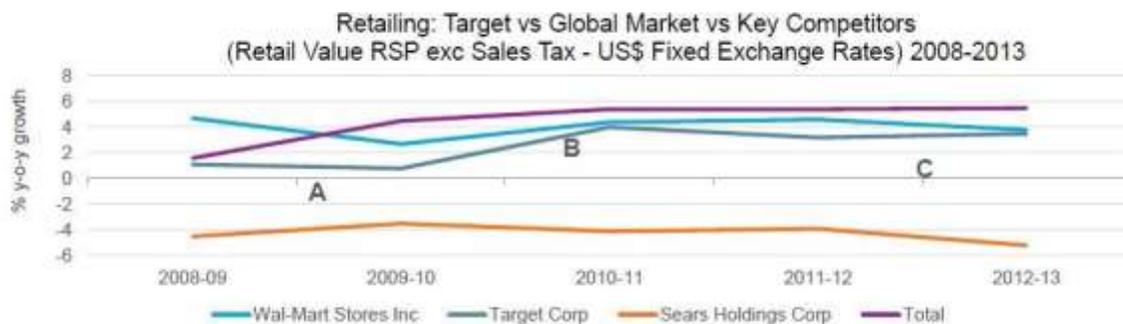
<sup>32</sup> [http://www.nytimes.com/2014/01/17/business/target-is-testing-a-small-store-for-city-shoppers.html?\\_r=0](http://www.nytimes.com/2014/01/17/business/target-is-testing-a-small-store-for-city-shoppers.html?_r=0)

<sup>33</sup> [http://m.bizjournals.com/twincities/news/2014/07/23/target-dinkytown-express-store-opens-photos.html?ana=e\\_twin\\_rdup&s=newsletter&ed=2014-07-24&u=36344358414ef0f8c53ef4d98a1b14&t=1406299950&r=full](http://m.bizjournals.com/twincities/news/2014/07/23/target-dinkytown-express-store-opens-photos.html?ana=e_twin_rdup&s=newsletter&ed=2014-07-24&u=36344358414ef0f8c53ef4d98a1b14&t=1406299950&r=full)

- In 2011, Target began acquiring Zellers stores in Canada for opening in 2013.<sup>35</sup>
  - According to *Business Insider*, understocked shelves, poor store location, and high prices, have made Target suffer from falling profits: “Same-store sales in the country fell 11.4% over the same time period and gross margins stood at 18.4%, down from 31.6% a year earlier. Target's losses for the Canadian business now total more than \$1.4 billion.”<sup>36</sup>

## Competition

Target’s competition includes other retailers and distributors who provide value based goods and services to fit the needs and wants of a large consumer base. Target’s primary competitors include Wal-Mart, Amazon, and Sears.<sup>37</sup>



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## Amazon

- Euromonitor Overview: “Amazon.com, with its sales model based on low prices, convenience, delivery efficiency and strategies that use purchase histories to build consumer loyalty, goes from strength to strength - consumer trust in the brand has helped create unparalleled brand equity for the company. Its only falter in recent years has been its slow start in China; however, greater focus on its proprietary Kindle hardware and a booming content market could turn this around.”<sup>39</sup>
- Amazon has the strength of great customer loyalty and brand recognition. Their website “includes editorial and customer reviews, wish lists, 1-click shopping,” and recommendations for customers based on other viewed or purchased items. Amazon has good customer support, along with a membership program, Amazon Prime, which offers customers shipping deals and more.<sup>40</sup>
  - Latest Innovations
    - Drone Delivery - Amazon announced in December 2013 that it plans to enter into drone-based delivery systems to “improve efficiency” and “boost growth.”<sup>41</sup>

<sup>34</sup> <https://corporate.target.com/annual-reports/2013/10-k/10-K-Part-I/Item-1A-Risk-Factors>

<sup>35</sup> <http://pressroom.target.com/news/target-selects-initial-zellers-204201>

<sup>36</sup> <http://www.businessinsider.com/targets-canadian-expansion-2014-8>

<sup>37</sup> <http://www.portal.euromonitor.com/Portal/Pages/Magazine/CompanyProfiles.aspx>

<sup>38</sup> <http://www.portal.euromonitor.com/Portal/Pages/Magazine/CompanyProfiles.aspx>

<sup>39</sup> Euromonitor International Passport, “Amazon Inc. In Retailing (World),” (May 2014)

<sup>40</sup> Euromonitor International Passport, “Amazon Inc. In Retailing (World),” (May 2014)

<sup>41</sup> Euromonitor International Passport, “Amazon Inc. In Retailing (World),” (May 2014)

- Amazon Firefly: Amazon's image recognition app (previously Amazon Flow), allows customers to find items and add them to their cart for purchase simply by scanning a picture of an item<sup>42</sup>

## Wal-Mart

- Wal-Mart has strong international expansion capability. Wal-Mart “retains major scope for expansion in several emerging markets in Latin America, China and Africa.”<sup>43</sup>
- Wal-Mart is increasing its presence in the online retailing market and its ability to deliver online orders quickly and efficiently:
  - Wal-Mart has opened new ecommerce fulfilment centers in order to attempt to shorten delivery times
  - “Wal-Mart announced in early 2014 that it had reduced delivery times by 15% and delivery costs by 22%, while also announcing plans for a new 1.2 million square foot (111,500 sq m) fulfilment center in Indiana that would be dedicated to ecommerce from 2015...”<sup>44</sup>
- Wal-Mart encourages consumers to compare their low prices with other similar company stores. Wal-Mart's new Savings Catcher tool “allows customers to compare prices from their Wal-Mart receipts with the advertised prices at other retailers (currently Aldi, Harris-Teeter, Target and Walgreens) and refunds customers if another retailer offers the product at a lower price.”<sup>45</sup>
  - Wal-Mart uses modern technology to provide savings for customers: The Savings Catcher tool is available online and via a Wal-Mart mobile app.<sup>46</sup>

## Sears

- Sears is “the nation's largest provider of home services, with more than 13 million service and installation calls made annually.”<sup>47</sup>
- Sears Holdings has “1,980 stores in the United States operating through Kmart and Sears and 449 . . . retail stores in Canada”<sup>48</sup>
  - Websites allow customers to buy up to 110 million products and have “cross-channel transactions” such as “free store pickup; buy in-store/ship to home; and buy online, return in-store.”<sup>49</sup>
  - Shop Your Way program: “social shopping platform” - consumers can shop online, on the phone, at home.<sup>50</sup>

<sup>42</sup> <http://www.pcmag.com/article2/0,2817,2430502,00.asp>

<sup>43</sup> Euromonitor International Passport, “Wal-Mart Stores Inc. in Retailing (World),” (April 2014).

<sup>44</sup> Euromonitor International Passport, “Internet vs. Store-based Shopping: The Global Move Towards Omnichannel Retailing,” (Aug 28, 2014).

<sup>45</sup> Euromonitor International Passport, “Internet vs. Store-based Shopping: The Global Move Towards Omnichannel Retailing,” (Aug 28, 2014).

<sup>46</sup> Euromonitor International Passport, “Internet vs. Store-based Shopping: The Global Move Towards Omnichannel Retailing,” (Aug 28, 2014).

<sup>47</sup> Sears Holding Corporation, 2013 Annual Report, [http://www.searsholdings.com/invest/financial\\_info.htm](http://www.searsholdings.com/invest/financial_info.htm)

<sup>48</sup> Sears Holding Corporation, 2013 Annual Report, [http://www.searsholdings.com/invest/financial\\_info.htm](http://www.searsholdings.com/invest/financial_info.htm)

<sup>49</sup> Sears Holding Corporation, 2013 Annual Report, [http://www.searsholdings.com/invest/financial\\_info.htm](http://www.searsholdings.com/invest/financial_info.htm)

<sup>50</sup> Sears Holding Corporation, 2013 Annual Report, [http://www.searsholdings.com/invest/financial\\_info.htm](http://www.searsholdings.com/invest/financial_info.htm)

- Sears is a leader in home appliances: tools, lawn and garden care, fitness, and automobile-related products.<sup>51</sup>
- Sears has connections with celebrity collaborations and well-known brands: “Lands' End, the Kardashian Kollection, Jaclyn Smith, Joe Boxer, Route 66, Cannon, Sandra Lee and Levi's... Adam Levine and Nicki Minaj collections...”<sup>52</sup>

## Best Buy

- Best Buy is reliant on its presence in the US market<sup>53</sup>
- “With slow growth forecast for the US and store closures announced, Best Buy has decided to change its strategy...to reduce its reliance on "big box" stores and grow its presence in China.”<sup>54</sup>
- Best Buy: “the leading global electronics and appliance specialist retailer”<sup>55</sup>
- In-store Geek Squad services for technical support and assistance<sup>56</sup>

## How Target Competes

Target uses price-matching to maintain their market share. By expanding their online presence with improvements to their website and mobile apps, Target is also able to compete in the ecommerce sector. Because Target has a presence both online and offline in-store, Target can offer value to customers by crossing online and offline channels with services like in-store delivery of online orders. The Target portfolio of brands assures customers they can receive current, high-quality design at an affordable price.

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# Industry Trends

## Overarching Summary of Retail Trends

Retail stores are offering much more crossover between online and in-store shopping; through mobile platforms, customers can browse and shop, then pick up their goods in-store. Companies offer a price-matching to assure customers that they will be receiving the best price in their stores. Price matching services assure customers they receive the same price, regardless of the store they visit, thus customers must be enticed by the entire offering of a store (their other products, brands, and services) to choose one competitor over another.

## Consumer Spending Trends

- Average annual expenditures among the fourth quintile of income earners in the US decreased \$1,138 from 2012-2013 or 1.9%.
- Spending Decreases Among Fourth Quintile
  - Food expenditures prepared at home decreased 2.4%.

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<sup>51</sup> Sears Holding Corporation, 2013 Annual Report, [http://www.searsholdings.com/invest/financial\\_info.htm](http://www.searsholdings.com/invest/financial_info.htm)

<sup>52</sup> Sears Holding Corporation, 2013 Annual Report, [http://www.searsholdings.com/invest/financial\\_info.htm](http://www.searsholdings.com/invest/financial_info.htm)

<sup>53</sup> Euromonitor International Passport, “Best Buy Co Inc in Retailing (World),” (2012)

<sup>54</sup> Euromonitor International Passport, “Best Buy Co Inc in Retailing (World),” (2012)

<sup>55</sup> Euromonitor International Passport, “Best Buy Co Inc in Retailing (World),” (2012)

<sup>56</sup> Euromonitor International Passport, “Best Buy Co Inc in Retailing (World),” (2012)

- Apparel and services spending decreased 12% - the most significant out of the quintiles
- Entertainment spending decreased 2.2%.<sup>57</sup>

## US Culture and Society

- Place oriented
  - More and more people will change careers in order to stay in a one place--connected to family, friends and local culture--than will change their location to stay in a career<sup>58</sup>
- Rise in multi-generational living
  - 18.1% of the population of the United States lived in multi-generational family households in 2012. 22.7% of adults ages 85 and older lived in a multigenerational household.<sup>59</sup>
  - 32% of millennials were living at home in 2007, compared to 36% at home in 2012<sup>60</sup>
- Christmas and consumers in the Americas
  - Families are tired of saving up for Christmas and are willing to spend a little more than in past years<sup>61</sup>

## Hispanic Culture

- U.S. Hispanics gravitate towards brands that remind them of their homeland.<sup>62</sup>
- Growing demand for ethnic makeup among the Hispanic community<sup>63</sup>
- In 2013, U.S. Hispanic media spending rose around 8%.<sup>64</sup>
- U.S. Hispanics tend to be brand loyal.<sup>65</sup>
- Family values
  - Family ties are very strong, when someone travels to another city it is common to stay with relatives.
  - Families often gather together to celebrate holidays.
  - Preserving the Spanish language within the family is common.<sup>66</sup>
- Etiquette
  - Hispanics usually give great importance to appearance as a sense of honor, dignity, and pride.
  - Hispanics tend to be more relaxed and flexible about time and punctuality.<sup>67</sup>

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<sup>57</sup> <http://www.bls.gov/news.release/cesan.nr0.htm>

<sup>58</sup> [qideas.org/articles/ten-most-significant-cultural-trends-of-the-last-decade/](http://qideas.org/articles/ten-most-significant-cultural-trends-of-the-last-decade/)

<sup>59</sup> [www.pewsocialtrends.org/2014/07/17/in-post-recession-era-young-adults-drive-continuing-rise-in-multi-generational-living/](http://www.pewsocialtrends.org/2014/07/17/in-post-recession-era-young-adults-drive-continuing-rise-in-multi-generational-living/)

<sup>60</sup> <http://www.pewsocialtrends.org/2013/08/01/a-rising-share-of-young-adults-live-in-their-parents-home/>

<sup>61</sup> [www.portaleuromonitor.com/Portal/Pages/Search/SearchResultsList.aspx](http://www.portaleuromonitor.com/Portal/Pages/Search/SearchResultsList.aspx)

<sup>62</sup> [www.portal.euromonitor.com/portal/analysis/tab](http://www.portal.euromonitor.com/portal/analysis/tab)

<sup>63</sup> USA: Country Pulse. 22 Oct 2014. <http://www.portal.euromonitor.com/portal/analysis/tab>

<sup>64</sup> [www.portal.euromonitor.com/portal/analysis/tab](http://www.portal.euromonitor.com/portal/analysis/tab)

<sup>65</sup> [www.portal.euromonitor.com/portal/analysis/tab](http://www.portal.euromonitor.com/portal/analysis/tab)

<sup>66</sup> [ohioline.osu.edu/hyg-fact/5000/5237.html](http://ohioline.osu.edu/hyg-fact/5000/5237.html)

<sup>67</sup> [ohioline.osu.edu/hyg-fact/5000/5237.html](http://ohioline.osu.edu/hyg-fact/5000/5237.html)

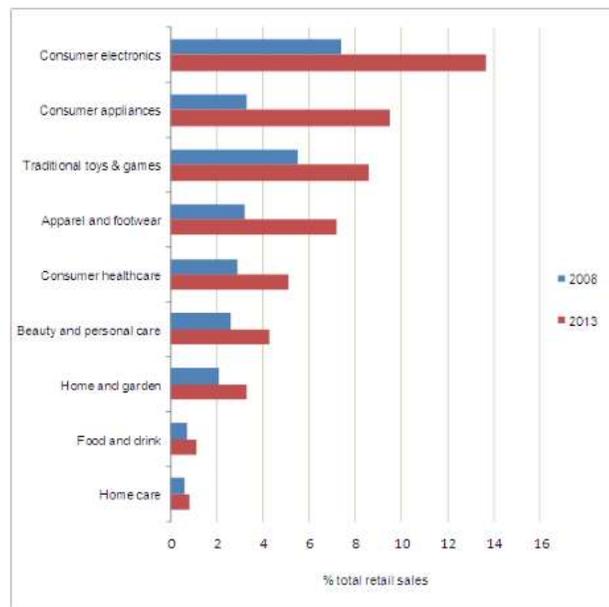
## Decrease in “In-Store” Purchases (Chart 9)

- 30% decline in mall traffic among teenagers in past decade (2007 to 2014) <sup>68</sup>
- Holiday traffic has decreased by 50% in 2013 compared to 2010 <sup>69</sup>

## Changes in Living Situations Among Millennials

- The number of millennials (18- to 31-years old) with jobs went down from 70% in 2007 to 63% in 2012 <sup>70</sup>
- Marriage amongst millennials is down from 30% to 25% from 2007 to 2012 <sup>71</sup>

Chart 9 Global Internet Sales as a % Total Sales by Category 2008/2013



Source: Euromonitor International  
 Note: Excludes media products; total sales of food and drink excludes fresh food; internet sales of consumer electronics includes gaming hardware.

## Price Conscientiousness

- The internet is being used more to find sales/deals/coupons <sup>72</sup>
- Groupon has 13.51 million unique monthly US visitors <sup>73</sup>
- Discounters and outlets are growing; number of stores increased 7% in 2013, value sales increased by 8% <sup>74</sup>
- Online commerce sites like Amazon allow for easy price searching and sales, making building consumer loyalty more difficult for brick-and-mortar stores who cannot offer the same convenient search. Since customers are looking for cheaper deals (particularly young millennials), they may lose loyalty to stores in favor of loyalty to price <sup>75</sup>

<sup>68</sup> Peterson, Hayley. "Generation Z Is A Complete Nightmare For Retailers." *Business Insider*. Business Insider, Inc, 27 June 2014. Web. 23 Oct. 2014. <http://www.businessinsider.com/generation-z-is-retailers-nightmare-2014-6>

<sup>69</sup> Banjo, S., & FitzGerald, D. (2014, Jan 17). As shoppers skip the mall, stores search for fresh lures. *Wall Street Journal* Retrieved from <http://search.proquest.com/docview/1477929233?accountid=351>

<sup>70</sup> <http://www.pewsocialtrends.org/2013/08/01/a-rising-share-of-young-adults-live-in-their-parents-home/>

<sup>71</sup> <http://www.pewsocialtrends.org/2014/03/07/millennials-in-adulthood/>

<sup>72</sup> <http://www.portal.euromonitor.com>, Internet vs Store-Based Shopping: The Global Move Towards Omnichannel Retailing August 2014

<sup>73</sup> <http://www.statista.com/topics/824/groupon/>

<sup>74</sup> Euromonitor International Passport, Internet vs Store-Based Shopping: The Global Move Towards Omnichannel Retailing August 2014

<sup>75</sup> <http://www.portal.euromonitor.com>, Internet vs Store-Based Shopping: The Global Move Towards Omnichannel Retailing August 2014

- Sales are still very effective in grocery stores, with 22.7% of consumers saying they buy products on special that they weren't intending to buy. 21% also buy store brand or cheaper, less well known brands.<sup>76</sup>

## Buying Power by Race and Ethnicity

- Hispanics: 2014 Hispanic market = \$1.3 trillion in buying power. "...Gain of 155% since 2000." Biggest minority market.<sup>77</sup>
- African Americans: In 2014, buying power will increase to \$1.1 trillion. "Second biggest minority market, behind Hispanics.... an 86% increase since 2000."<sup>78</sup>
- Native Americans: \$100 billion in buying power, a 149% increase since 2000.<sup>79</sup>
- Asians: 2014 increase in buying power to \$770 billion. Projected to "grow to \$1.3 trillion in 2019."<sup>80</sup>

## Hispanic Shopping Behavior

- Shopping is seen as a fun and sensation filled experience for Hispanic Americans, rather than a necessary task.<sup>81</sup>
- Hispanics like to shop with their senses, to experience products in-store before buying<sup>82</sup>
- Shopping with family members is very popular, especially with children. Around half of all Latinos call shopping a "family affair"<sup>83</sup>
- Opinions of friends and family are important in making decisions<sup>84</sup>
- Shopping is primarily for: telephone services, men's and boy's clothing, children's clothing, footwear, and groceries/restaurants<sup>85</sup>
- Hispanics spend less than non-Hispanics on alcohol, entertainment, reading materials, tobacco<sup>86</sup>
- Hispanics tend to buy groceries from convenience stores rather than big grocery stores<sup>87</sup>

# Demographics

## Population

- States with highest population increase 2000-10:

<sup>76</sup> USA: Country Pulse. 22 Oct 2014. <http://www.portal.euromonitor.com/portal/analysis/tab>

<sup>77</sup> <http://www.terry.uga.edu/news/releases/minority-groups-are-energizing-the-u.s.-consumer-market-as-never-before-acc>

<sup>78</sup> <http://www.terry.uga.edu/news/releases/minority-groups-are-energizing-the-u.s.-consumer-market-as-never-before-acc>

<sup>79</sup> <http://www.terry.uga.edu/news/releases/minority-groups-are-energizing-the-u.s.-consumer-market-as-never-before-acc>

<sup>80</sup> <http://www.terry.uga.edu/news/releases/minority-groups-are-energizing-the-u.s.-consumer-market-as-never-before-acc>

<sup>81</sup> Consumer Lifestyles in the US. 05 Aug 2013. <http://www.portal.euromonitor.com/portal/analysis/tab>

<sup>82</sup> Consumer Lifestyles in the US. 05 Aug 2013. <http://www.portal.euromonitor.com/portal/analysis/tab>

<sup>83</sup> Consumer Lifestyles in the US. 05 Aug 2013. <http://www.portal.euromonitor.com/portal/analysis/tab>

<sup>84</sup> Consumer Lifestyles in the US. 05 Aug 2013. <http://www.portal.euromonitor.com/portal/analysis/tab>

<sup>85</sup> <http://www.ahaa.org/default.asp?contentID=161>

<sup>86</sup> <http://www.ahaa.org/default.asp?contentID=161>

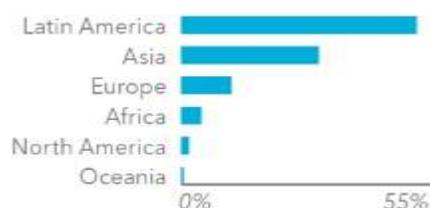
<sup>87</sup> <http://www.ahaa.org/default.asp?contentID=161>

- Texas (4.3 million)
- California (3.4 million)
- Florida (2.8 million)<sup>88</sup>
- Largest growth in Hispanic population is in these states<sup>89</sup>

## Ethnicity

- Between 2010 and 2050, population growth percentages will be highest within these diverse segments:
  - Hispanic: 167%
  - Asian: 142%
  - African American: 56%
  - White, Non-Hispanic: 1%<sup>90</sup>
- The Hispanic population is the fastest growing, predicted to make up 30 percent of the population by 2050.<sup>91</sup>
- Foreign born population in 2012 / 2030 (Graph)
  - From Latin America 52.5% / 51.7%
  - From Asia 28.9% / 30.3%<sup>92</sup>

**Foreign Born Population: 2030**  
% foreign born population



## Age

- “In 2012-2030, the fastest rates of growth will be experienced by the population aged 70+ which will expand by 78.5%.”<sup>93</sup>
- Increase in the median age from 37.4 to 39.9<sup>94</sup>

<sup>88</sup>2010 US Census, from Target Case Study, [https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod\\_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf](https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf)

<sup>89</sup><http://www.pewhispanic.org/2012/02/21/statistical-portrait-of-hispanics-in-the-united-states-2010/#16>

<sup>90</sup>2010 US Census, from Target Case Study, [https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod\\_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf](https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf)

<sup>91</sup>2010 US Census, from Target Case Study, [https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod\\_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf](https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf)

<sup>92</sup> Euromonitor  
[http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United\\_States\\_of\\_America\\_in\\_2030\\_The\\_Future\\_Demographic.pdf?c=59\PDF&f=F-246855-25077059.pdf&saveAsName=United\\_States\\_of\\_America\\_in\\_2030\\_The\\_Future\\_Demographic&code=OoH0MT%2fR1vzSTyy04%2buBg48s1Is%3d](http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United_States_of_America_in_2030_The_Future_Demographic.pdf?c=59\PDF&f=F-246855-25077059.pdf&saveAsName=United_States_of_America_in_2030_The_Future_Demographic&code=OoH0MT%2fR1vzSTyy04%2buBg48s1Is%3d)

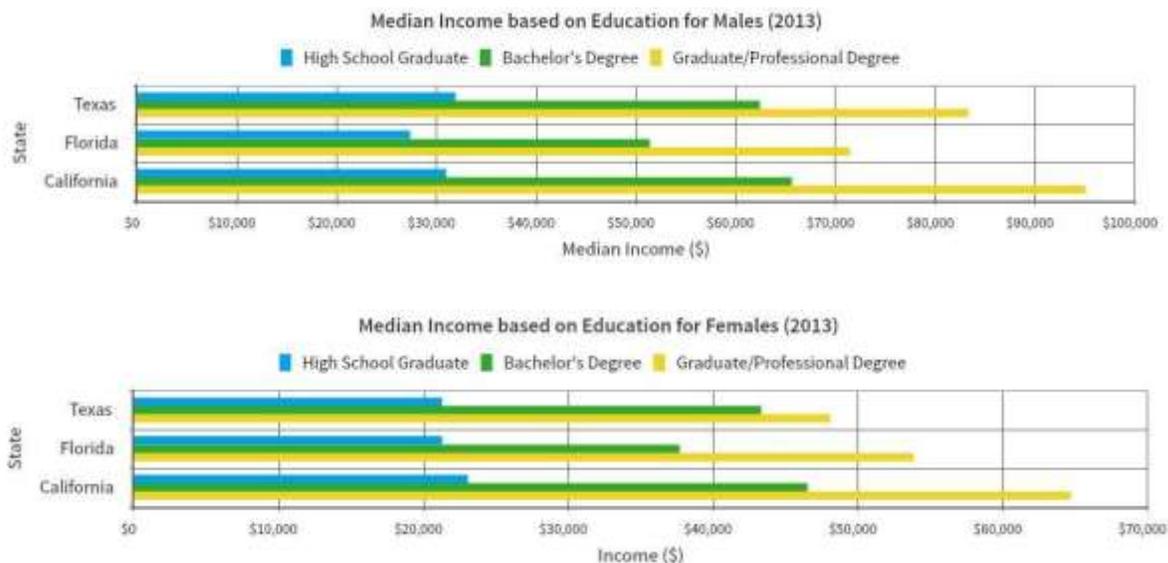
<sup>93</sup> Euromonitor  
[http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United\\_States\\_of\\_America\\_in\\_2030\\_The\\_Future\\_Demographic.pdf?c=59\PDF&f=F-246855-25077059.pdf&saveAsName=United\\_States\\_of\\_America\\_in\\_2030\\_The\\_Future\\_Demographic&code=OoH0MT%2fR1vzSTyy04%2buBg48s1Is%3d](http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United_States_of_America_in_2030_The_Future_Demographic.pdf?c=59\PDF&f=F-246855-25077059.pdf&saveAsName=United_States_of_America_in_2030_The_Future_Demographic&code=OoH0MT%2fR1vzSTyy04%2buBg48s1Is%3d)

<sup>94</sup> Euromonitor  
[http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United\\_States\\_of\\_America\\_in\\_2030\\_](http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United_States_of_America_in_2030_)

- In 2010: Foreign born Hispanic median age is 38 years, but median age for native born Hispanics is 18 years, compared to white alone median age which is 42years<sup>95</sup>

## Income by Gender and State

The graphs below illustrate the difference in income for males/females by educational attainment within the states in question.<sup>96</sup>



## Education (Figure 1<sup>97</sup> on next page)

- “College enrollment rates among 18- to 24-year old Hispanics who had completed high school continued their upward march in 2012. According to the Census Bureau, 49% of young Hispanic high school graduates were enrolled in college.”<sup>98</sup>
- For the first time in 2012, Hispanic enrollment rates in college surpassed those of whites.<sup>99</sup>

## Urbanization

- In 2012 the population was 82.6% urban, and in 2030 the population is expected to be about 86% urban.<sup>100</sup>

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The\_Future\_Demographic.pdf?c=59\PDF\&f=F-246855-25077059.pdf&saveAsName=United\_States\_of\_America\_in\_2030\_The\_Future\_Demographic&code=OoHOMT%2fR1vzSTyy04%2buBg48s1Is%3d

<sup>95</sup> <http://www.pewhispanic.org/2012/02/21/statistical-portrait-of-hispanics-in-the-united-states-2010/#9>

<sup>96</sup> <http://www.socialexplorer.com/myexplorer>

<sup>97</sup> <http://www.pewresearch.org/fact-tank/2013/09/04/hispanic-college-enrollment-rate-surpasses-whites-for-the-first-time/>

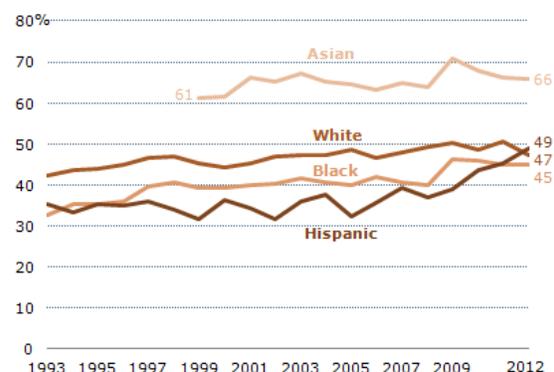
<sup>98</sup> <http://www.pewresearch.org/fact-tank/2013/09/04/hispanic-college-enrollment-rate-surpasses-whites-for-the-first-time/>

<sup>99</sup> <http://www.pewresearch.org/fact-tank/2013/09/04/hispanic-college-enrollment-rate-surpasses-whites-for-the-first-time/>

## Households

- Among Hispanics in 2010, 58.1% of households were led by a married couple, 22.9% by a female householder, 10.2% by a male householder, and 8.8% were non-family households.
- Among whites (not Hispanic) in 2010, 65.1% of households were led by a married couple, 11.4% by a female householder, 4.8% by a male householder, and 18.7% were non-family households.
- Among Asians (not Hispanic) in 2010, 72.8.1% of households were led by a married couple, 9.7% by a female householder, 5.5% by a male householder, and 12.1% were non-family households.<sup>101</sup>

Figure 1  
College Enrollment Rates among 18- to 24-Year-Old High School Completers, by Race and Ethnicity

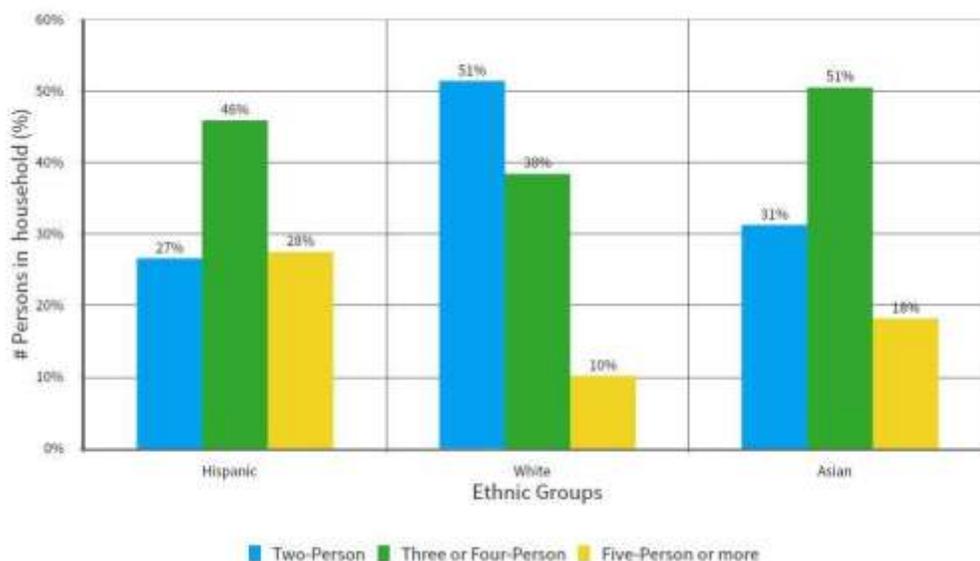


Notes: "White" includes only non-Hispanic whites. Starting in 2003, respondents could identify more than one race. The figures for 2003 onward refer to the white-, black- and Asian-alone populations. The data shown prior to 2003 consists of those identifying themselves as "Asian or Pacific Islanders."

Source: Pew Research Center analysis of the CPS Historical School Enrollment Time Series Table A-5a (<http://www.census.gov/hhes/school/data/cps/historical/index.html>)

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## Family Size based on Ethnicity<sup>102</sup>



<sup>100</sup> Euromonitor

[http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United\\_States\\_of\\_America\\_in\\_2030\\_The\\_Future\\_Demographic.pdf?c=59\PDF&f=F-246855-25077059.pdf&saveAsName=United\\_States\\_of\\_America\\_in\\_2030\\_The\\_Future\\_Demographic&code=OoHOMT%2fR1vzSTyy04%2buBg48s1Is%3d](http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United_States_of_America_in_2030_The_Future_Demographic.pdf?c=59\PDF&f=F-246855-25077059.pdf&saveAsName=United_States_of_America_in_2030_The_Future_Demographic&code=OoHOMT%2fR1vzSTyy04%2buBg48s1Is%3d)

<sup>101</sup> <http://www.pewhispanic.org/2012/02/21/statistical-portrait-of-hispanics-in-the-united-states-2010/#18>

<sup>102</sup> <http://www.pewhispanic.org/2012/02/21/statistical-portrait-of-hispanics-in-the-united-states-2010/#19>

## Technology

### United States Smartphone Ownership

- In 2014, 58% of America owned a smartphone<sup>103</sup>
- “[O]wnership is particularly high among younger adults, especially those in their twenties and thirties (although a majority of Americans in their mid-forties through mid-fifties are now smartphone adopters) and those with relatively high levels of household income and educational attainment.”<sup>104</sup>
- 79% of people ages 18-24 own a smartphone<sup>105</sup>
- 81% of people ages 25-34 own a smartphone<sup>106</sup>
- 69% of people ages 35-44 own a smartphone - and as age continues to increase, the percentage of smartphone owners continues to decrease<sup>107</sup>
- 53% of White, Non-Hispanic adults own a smartphone<sup>108</sup>
- 64% of Black, Non-Hispanic adults own a smartphone<sup>109</sup>
- 60% of Hispanic adults own a smartphone<sup>110</sup>

### Mobile Devices Used to Make Shopping Purchases

- “The rapid growth of smartphones and tablets, which allow access to the internet anywhere and at any time, has led to growth in the number of shoppers making purchases on the move or while relaxing at home (a practice known as ‘sofa shopping’).”<sup>111</sup>
  - “A comparison of Euromonitor International’s Global Consumer Trends surveys for 2011 and 2013 reveals a significant increase in the use of mobile phones to purchase items and services across all countries [surveyed] . . . In 2013, 44% of US respondents said they regularly make purchases via a mobile phone, a full 19 percentage points higher than in 2011.”<sup>112</sup>
    - “During the Thanksgiving weekend sales (Black Friday), 16% of online sales were from mobile devices (smartphones and tablets)”<sup>113</sup>

### Internet Retailing Trends - Domestic and Worldwide (Chart 5<sup>114</sup> on next page)

<sup>103</sup> <http://www.pewinternet.org/fact-sheets/mobile-technology-fact-sheet/>

<sup>104</sup> Aaron Smith, “Smartphone Ownership 2013,” Pew Research Internet Project, (June 5, 2013).

<sup>105</sup> Aaron Smith, “Smartphone Ownership 2013,” Pew Research Internet Project, (June 5, 2013)

<sup>106</sup> Aaron Smith, “Smartphone Ownership 2013,” Pew Research Internet Project, (June 5, 2013)

<sup>107</sup> Aaron Smith, “Smartphone Ownership 2013,” Pew Research Internet Project, (June 5, 2013)

<sup>108</sup> Aaron Smith, “Smartphone Ownership 2013,” Pew Research Internet Project, (June 5, 2013)

<sup>109</sup> Aaron Smith, “Smartphone Ownership 2013,” Pew Research Internet Project, (June 5, 2013)

<sup>110</sup> Aaron Smith, “Smartphone Ownership 2013,” Pew Research Internet Project, (June 5, 2013)

<sup>111</sup> Euromonitor International Passport, “Internet vs. Store-based Shopping: The Global Move Towards Omnichannel Retailing,” (Aug 28, 2014).

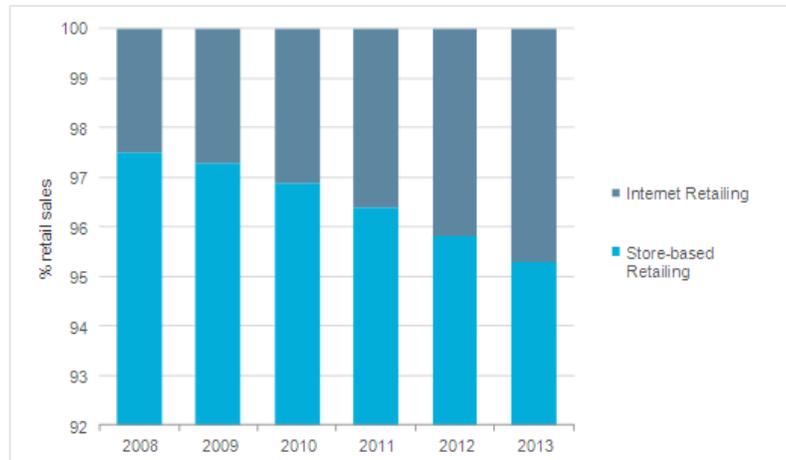
<sup>112</sup> Euromonitor International Passport, “Internet vs. Store-based Shopping: The Global Move Towards Omnichannel Retailing,” (Aug 28, 2014).

<sup>113</sup> Euromonitor International Passport, “Smartphones and Online Shopping in 2013 and Beyond,” Loo Wee Teck (03 Dec 2012).

<sup>114</sup> Euromonitor International Passport, “Internet vs. Store-based Shopping: The Global Move Towards Omnichannel Retailing,” (Aug 28, 2014).

- The “main drivers” instigating the increase of ecommerce include: “search for value and convenience; increased access to the web; faster download speeds; improved shipping and online payment methods; and the shift towards mobile devices, such as smartphones and tablets.”<sup>115</sup>
- “Apparel and footwear represented the largest internet retailing category in 2013, accounting for a fifth of the market, following substantial current value growth of 157% since 2008 . . . [The next category was] consumer electronics and media products, with respective shares of 18% and 10%.”<sup>116</sup>
- Consumers in time-poor Western countries are choosing to grocery shop online.<sup>117</sup>
  - 14% of US shoppers aged 18 to 69 buy groceries online<sup>118</sup>
  - 25% of US consumers chose online shopping because it is anonymous and they don’t have to interact with others face-to-face.<sup>119</sup>
  - Consumers use online shopping to avoid sales tax in the US. 39% of US respondents vs. 13% globally.<sup>120</sup>

Chart 5 Global Internet Sales Versus Total Sales 2008-2013



Source: Euromonitor International

## Showrooming

- “The practice of examining merchandise or products in a store and then buying it online for a lower price.”<sup>121</sup>
- Retailers offer a showroom to bring customers into the store to try out products. The retailer may be able to “salvage a sale that might not otherwise happen if the customer is merely shopping online.”<sup>122</sup>

<sup>115</sup> Euromonitor International Passport, “Internet vs. Store-based Shopping: The Global Move Towards Omnichannel Retailing,” (Aug 28, 2014).

<sup>116</sup> Euromonitor International Passport, “Internet vs. Store-based Shopping: The Global Move Towards Omnichannel Retailing,” (Aug 28, 2014).

<sup>117</sup> Euromonitor International Passport, “Internet vs. Store-based Shopping: The Global Move Towards Omnichannel Retailing,” (Aug 28, 2014).

<sup>118</sup> <http://www.statista.com/statistics/259021/us-distribution-of-in-store-and-online-grocery-shopping/>

<sup>119</sup> <http://www.portal.euromonitor.com>, INTERNET VS STORE-BASED SHOPPING: THE GLOBAL MOVE TOWARDS OMNICHANNEL RETAILING Euromonitor International August 2014

<sup>120</sup> <http://www.portal.euromonitor.com>, INTERNET VS STORE-BASED SHOPPING: THE GLOBAL MOVE TOWARDS OMNICHANNEL RETAILING Euromonitor International August 2014

<sup>121</sup> <http://www.investopedia.com/terms/s/showrooming.asp>

<sup>122</sup> <https://nrf.com/news/retail-trends/the-showrooming-showdown>

***Disadvantages***

- Customers may not make any additional purchases in the store, they may simply try out the device in-store and purchase it elsewhere online if a cheaper deal is available.<sup>123</sup>
- In 2012, 80% of the retailers in a survey expected to lose 5% of sales because of showrooming. 49% of these retailers responded that “they [were] not prepared, with only 12% saying they [had] a strategy.”<sup>124</sup>
- In 2013, a Gallup Poll found that approximately 10% of customers would be lost by retailers due to customers showrooming.<sup>125</sup>

***Reversing Showrooming Trend***

- “[retailers are] encouraging shoppers to whip out their smartphones right in-store aisles, but to buy online from them.”<sup>126</sup>
- To convert browsers to buyers, retailers offer “knowledgeable sales staff, in-store pick-up of online orders, in-store Wi-Fi, and smartphone discounts”<sup>127</sup>
- 2014: “In the U.S., 69% of people reverse showroom, while 46% showroom”<sup>128</sup>

**Hispanic Demographic and Technology*****Technology Use and Ownership***

- “Between 2009 and 2012, the share of Latino adults who say they go online at least occasionally increased 14 percentage points, rising from 64% to 78%.”<sup>129</sup>
- “18.7% of Hispanics ages 18-34 would be interested in receiving advertisements on their mobile devices, compared with 8.5% of non-Hispanics the same age.”<sup>130</sup>
- “72% of Latinos say they own a desktop or laptop computer, compared with 83% of whites. Among blacks, 70% are computer owners.”<sup>131</sup>
- “...84% of Latino internet users ages 18 to 29 say they use social networking sites such as Facebook and Twitter, the highest rate among Latinos.”<sup>132</sup>
- “Online advertising effectively drives 61% of Hispanic Tech shoppers to purchase in-store.”<sup>133</sup>
- “Online research is a key influencer for Tech with over 50% of the audience researching online before purchasing online or at the store.”<sup>134</sup>

<sup>123</sup> <https://nrf.com/news/retail-trends/the-showrooming-showdown>

<sup>124</sup> <http://www.forbes.com/sites/stevecooper/2012/11/21/how-to-convert-showrooming-customers/>

<sup>125</sup> <http://washington.cbslocal.com/2013/11/22/study-practice-of-showrooming-affecting-brick-and-mortar-sales/>

<sup>126</sup> <http://www.retailonlineintegration.com/article/retailing-e-commerce-25050501/1>

<sup>127</sup> <http://www.businessinsider.com/reverse-showrooming-physical-retailers-fight-back-2014-8>

<sup>128</sup> <http://www.businessinsider.com/reverse-showrooming-physical-retailers-fight-back-2014-8>

<sup>129</sup> Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, “Closing the Digital Divide: Latinos and Technology Adoption,” (March 7, 2013)

<sup>130</sup> [www.emarketer.com/Article/US-Hispanic-Millennials-More-Receptive-Mobile-Ads/1010925](http://www.emarketer.com/Article/US-Hispanic-Millennials-More-Receptive-Mobile-Ads/1010925)

<sup>131</sup> Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, “Closing the Digital Divide: Latinos and Technology Adoption,” (March 7, 2013)

<sup>132</sup> Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, “Closing the Digital Divide: Latinos and Technology Adoption,” (March 7, 2013)

<sup>133</sup> <https://www.thinkwithgoogle.com/research-studies/us-hispanic-tech-consumers.html>

<sup>134</sup> <https://www.thinkwithgoogle.com/research-studies/us-hispanic-tech-consumers.html>

- Hispanics shop with tablets and on their mobile phones; they are early adopters at the head of the technology curve.<sup>135</sup>

### *User Demographic*

- “Nearly nine-in-ten (87%) Latino internet users ages 18 to 29 and Latino internet users from families with annual incomes of \$50,000 or more say they access the internet through a mobile device at least occasionally.”<sup>136</sup>
- “The highest smartphone ownership rates are among Hispanics from families with annual incomes of \$50,000 or more (76%).”<sup>137</sup>

### *User Language*

- “Among Latino internet users, 72% are either English dominant (31%) or bilingual (41%), and 28% are Spanish dominant.”<sup>138</sup>
- “Among Latinos who use social networking sites, 60% say they do so mostly or only in English, 29% say they do so mostly or only in Spanish and 11% say they use both English and Spanish equally.”<sup>139</sup>

### *Purchasing and Adopting Technology*

- “[Hispanics] lead in adoption of new devices. They are power users of mobile and over-index in video consumption . . . . Despite the facts, [Hispanics] are vastly underserved, and the opportunities to reach them through digital remain largely untapped.”<sup>140</sup>
  - A panel of senior-level marketers “saw 11-25% of their company’s growth coming from this demographic in the next three to five years. Still, most brands didn’t have a marketing strategy for this audience”<sup>141</sup>
- Hispanics “are far ahead and should be among the first prospects for marketers seeking to grow their consumer base” - Marla Skiko (senior VP and director of digital innovation at SMG Multicultural)<sup>142</sup>
- “Among smartphone owners, Hispanics are 17% more likely than non-Hispanics to access the web more through their phone than through a computer” and are “more likely [than non-Hispanics] to upgrade or replace their mobile headsets and buy tablets.”<sup>143</sup>
- Hispanics are 1.5 times more likely to buy phone apps and other “digital media” than non-Hispanics.<sup>144</sup>

<sup>135</sup> Consumer Lifestyles in the US. 05 Aug 2013. <http://www.portal.euromonitor.com/portal/analysis/tab>

<sup>136</sup> Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, “Closing the Digital Divide: Latinos and Technology Adoption,” (March 7, 2013)

<sup>137</sup> Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, “Closing the Digital Divide: Latinos and Technology Adoption,” (March 7, 2013)

<sup>138</sup> Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, “Closing the Digital Divide: Latinos and Technology Adoption,” (March 7, 2013)

<sup>139</sup> Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, “Closing the Digital Divide: Latinos and Technology Adoption,” (March 7, 2013)

<sup>140</sup> <https://www.thinkwithgoogle.com/articles/us-hispanic-market-digital.html>

<sup>141</sup> <https://www.thinkwithgoogle.com/articles/us-hispanic-market-digital.html>

<sup>142</sup> <https://www.thinkwithgoogle.com/articles/us-hispanic-market-digital.html>

<sup>143</sup> <https://www.thinkwithgoogle.com/articles/us-hispanic-market-digital.html>

## Target Security Breach

- 40 million credit and debit card numbers were stolen between Nov. 27 and Dec. 15, 2013.
- 46% drop in profits in the 4th quarter compared to the previous year.<sup>145</sup>
- Target offered one year of free credit monitoring and identity theft protection to all customers.<sup>146</sup>
- Invested 5 million dollars in a cyber-security coalition in order to advance public education around cybersecurity.<sup>147</sup>

## Economy

- The US economy is in a period of GDP growth.<sup>148</sup>
- Inflation is 1.7% over same period last year<sup>149</sup>
  - Inflation in the USA will accelerate slightly from 1.5% in 2013 to 1.9% in 2014. Factors contributing to higher inflation in the U.S can be attributed to stronger domestic consumption, gains in housing market and house prices, and a rebound in the economy.<sup>150</sup>
  - Furthermore, a decrease in prices increases the burden of debt (net debtors have a larger marginal propensity to consume than net creditors) if prices decrease as income decreases, consumption might decrease instead of increasing.

## Political

### Factors effecting store operations

- Dependence on foreign suppliers and thus, international trade and political stability.<sup>151</sup>
- Being involved in politics, especially polarizing topics like same sex marriage can alienate customers and affect sales and image negatively.<sup>152</sup>

## Observational Research Results

### Texas Target

#### *Interviewed family member*

Several produce options in Texas including Avocados and Mangos. Target also offers more Mexican food options in Texas. Spanish and English languages are used on aisles and on individual products and packages. Texans are very proud of their state and tend to support local businesses. H-E-B, a Texas supermarket, advertises showing a local cattle rancher who says he *is* the meat department at H-

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<sup>144</sup> <https://www.thinkwithgoogle.com/articles/us-hispanic-market-digital.html>

<sup>145</sup> [krebsonsecurity.com/2014/05/the-target-breach-by-the-numbers/](http://krebsonsecurity.com/2014/05/the-target-breach-by-the-numbers/)

<sup>146</sup> [pressroom.target.com/news/target-provides-update-on-data-breach-and-financial-performance](http://pressroom.target.com/news/target-provides-update-on-data-breach-and-financial-performance)

<sup>147</sup> [corporate.target.com/discover/article/Target-to-invest-5-million-in-cybersecurity-coalit](http://corporate.target.com/discover/article/Target-to-invest-5-million-in-cybersecurity-coalit)

<sup>148</sup> <http://www.portal.euromonitor.com/Portal/Pages/Search/SearchResultsList.aspx>

<sup>149</sup> <http://www.portal.euromonitor.com/Portal/Pages/Search/SearchResultsList.aspx>

<sup>150</sup> <http://www.portal.euromonitor.com/Portal/Pages/Search/SearchResultsList.aspx>

<sup>151</sup> <https://corporate.target.com/annual-reports/2013/10-k/10-K-Part-I/Item-1A-Risk-Factors>

<sup>152</sup> <http://online.wsj.com/articles/SB10001424052748703988304575413650676561696>

E-B; there are more meat and produce options at H-E-B. Interviewee goes to H-E-B or Wal-Mart because it is cheaper for similar products.

## California Target

*Observational data collected from a walkthrough of new Santa Clara store*

The store was clean and welcoming, near the entrance there was 49ers fan gear and seasonal products priced \$1-\$3. The electronics department was large, brightly lit, and contained several display counters. The electronics section was across from the toys section. The cosmetics/beauty department was large and well lit. "Ethnic" aisle had selection of Mexican, Chinese, Japanese, Korean, and Thai foods. The baking aisle included coconut, sesame, and almond oil. At the entrance there was a grab-and-go refrigerated case, a Pizza Hut, Target Cafe, and large Starbucks.

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## SWOT Analysis

### Strengths

- **Store Brands:** Target offers an array of retail brands that consistently provide great quality, hold a strong reputation, and compete against the national brands also carried while embodying the core characteristic of exceptional value.
- **Reaching Diverse Audience:** Target develops special partnerships like with artists and designers to deliver unique products to its diverse target market. Target has also developed different store designs, CityTarget and TargetExpress, to service customers in an urban setting.
- **Value Promise:** Target is dedicated to delivering the best products and designs for an affordable price. This is captured not only by their brands but by their price matching service.
- **In-Store Experience:** A fun and engaging experience combined with a navigable floor plan coupled with resourceful Target team members make for a memorable shopping experience.

### Weaknesses

- **Security:** In 2013, Target suffered a security breach that resulted in 40 million credit and debit card numbers being stolen. Target has invested time and money to revamp their security metrics; however, this exemplifies its reactionary measures as opposed to being a leader amidst growing e-commerce platforms.
- **Website:** Target has been working to redesign its website to address consumer complaints from previous years. Although the website has been improved, past impressions of the website may linger within consumers' memory and affect their decision to visit Target.com and make purchases there.

### Opportunities

- **Ecommerce Operations:** More and more people are turning to the internet for shopping, particularly for products that they can research and don't need immediately. Offering the same

products in both locations will ensure that people who buy products primarily online have the same opportunities as those who buy in-store, and vice versa.

- **Electronics:** Electronics are one of the top products that people now purchase online. Target should consider emphasizing their electronic offerings online more prominently, especially their deals with companies such as Apple.
- **Canada Expansion:** Target purchased Zeller department stores and converted them to Target retail stores. This move offers Target the opportunity to increase brand awareness and identify new target markets. Canada is one of the top ten countries in terms of percentage of people with access to broadband internet connections, which favors future sales in ecommerce.
- **Urban Market Expansion:** 86% of the United States' population is projected to live in an urban area by 2030. Target has the opportunity to develop more City Target stores or strategically locate new stores as people migrate toward cities and developed areas in the near future.

## Threats

- **Industry Competitors:** The likes of Wal-Mart and Amazon have increased market share specifically within the ecommerce platform.
- **Overdependence on US Market:** Target's expansion in Canada offers little diversification specifically when sales and growth goals have been less optimistic. Sluggish growth in the world economy and in the U.S is a cause for concern because Target's majority of sales are within the U.S.
- **Damaged Reputation due to Security Failures:** The security breach of 2013 translated in a substantial loss of profit and ultimately tested the loyalty of Target customers.

Target has ample opportunities to grow organically both in brick-and-mortar stores and in e-commerce platforms. The U.S economy is picking up pace, more people are utilizing web-enabled devices to purchase goods, and a majority of consumers are moving to metropolitan areas which are positive signs for retail business.

Target has an incredible competitive advantage by having a presence in almost every market-- home goods, groceries, children's, electronics, shoes, and clothing. Target's large variety of products and services deliver excellent value to their guests; Target owns a very successful portfolio of brands which have good recognition in the market. Target's positive experience begins with its focus on easy in-store navigation, well-lit, organized store layouts, and friendly in-store customer service. The Target experience is pleasant, family-friendly, and conducive to long periods of casual shopping in-stores.

Target has begun to improve Target.com to address the increase in online shopping and the need for an accessible and easy-to-use website. The market of electronics is expanding for individual use and in the home, so Target must continue to expand their selection in that sector. Technology is particularly of interest to the market segment of millennials. Additionally, the Hispanic demographic is increasing and as the group's buying power continues to increase, Target must consider their needs as well.

## Segmentation

### *Strategy*

Apex Marketing strives to address changing cultural needs and preferences with a focus on domestic and urban trends. Apex will seek to leverage Target's primary strengths that include value-based store brands, a competitive product mix, strong national brand awareness and an engaging in-store experience while capitalizing on areas that need improvement--most notably, the promotion of their product mix and website features. Apex's market research indicates that Hispanics, Asians, and millennials make up the most profitable growing segments. These segments offer great opportunities for market share and repeat customers, which would further solidify a loyal and profitable customer base.

### The Asian Demographic

- Population growth within the Asians demographic between 2010 and 2050 will experience a 142% increase.<sup>153</sup>
- The Asian population in the United States in 2030 will account for 30.3%.<sup>154</sup>
- The buying power of the Asian population will increase \$770 billion in 2014 and is expected to rise close to \$1 trillion by 2019 thanks in part to a 45% gain in employment since 2000.<sup>155</sup>

### The Hispanic Demographic

- The Hispanic population is expected to grow 167% from 2010 to 2050 and is predicted to make up 30% of the United States' population by 2050.<sup>156</sup>
- By 2019, Hispanics will account for 10.6% of total buying power in the United States, which is attributable to the \$1.3 trillion dollar value associated with the Hispanic demographic, an increase of 155% since 2000.<sup>157</sup>
- Second, third, and fourth generation Hispanics are a younger market and have adopted U.S customs and values while appreciating their Latino heritage and diversity.
  - This segment could be classified as bicultural and is drawn to consumerism presented in both English and Spanish.
- Texas, California, and Florida had the highest population increases from 2000-2010. The largest growth in these areas came from the Hispanic population. The Hispanic population will increase 167% by the year 2050.

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<sup>153</sup>[https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod\\_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf](https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf)

<sup>154</sup>[http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United\\_States\\_of\\_America\\_in\\_2030\\_The\\_Future\\_Demographic.pdf?c=59\PDF\&f=F-246855-25077059.pdf&saveAsName=United\\_States\\_of\\_America\\_in\\_2030\\_The\\_Future\\_Demographic&code=OoH0MT%2fR1vzSTyy04%2buBg48s1Is%3d](http://www.portal.euromonitor.com/Portal/Handlers/accessPDF.ashx/United_States_of_America_in_2030_The_Future_Demographic.pdf?c=59\PDF\&f=F-246855-25077059.pdf&saveAsName=United_States_of_America_in_2030_The_Future_Demographic&code=OoH0MT%2fR1vzSTyy04%2buBg48s1Is%3d)

<sup>155</sup><http://www.terry.uga.edu/news/releases/minority-groups-are-energizing-the-u.s.-consumer-market-as-never-before-acc>

<sup>156</sup>[https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod\\_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf](https://moodle-2014-15.stolaf.edu/pluginfile.php/43469/mod_resource/content/1/Meeting%20the%20Needs%20of%20Changing%20Demographics.pdf)

<sup>157</sup><http://www.terry.uga.edu/news/releases/minority-groups-are-energizing-the-u.s.-consumer-market-as-never-before-acc>

- Between 2012-2030, there will be an expected increase in the national median age from 37.4 to 39.9. But for native born Hispanics in 2010, there was a median age of 18, the youngest across all ethnicities.
- Hispanics put an emphasis on education. 49% of Hispanic high school graduates were enrolled in college.
- This culture usually gives great importance to appearance as a sense of honor, dignity, and pride.
  - It is common for families to teach their children the Spanish language.
  - Hispanics are brand loyal; they value the importance of education, and are extremely family oriented.

## Millennials

- Millennials are those who are born after 1980 and are between ages 18 to 36 years old. In aggregate, millennials represent 77 million people, on par with that of Generation X and Baby Boomers.<sup>158</sup>
- Only 21% of millennials are married, exemplifying their independence compared to 42% of Boomers married at the same age.<sup>159</sup> They have experienced the largest economic downturn since the Great Depression, which has developed characteristics like frugality and the affection for value-based goods and services.
- Millennials are exceptionally diverse; 19% of are of Hispanic origin, 14% African American and 5% Asian.<sup>160</sup>

## Target Market

Apex plans to focus on Hispanic millennials since they offer a promising, untapped market for retail. The Hispanic population is expected to grow more than any other cultural population in the United States in the next 35 years, offering a large pool of potential consumers. By targeting a younger demographic, Target has a great opportunity to expand their online presence, ecommerce, and social media advertising. In an age when nearly 58 percent of people own a smartphone and, as of 2012, 61 percent own a laptop, technology has become an increasingly larger part of our society. Most millennials have been introduced to technology at a young age and will continue to buy new electronic products and introduce them to their families. Their frequent use of mobile phones and tablets for internet browsing has also lead to an increase in online shopping as well as in-store shopping on mobile devices. 18.7% of Hispanics ages 18-34 report interest in receiving advertisements on their phones, as opposed to 8.5% of non-Hispanic millennials, making mobile advertising a promising option for Target to reach the Hispanic millennial market. Since millennials are beginning to start their own lives, they are also a prime candidate for developing new long term loyalty.

Our suggested target consumers are 18 to 35 year old Hispanic men and women. Since higher education is increasing within this segment and 49% of Hispanic high school graduates are attending college, our target market is well educated and will likely be established in a career or a higher education program. They are also active social media users and early adopters at the head of the technology curve;

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<sup>158</sup> [http://www.whitehouse.gov/sites/default/files/docs/millennials\\_report.pdf](http://www.whitehouse.gov/sites/default/files/docs/millennials_report.pdf)

<sup>159</sup> <http://www.pewsocialtrends.org/2014/03/07/millennials-in-adulthood/>

<sup>160</sup> <https://ahaa.org/default.asp?contentID=161>

84% of Latino millennials report using Facebook and Twitter.<sup>161</sup> This market likely owns a laptop/desktop (72% of Latinos reported owning a desktop or laptop<sup>162</sup>) and a smartphone, but they search the internet primarily on their mobile devices. Since family is an important part of their culture, Hispanic millennials likely have family members (either siblings or their own children) whom they take care of and bring with them when they go shopping.<sup>163</sup> Their strong family values influence their shopping behavior; family opinions carry a strong weight on purchasing decisions. Finally, Hispanic millennials view shopping as an experience that is fun and engaging, they enjoy being able to experience the products they want to buy.

## Positioning

### Product

Apex Marketing suggests that Target expand their technology department with an increased number of products like laptops and tablets. Apex recommends presenting these products in a showroom type setting, with active devices on countertops for customers to try. By offering more in-store electronics for customers to experience, Target is inviting their guests to play and purchase. Apex Marketing wants to bring Target into Hispanic millennials' evoked set as an electronics retailer. In-store, the showroom experience will be enhanced by helpful and knowledgeable employees. Stores will provide clinics where employees can demonstrate how to set up, or use, certain products and software. Individual tech services will include personalized device and software set-up as well as tech support and assistance. Since fixing/modifying electronics voids manufacturer warranties, for employees to work on a specific device consumers must be using a Target warranty for their electronics.

To bridge the gap between browsing and buying, Target will provide tablet kiosks where customers can order a product and have it shipped in-store free of charge. Target Express already uses kiosks in-store, and this will be an extension of that idea. Since Hispanic millennials often shop with their family, kiosks will provide the most value for older shoppers without a smartphone who are accompanying the younger, more tech-savvy generation. For Hispanic millennials, Apex Marketing recommends that the "In-a-Snap" app already being developed is expanded so that customers can use their mobile device to take a picture of a price label and be sent to an order page. This feature will be more convenient than kiosks for smartphone users.

Since millennials, and especially Hispanics, shop for many electronics online, Apex Marketing proposes adding a virtual showroom to Target.com electronics. The virtual showroom will allow customers to experience products from the comfort of their own home through their desktop, laptop, or mobile device. This showroom will provide images and information for all major electronic products at Target (laptops, tablets, phones, cameras) which can be clicked on to enter a virtual tour of the product. The tour is a simulation of the product. For example, the showroom tablet will bring up a screen similar to what is seen on a tablet, which you can navigate with your mouse or touch screen. Additionally, there will

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<sup>161</sup> Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, "Closing the Digital Divide: Latinos and Technology Adoption," (March 7, 2013)

<sup>162</sup> Mark Hugo Lopez, Ana Gonzalez-Barrera, and Eileen Patten, "Closing the Digital Divide: Latinos and Technology Adoption," (March 7, 2013)

<sup>163</sup> Consumer Lifestyles in the US. 05 Aug 2013. <http://www.portal.euromonitor.com/portal/analysis/tab>

be an option to live chat Target Tech experts with questions about products and services. Alongside the showroom will be videos from Target Tech employees who review the features and specifications of the device.

## Price

To reach the Hispanic millennial market, Target will offer devices in a variety of price ranges. Budget laptops and netbooks: \$0-450. Middle range laptops: \$450-800. High performance laptops and ultrabooks: \$800-1100. Budget tablets: \$100-200. Middle range tablets: \$200-350. High performance tablets: \$350-500. Apex recommends that Target focus on the middle and high performance range since these products offer the most flexibility in features and performance. Though there are products outside of these price ranges, the price conscious Hispanic millennial market is interested in price and performance.

## Place

Apex Marketing's plan redesigns Target Stores and Target.com to offer a comprehensive shopping experience. Apex will begin by implementing the new Electronics department in more urban located Target stores from the states with the largest Hispanic growth: California, Texas, and Florida. The additional features at Target.com Electronics will be available for all users.

## Promotion

### 1. *“Plug-In-To-Target” social media campaign*

Apex recommends that Target creates a new social media campaign that encourages consumers to enter brick-and-mortar stores and to shop the improved electronics section. Consumers who take a picture of themselves in a Target store playing with products in the new showroom and post the photo on social media sites such as Facebook, Twitter, or Instagram using the hashtag #PlugInToTarget will be entered into a drawing for a tablet or a \$100 gift card (suggested use toward electronics). The emphasis on mobile phones and social media appeals to the millennial demographic, while the fun and friendly environment created by the campaign will encourage customers to visit the store in person and bring their families, which is important to the Hispanic millennial demographic. The “Plug-In-To-Target” campaign will be used in other media as well.

### 2. *In-store digital signage*

Target already has digital signage (interactive electronic touch screens and scrolling electronic advertising screens) in a majority of their stores' electronics sections, allowing customers to browse video game products for their kids.<sup>164</sup> However, Target should expand this digital signage to contain other products, such as laptops, tablets, phones, and speakers to encourage customers to “Plug-In-To-Target.” Digital displays can show the latest products and deals available. Apex recommends placing digital signage (scrolling ads, not necessarily interactive screens) at the front of their stores to catch the eyes of consumers who habitually shop and would not notice a still poster. In addition to the “Plug-In-To-Target” campaign for emphasizing the electronics offerings, signage materials specifically emphasizing Target's iPhone offerings will use the slogan “Unlock Savings.”

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<sup>164</sup> <http://www.digitalsignagetoday.com/articles/interactive-digital-signage-at-target-helps-shop-for-videogames/>

### **3. *Electronics specific Facebook page***

Target should create a Facebook page specific to their electronics department that offers information on available products, rebates, tech support from Target Tech experts, free computer diagnosis, and online deals and coupons. The page should also stand as a platform for contests, such as the social media campaign described above and the “Plug-In-To-Target” slogan. The site should offer profiles of Target Tech experts to encourage a sense of personal connection with the company and its employees.

### **4. *Snapchat advertisement and engagement***

Target should engage customers through the use of Snapchat, which is a viable source of advertising being the 3rd most used form of social media for 18 to 34 year olds.<sup>165</sup> Target should send out a mix of behind the scenes snaps of events in stores, corporate happenings, and employees to develop a personal relationship with the target market. Target should also send out occasional coupons via Snapchat that consumers can screenshot and bring into stores to redeem or use at Target.com. Trying to catch the coupon quickly before the clock runs out on Snapchat is a great way to engage customers and encourage a playful relationship between Target and their customers. Not knowing whether a snap will contain a coupon or an entertaining behind the scenes scene will also create a sense of anticipation and excitement among consumers. Mobile advertising will be part of the “Unlock Savings” promotion within the “Plug-In-to-Target” campaign.

### **5. *Internet radio advertisements***

Apex recommends a 20-30 second audio clip for airing on Pandora and Spotify radio stations for the “Plug-In-to-Target” campaign. Both radio apps are now available on mobile devices, appealing to young Hispanic millennials who use smartphones. The ads should focus on the new electronics showroom and emphasize the large range of available products, demonstrations, tech support, and referral deals. These ads will also refer to the social media contest that encourages the customers enter stores, take a photo in the new electronics section, and share it on social media to win prizes. This will appeal to our target market’s interest in mobile advertising.

### **6. *YouTube advertisements***

Target should create a 30 second YouTube advertisement highlighting the in-store experience of the new electronics showroom. The actors will consist of a young English speaking Hispanic family of four. The family will enter the store and go to the electronics department where they are choosing the right laptop for one child, headphones for the other, a tablet or phone for dad, and a TV streaming device for mom. The family will browse the new electronics department and be assisted by employees, highlighting the experiential nature of the shopping process and the services offered in-store.

### **7. *Rewards for referrals***

If a customer purchases an electronic, then refers a friend who purchases a new electronic, that person will receive a \$15 gift card for electronics in-store. Hispanic millennials value family and friends’ opinions when making purchases, so referrals could increase business among these communities. The referrals could be presented with physical referral cards picked up in-store from their purchase, through social media, or with a shared link from the online showroom.

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<sup>165</sup> [techcrunch.com/2014/08/11/snapchat-is-now-the-3-social-app-among-millennials](http://techcrunch.com/2014/08/11/snapchat-is-now-the-3-social-app-among-millennials)

### **8. *Mobile paid search to increase visibility as an electronics retailer***

Since a majority of Hispanic consumers begin researching products through a web search, Apex recommends purchasing an advertisement slot when consumers use a search engine like Google or Bing to look up electronics. This will bring Target Electronics to the top of the search results page and help customers associate Target with electronics retailers.

## **Concerns**

### ***Bringing Target into Consumers' Evoked Set for Electronics***

Consumers often think of Amazon, BestBuy, and other electronic stores when interested in purchasing electronics, not necessarily Target. Customers may think about Target when they are looking to buy clothes, groceries or toys, but not electronics. It is difficult to change the perception of Target, especially when faced with other larger, more established technology retailers.

### ***Security***

Considering the 2013 security breach, customers may be wary about using in-store payment kiosks to place their order. It is paramount that Target uses top of the line security software for these kiosks and demonstrates utmost confidence in these devices.

### ***Space for Electronic Expansion***

As of January 2014, Target revamped its electronics department in 17 stores across the country. These improvements included “discovery tables” to try out electronic devices and expanded team member training. Target also implemented a “kid zone” which had children’s movies playing as well as video games.<sup>166</sup> This is the type of space Apex Marketing would like to use in other stores as well. However, store renovations will disrupt normal store operations and adding space to the Electronics department means impacting other areas of the store.

## **Timeline**

### ***Promotional plan***

Apex recommends that the digital showroom development be constructed through a team of developers, Target.com personnel, and technology experts in a 16 month time frame. This would make the digital showroom completed on July 1st of 2016. January 1st, 2016, Apex expects a working prototype of the digital showroom. This date would allow the marketing team to effectively develop promotional materials for the new digital showroom for release along with materials about Target’s enhancement the in-store electronics department. When in-store renovations are completed, the promotional materials will be distributed to increase consumers’ awareness of Target’s technological expertise and product selection.

The promotional aspect of this plan will take three months in order to reach most of the Hispanic millennial target market and an additional two months for an even wider market. Within these five months, Target will be recording data about the effectiveness of the kiosks, online showroom, in-store

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<sup>166</sup> <http://www.abullseyeview.com/2014/01/target-to-test-new-electronics-entertainment-department-in-select-stores/>

enhancements, and promotional campaign. With this data Target can tweak their approach in order to be as successful as possible with their offerings and campaign.

### ***Store renovation***

Due to a limited space for electronic products in-stores, Apex suggests that Target renovate their electronic space to make room for the new showroom. This process would affect nearby departments and last for about three months. Store renovation plans include adding kiosks within stores that allow customers to browse Target.com and place orders. The minute store renovations are complete and the new electronics department is ready, Target will begin implementing the promotional “Plug-In-To-Target” campaign. To align with the promotional plan, store renovations should begin on May 1st, 2016.

### ***Measurement of success of plan***

Apex will measure the success of this plan primarily through sales, ROI and conversion rates. ROI, or return on investment, is the expected annual return a marketing campaign will yield. Conversion rates will specifically monitor traffic on the revamped Target website and measure the percentage of visitors who purchase a good. Apex expects the marketing plan to translate into robust technological sales in 2016, especially around back-to-school and the holidays.

### **Costs**

- Knowledgeable employees, more employees in electronics dept -- labor costs, incredibly variable due to employee skills, hours worked, and store location. Two additional employees full time at \$15 an hour would be an additional \$1200 a week.
- Kiosks -- \$500 for freestanding enclosure, plus \$500 for tablet. Six stations per store is \$6,000.
- Store renovation -- variable, \$100,000 per store.
- Shipping -- variable, money is saved by offering shipping to stores.
- Inventory -- must keep more inventories on hand so products are available to customers who need them, \$175,000 per store.
- Website development, online showroom, and video development -- for videos on every product available, as well as new website software, \$2,000,000.

### **Return On Investment (ROI)**

Based on historical data from 2011 to 2013 obtained through Target 10-K. Target has five main operating segments one of which is called Hardlines, which includes electronics and technology. However, Hardlines also includes, movies, books, computer software, sporting toys, music and video games and does not segment each of these different products but rather includes them in the aggregate. Apex expects the integrated marketing plan to produce a return on investment of 11% in 2015 and 21% in 2016 by exposing customers to technological products offered by Target. Our marketing plan estimates increased sales of \$2.65MM in 2015 and \$2.7MM in 2016. Over the past three year historical period Hardlines has accounted for 19%, 18%, and 18% of sales.

\*Numbers in millions\*

### ***Facts***

- Sales increased 5% from 2011-2012

- Sales increased -1% from 2012-2013
- COGS increased 5.65% from 2011-2012
- COGS increased -1% from 2012-2013
- Inflation is 1.5% in 2015 and expected to increase to 1.9% in 2014. Expected to stay under 2%/roughly 2%

### *Projections*

#### **Sales**

- \$73,868 for 2015--Hardlines--\$13,296--Technology and electronics(20% assumption)--\$2,659
- \$75,198 for 2016--Hardlines--\$13,535--Technology and electronics(20% assumption)--\$2,707

#### **COGS**

- \$50,940 for 2015--Hardlines--\$9,169--Technology and electronics (26% assumption)--\$2,400
- \$51,587 for 2016--Hardlines--\$9,285--Technology and electronics (26% assumption)--\$2,414

### *ROI*

#### **2015**

- $(2,659-2,400)/2,400=.10 = 11\%$

#### **2016**

- $(2,707-2,414)/1,414=.45 = 21\%$