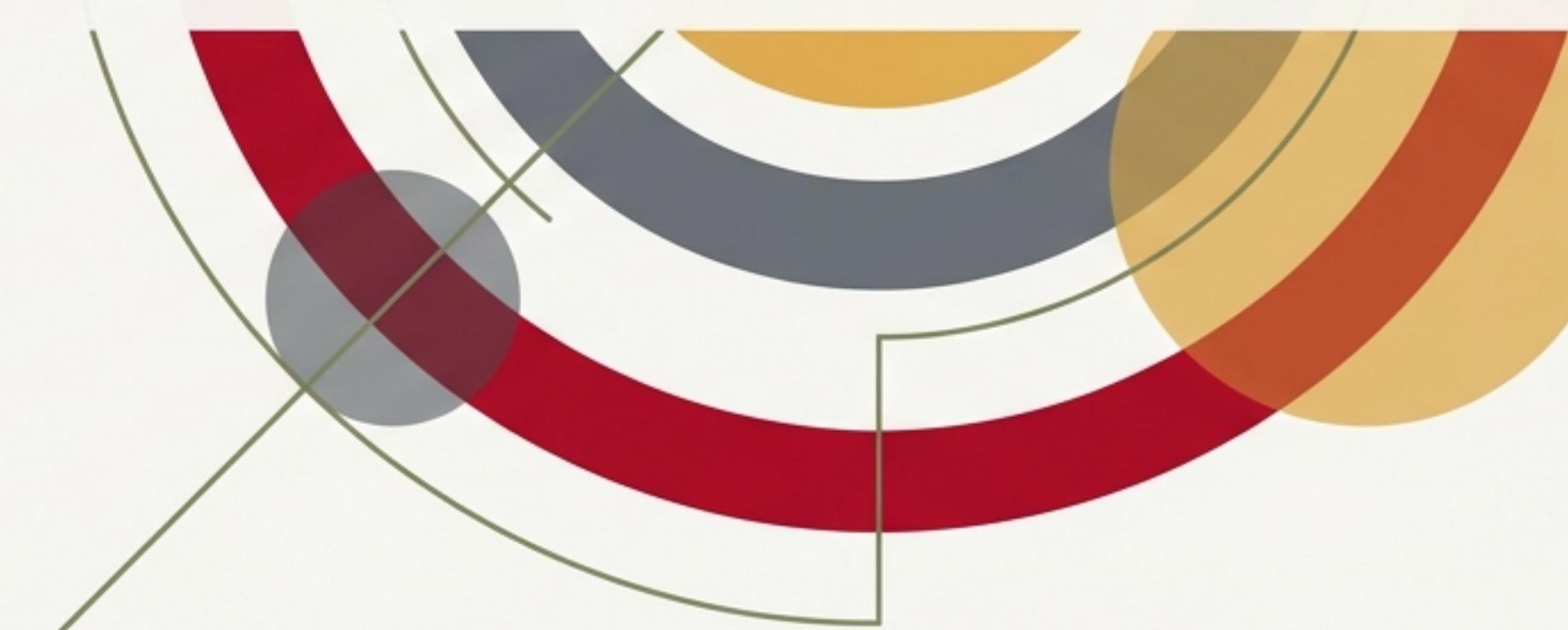




Target Brazil E-Commerce: A Strategic Path to Accelerated Growth

Data-Driven Insights for 2019 Planning



Our Business is Accelerating: Three Core Strategies to Drive the Next Wave of Growth

19.99%

YoY Revenue Growth

in 2018, reaching \$7.39M from \$6.16M in 2017
(despite including only Q1-Q3 2018 data).



1. Capitalize on High-Value Customers

Our growing high-spender segment is the primary engine of revenue. We must deepen engagement and foster loyalty with this group.

2. Optimize for Peak Performance

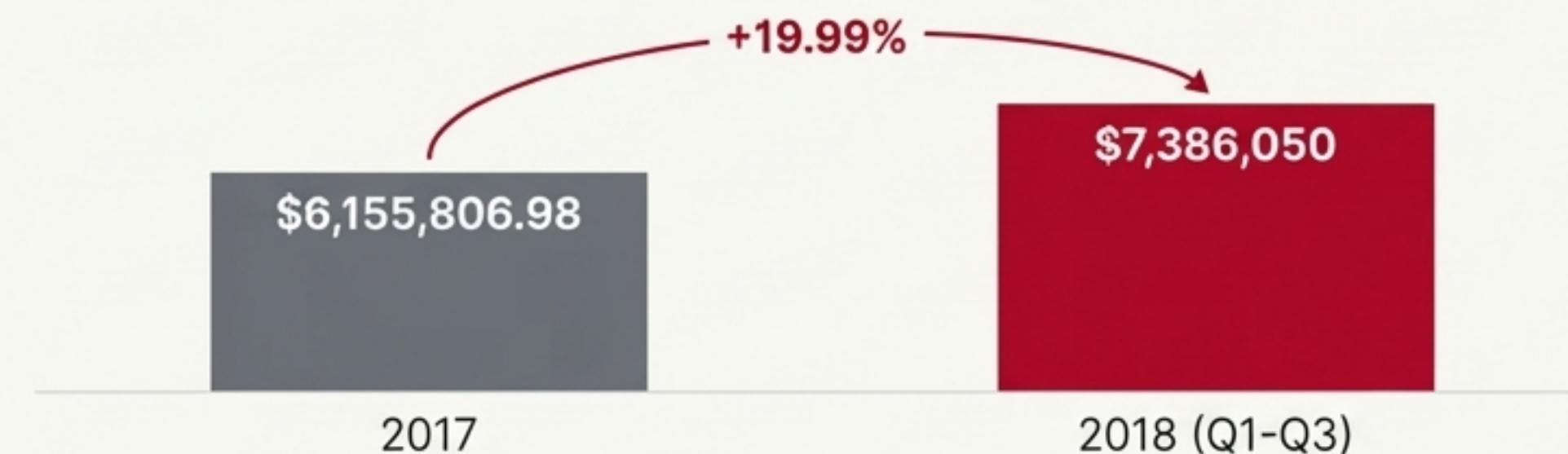
Revenue is increasingly concentrated in top product categories and seasonal peaks. We must align inventory and marketing with these proven powerhouses.

3. Enhance Operational Efficiency

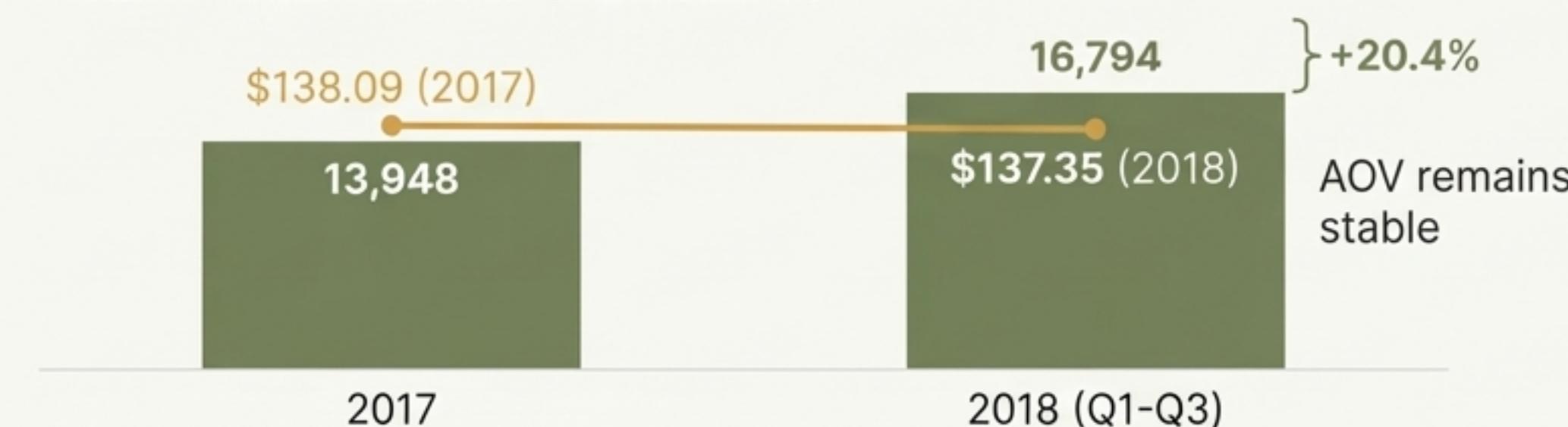
The shift in payment preferences presents a clear opportunity to reduce transaction costs and improve the customer experience by promoting UPI/PIX.

Strong Growth is Fueled by a 20.4% Increase in Order Volume

Year-Over-Year Revenue Growth



Volume is the Driver of Revenue



Key Takeaway

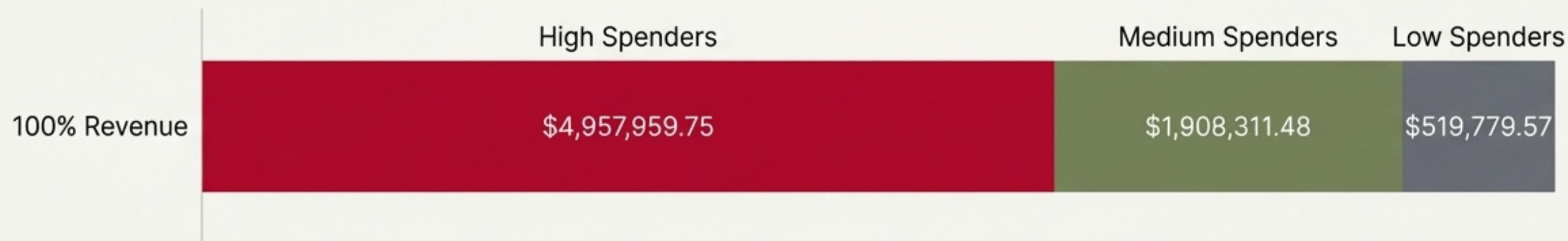
Our revenue growth is robust, driven by a significant increase in the number of orders, signaling strong market penetration and customer acquisition.

PILLAR 1: CAPITALIZE ON HIGH-VALUE CUSTOMERS

High Spenders are the Engine of Our Revenue

We segment customers based on their average spend to understand purchasing power. The High Spender segment, while not the largest, contributes the most significant share of our revenue.

Revenue Contribution by Customer Segment (2018)



High Spenders generate more revenue than the Medium and Low spender segments combined, making them critical to our financial performance.

The High Spender Segment is Expanding and Consolidating Its Importance

High Spender Order Growth

+20.4% 

2017 Orders: 13,948
2018 Orders: 16,794

High Spender Revenue Growth

+18.85% 

2017 Revenue: \$4,171,469
2018 Revenue: \$4,957,960

This segment's share of total orders is increasing. While their average order value saw a slight decline (from \$299.07 to \$295.22), the explosive growth in order volume more than compensated, solidifying their status as our primary growth driver.

Mid-Tier and Low-Tier Segments Represent Our Next Growth Frontier

YoY Growth in Emerging Segments (2018 vs. 2017)

Medium Spenders

Revenue Growth: **+21.33%** ↑

Order Volume Growth: **+17.97%** ↑

AOV Growth: **+3.20%** ↑

from \$87.73 to \$90.53

Low Spenders

Revenue Growth: **+26.30%** ↑

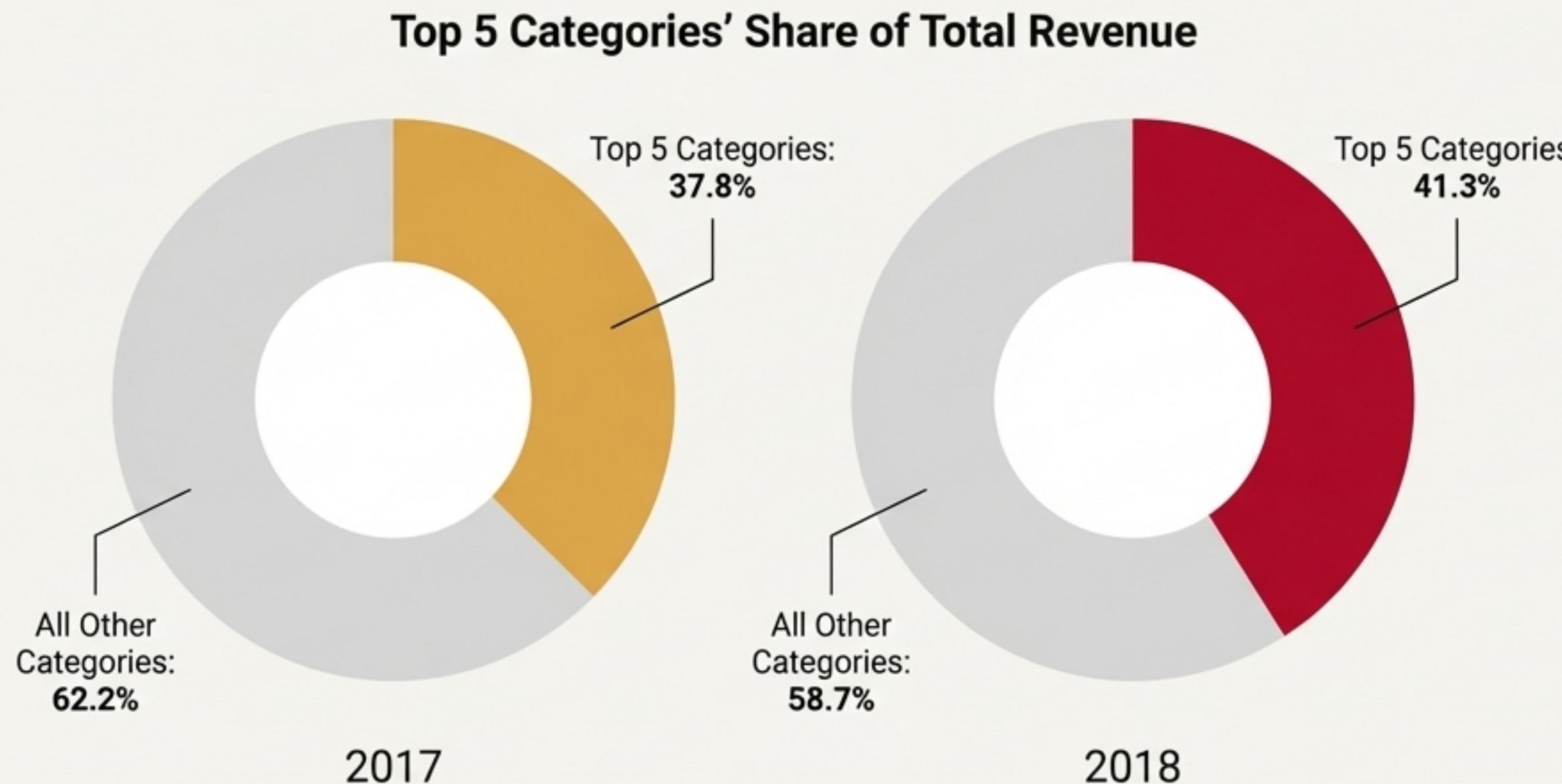
Order Volume Growth: **+25.18%** ↑

AOV Growth: Stable

The **Medium Spender segment** is a key opportunity, showing strong growth in both volume and AOV. The **Low Spender segment** is **expanding the fastest**, indicating a growing customer base that can be nurtured into higher-spending tiers.

PILLAR 2: OPTIMIZE FOR PEAK PERFORMANCE

Revenue is Increasingly Concentrated in Our Top 5 Product Categories

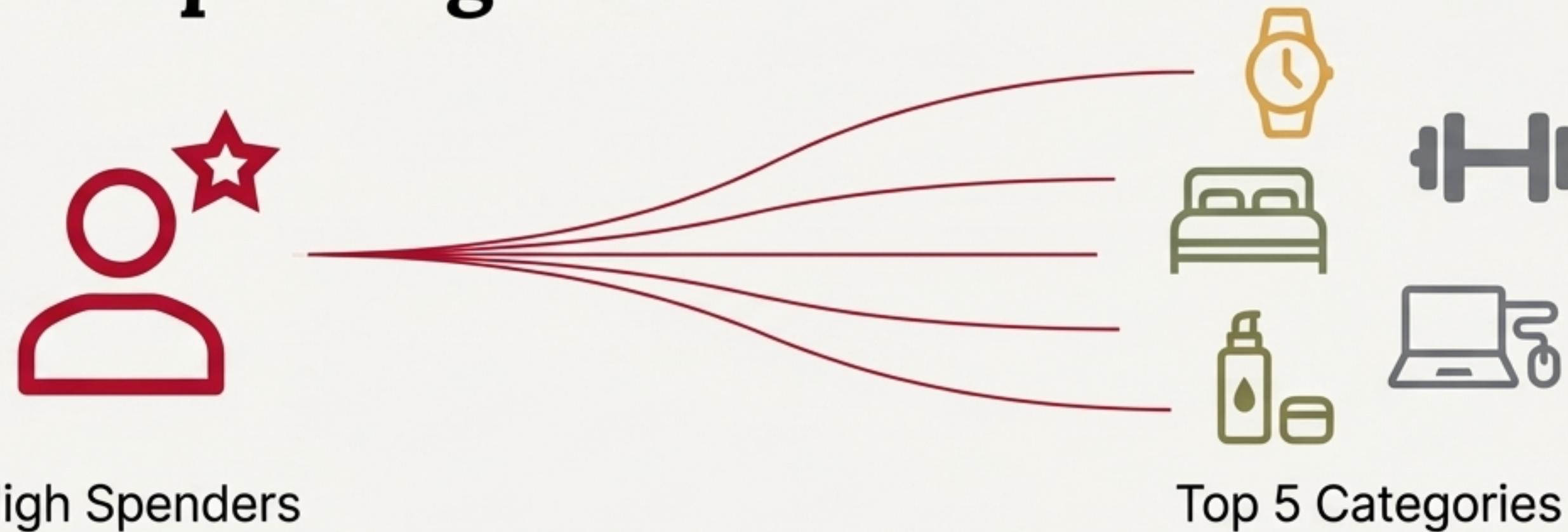


Top 5 Categories

1. Bed, Bath & Tableware
2. Watches & Accessories
3. Health & Beauty
4. Sports & Leisure
5. Computer & Laptop Accessories

Key Insight: The reliance on our top categories is growing. This consolidation requires a strategic focus on product assortment, marketing, and supply chain for these key segments.

High Spenders Show a Strong Affinity for Our Top Categories



Our analysis confirms that High Spenders are the primary purchasers within our top five revenue-generating categories. This symbiotic relationship reinforces the importance of a dual strategy: marketing these specific products to our most valuable customers.

Personalization and marketing campaigns promoting our core product categories to the High Spender segment will yield the highest return on investment.

The Q4 Holiday Peak Presents a Significant Annual Opportunity

2017 Monthly Revenue



Top Categories in Q4 2017

During the holiday peak, revenue was led by:

1. Watches & Accessories
2. Bed, Bath & Tableware
3. Health & Beauty
4. Sports & Leisure
5. Toys & Games

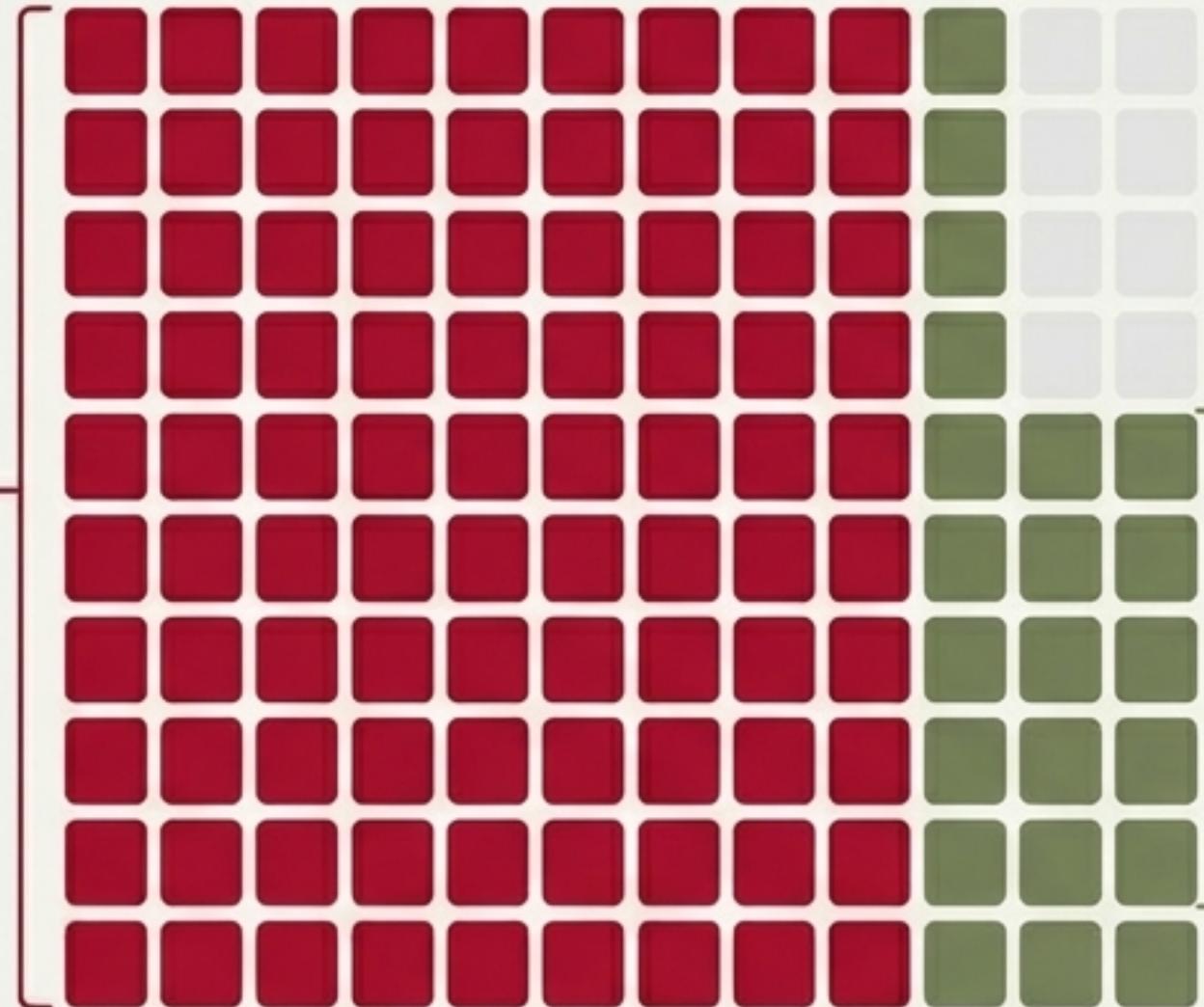
The Q4 holiday season, driven by specific categories like Toys & Games, is our single most important sales period. Proactive inventory, logistics, and marketing planning are essential to capitalize on this trend.

Our Payment Landscape is Dominated by Credit Cards and UPI/PIX

Transaction Share by Payment Method

96.44% of all transactions are made via Credit Card or UPI/PIX.

1



UPI/PIX currently accounts for **19.29%** of transactions.

Credit cards remain the most popular method, especially for higher-value orders. However, the modern, instant payment system UPI (known locally as PIX) has rapidly gained significant traction.

Driving UPI/PIX Adoption is a Clear Opportunity to Reduce Costs and Improve CX



Credit Card

- Key Attribute: Higher Merchant Fees



UPI/PIX

- Key Attributes:
 - Significantly Lower/No Merchant Fees
 - Instant, 24/7 Transactions
 - Enhanced Security

Incentivizing customers to shift from credit cards to UPI/PIX can directly reduce our transaction costs, improving profit margins. The speed and convenience of UPI may also encourage more frequent purchasing.

Strategic Recommendations for the Next Wave of Growth



Pillar 1: Capitalize on High-Value Customers

Develop VIP programs, personalized promotions, and early-access sales to boost retention and lifetime value for the growing High Spender segment.



Pillar 2: Optimize for Peak Performance

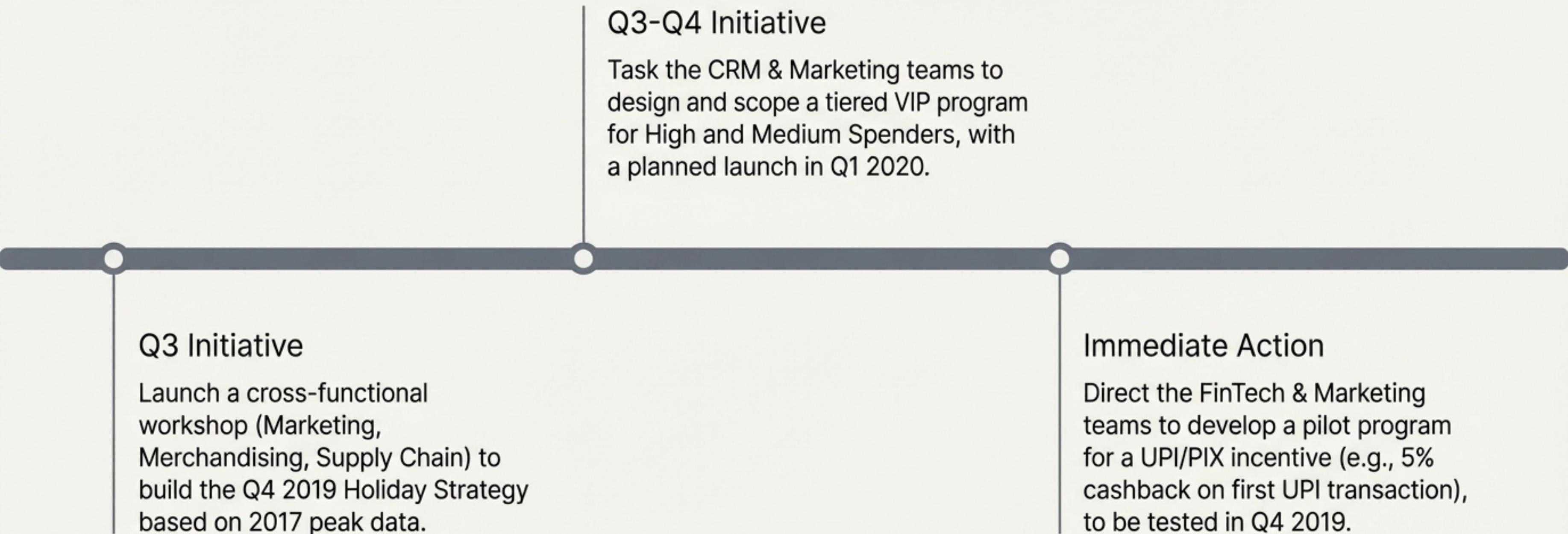
Leverage Q4 sales data to enhance promotions and stock levels for top categories. Use categories. Use bundling and upsell strategies to increase AOV during peak seasons.



Pillar 3: Enhance Operational Efficiency

Incentivize UPI/PIX adoption through discounts or loyalty rewards to reduce merchant fees and streamline the payment process.

Proposed Next Steps



Appendix: Customer Segment Performance Data (2017 vs. 2018)

| Customer Segment | Metric | 2017 | 2018 | YoY % Change |
|------------------|---------------|----------------|----------------|--------------|
| High Spenders | Total Revenue | \$4,171,469.07 | \$4,957,959.75 | +18.85% |
| | Total Orders | 13,948 | 16,794 | +20.40% |
| | AOV | \$299.07 | \$295.22 | -1.29% |
| Medium Spenders | Total Revenue | \$1,572,786.69 | \$1,908,311.48 | +21.33% |
| | Total Orders | 17,927 | 21,079 | +17.97% |
| | AOV | \$87.73 | \$90.53 | +3.20% |
| Low Spenders | Total Revenue | \$411,551.22 | \$519,779.57 | +26.30% |
| | Total Orders | 12,703 | 15,902 | +25.18% |
| | AOV | \$32.40 | \$32.69 | +0.89% |

Appendix: Analysis Assumptions and Caveats

Assumptions

- The provided dataset is complete and accurate for the periods covered.
- Sales trends in the dataset are representative of the broader Brazilian e-commerce market for Target.

Caveats

- **Missing Data:** The 2018 dataset covers only Q1-Q3; Q4 2018 data is not included. This may impact direct YoY comparisons, though the observed growth is still significant.
- **Limited Customer View:** Without unique customer identifiers, repeat purchase behavior is inferred from transaction patterns rather than directly measured.
- **External Factors:** The analysis does not account for macroeconomic factors such as inflation or currency fluctuations that could influence purchasing behavior.