

Target pushes innovation but also promises to fix the basics

September 17 2015, by Anne D'innocenzio



Thousands of Target employees wait for the start of Target's annual meeting in Minneapolis, Wednesday, Sept. 16, 2015. Target announced at the event Wednesday that it plans to open a futuristic store in the next 18 to 24 months that will serve as a laboratory for innovation. (AP Photo/Craig Lassig)

Target is using 25 stores in the Los Angeles area as testing grounds for the retailer's top 50 innovations—from electronic tags to adviser services in the baby department.

CEO Brian Cornell said the test stores will help the company determine how its new and existing stores will look in the future as Target works to improve the customers' experience while pushing innovation.

The program is due to start later this year and comes a time when Target faces stiff competition from the likes of e-commerce heavyweight Amazon.com.

But executives also emphasized the Minneapolis-based retailer needs to fix some more down-to-earth problems, like keeping its products—from basic necessities like diapers to home goods—in stock.

Target announced the moves Wednesday at an annual event attended by 13,000 store managers and executives from around the country that serves as part pep rally, part business meeting.

The three-hour event was peppered with performances from Shakira, Luke Bryan and Imagine Dragons. The mood was a lot more upbeat than last year when the retailer was struggling with a string of sluggish sales as a move to sell basic groceries like milk during the Great Recession distilled its fashion edge.



Target employees pose with "Bullseye" the official mascot of Target Corporation before Target's annual meeting in Minneapolis, Wednesday, Sept. 16, 2015. Target announced at the event Wednesday that it plans to open a futuristic store in the next 18 to 24 months that will serve as a laboratory for innovation. (AP Photo/Craig Lassig)

And a year ago, it was also still smarting from a massive pre-Christmas 2013 data breach that sullied its reputation. But Target is seeing momentum in its turnaround that is being spearheaded by former PepsiCo executive Cornell who came on board in August 2014.

"We're still facing challenges, but we're turning a corner," Cornell told the audience dressed in the retailer's company-color red shirts and khaki pants. In an unscripted speech, he apologized for taking his eye off the

ball on some of the basics.

"I owe each of you an apology," he said. "I didn't spend enough time in retail fundamentals."

Target is restoring its cool with spiffier merchandise and presentations that have helped perk up sales and customer visits over the past year. Under Cornell, it is focusing on stylish products in fashion, home, baby, children's and wellness items. It's also ramping up its assortment of organic and natural products in the food aisle.

It also aims to be more nimble. So it's spending \$1 billion this year in technology and overhauling its distribution system, which has been stretched as consumers are shopping in new ways, such as buying online and picking up at the store.



Target Chairman and CEO Brian Cornell speaks to target employees during

Target's annual meeting in Minneapolis, Wednesday, Sept. 16, 2015. (AP Photo/Craig Lassig)

As part of its efforts to overhaul its supply chain, Target promoted John Mulligan to chief operating officer from [chief financial officer](#). He will be working to make the cash register systems more reliable. At times, Target's cash registers have frozen, causing shoppers to have to move to another register.

The company also plans to use electronic tags, or [radio frequency identification](#), on all of its clothing merchandise by early next year that will help manage inventory as well as make it easier for employees to help shoppers find what they want in the store.

Target announced that it's also launching a small test with eBay's global shipping program to sell and ship Target.com products to 64 countries. It also signed a deal with Techstars, one of the world's most respected business incubators to open a location at its Minneapolis headquarters. The purpose: to offer access to acquisition opportunities.



Target employees arrive for Target's annual meeting in Minneapolis, Wednesday, Sept. 16, 2015. Target announced at the event Wednesday that it plans to open a futuristic store in the next 18 to 24 months that will serve as a laboratory for innovation. (AP Photo/Craig Lassig)

© 2015 The Associated Press. All rights reserved.

Citation: Target pushes innovation but also promises to fix the basics (2015, September 17) retrieved 25 April 2024 from <https://phys.org/news/2015-09-basics.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.