

## Target Sales Down, Will 'Rebalance' Food and Fresh

Recent same-store sales at Target were down 7.2 percent while Walmart reported an increase of 1.6 percent. This has left the financial community more than slightly concerned about Target's performance.

Brian Cornell, CEO of Target, addressed the market's concern by introducing a companywide "rebalancing" process. It will start with top-to-bottom reviews of underperforming departments. His short list includes electronics, fashion, home goods and a focus of this Angle, food.

The Target food team should be enthusiastic about a review of current and future guidelines for presentation, assortment and promotion. They are the cornerstones of Cornell's "rebalancing" strategy. Here are some observations and suggestions that may play a role in the "rebalancing" process.

### Presentation

- Target stores have always been clean and neatly merchandised. I suggest they build on this strength. Customers like to buy food in a clean store.
- Food appears to be subordinate to non-food departments. Often it is located in a corner, far from the checkstands. I suggest a store layout that allows for perishables and frozen food to be merchandised closer to checkstands. Most customers prefer that refrigerated items go into the shopping cart last.
- Store visits indicate much of the shelf replenishment is done during shopping hours. I suggest that activity be done as much as possible when store is closed.

### Assortment

- The customer should feel they can complete their shopping list at a store. Not sure that is the case at Target? An increase in selection will pay dividends.
- Market Pantry, the Target private label, is reminiscent of the generic labels of years past. It appears some upgrades are in the process.

### Promotion

- Limited space in the grocery department does not allow for large "buy me" displays.
- The quality of Target's print advertising is among the top in quality, with great graphics. Target may want to consider including more food items on the front page. In recent print ads, Walmart included all the edibles at good prices for a Labor Day party. Ninety percent of Target's front page was a \$1,000 TV.

L.A. 25 is a "rebalancing" program undergoing a test in Southern California. Grocery sales in test stores are up 2-3 percent, and fresh is up 5 percent early in the test.

The bottom line is that under Mr. Cornell's leadership, Target will rebound. He is a good merchant with experience in food retailing and the beverage business. His "rebalancing" plan with a long-term fix and short-term competitive pricing structure is right on.

Chase those sales—they won't chase you!

*After a 40-year career that included executive-level positions with Safeway, Lucky Stores, Appletree Markets and Save Mart/Food Maxx, Art Patch retired from the retail grocery business in 2007. He is a graduate of San Jose State College and the Cornell Food Executive Program. Patch is on the ExecuForce Team of Encore Associates and is a counselor for SCORE, helping new and emerging businesses develop business and marketing plans. He welcomes your feedback. Email him at ALPangle@aol.com.*

