2016: Our Strategy Coming Into Focus

Target to invest billions to improve supply chain, ramp up online growth

Target Goes After Millennials With Small, Focused Stores
Retailer opens shops in cities and college towns as sales slow at big-box suburban outlets

Target's strategy is all about creating a hassle-free customer experience
March 4, 2018
Testing and Learning

• Modernize our supply chain
• Update our stores
• Utilize stores as fulfillment hubs
• Train our team for success
Target has big success with small stores

Target had its best year since 2005

In a Class By Itself: How Target Became the Model in U.S. Retail

Target’s Innovation Continues to Drive Value
Replenishment
95% of all sales fulfilled by stores
Shopping Behavior Changes

Heavy Stock-Up Trips → In-Store Surges → Shift to Online
Hundreds more deliveries every day
A Year of Big Demand
Our **flexible supply chain** helps serve our communities.
Fulfilling through our same day services costs 90% less than shipping from a warehouse.
drive up

order pickup

600% increase in drive up

70% increase in order pickup
same day delivery

Delivered by Shipt®
same day delivery

Delivered by Shipt

300% growth in Target sales from Shipt
same day delivery

drive up

order pickup

Delivered by Shipt®
Making Target the easiest and safest place to shop.
Stores as Hubs
Fulfilling more in a day than we were in a week the year before.
Records were set and broken. Again. And again. And again.
Handling Waves of Volume

- Staffing for peaks
- Cross training to be ready for busier times
- Adjusting storage space to hold more orders
- While maintaining high Net Promoter Scores and broadening the assortment
All Hands On Deck
A remarkable year
A remarkable year with room to grow.
Sales Per Square Foot

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Sales Per Square Foot</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$434</td>
</tr>
<tr>
<td>2020</td>
<td>$499</td>
</tr>
</tbody>
</table>

**Top Quartile Average**

**Chain Average**

2018: $306
2020: $372

*Based on mature stores*
2020 Remodels
VIDEO
Lake Street Store Rebuild
Our team is dedicated to their communities.
Team Member Investments

- Training specialists in different areas
- Adding flexibility to our operation
- Improving benefits and wages
- Providing more hours
As our business grew, our operations flexed with it.
Looking Ahead
~30% increase in average DC supported sales per square foot
20% overall business growth in 2020

95% of sales fulfilled by stores

Time to expand our supply chain
Simplify the Unload Process
VIDEO
DC Robotics – Auto Rebin (no audio)
VIDEO

DC Robotics – Ship Sorter (no audio)
Designed to Work Together
Learn + Iterate
Predictive Inventory Positioning
Predictive Inventory Positioning

25% faster than previous system
Replenishing inventory with **speed** and **precision**.
Providing More Same Day Options
Pickup Options

- Expanding apparel and fresh food
- Rolling out Adult Beverage to hundreds more stores
Where do you want your bags?

Driver

Passenger

Back left

Back right

Trunk

Done

Skip this step

Confirm your order

3 items • $27.53

Pickup person

Beth Smith

Add

Add pickup person

First name
Jane

Last name
Jones

Email address*
jane.jones@gmail.com

* A Target account is required for Drive Up. Switch to Order Pickup to have someone without an account pick up the purchase in store with a valid ID.
Stall 1

drive up

Enter stall number in app upon arrival
Team Member App
Ship From Store
Scaling Our Capability
Shetland Mikhter
VIDEO
Sortation Centers
Sortation Center Concept

• Saves stores time and space
• Allows for more order fulfillment
• Moves product faster at a lower cost
2021 New Stores
Future Store Design

- Increasing contactless features
- Adding distance between merchandise
- Allowing more space at the checklane
Brand Partnerships
Having an engaged team leads to better results.
New Standard of Service
Thank you!
Target’s holiday sales show the importance of stores even as COVID-19 drives business online

Target continues to thrive in whirlwind retail environment

Target’s same-store sales up 17% over the holidays as it holds on to some of its pandemic gains

Target’s strong holiday numbers prove retailers don’t need Black Friday anymore
Our work is not done.
financial community meeting