Proposed to:

Gregg W. Steinhafel, Target Corporation CEO

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1423 North Jordan Avenue

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Gregg Steinhafel, CEO of Target Corporation

Target Corporation

1000 Nicollet Mall

Minneapolis, MN 55403

Dear Mr. Steinhafel,

Subject: Creating the Time Saving Pharmacy

We begin by thanking you for taking time to look over our business proposal. We recognize that Target’s brand is built upon the “Export More. Pay Less.” mantra of customer service, and believe this should serve as Target Pharmacy’s distinguishing quality. Our Pharma-Booth will highlight guests’ in-store experience by adding value and convenience to Target’s current pharmacy environment. This will boost Target Pharmacy’s public brand and reputation.

With 5,000 people turning 65 every day, Target pharmacy should take advantage of the opportunity to service this demographic. While this demographic is a key part of success in the pharmaceutical industry, Target remains interested in attracting every audience possible. When analyzing Target’s pharmacy, the biggest problem was guests’ lack of knowledge. In order to increase guest awareness, we plan that Target creates a distinct Target Pharmacy marketing campaign based on emphasizing excellent guest services. The main objective of our campaign is to bridge the gap across different generations through Target’s Pharma-Booth. Pharma-Booth will be the guest-friendly information kiosk designed to speed up the prescription process and provide superior guest service to that of other pharmacies. Traditional guests will have a choice of speaking with a pharmacy technician or pharmacist at the counter, while technology-savvy guests have the option to use a tablet to answer any medication questions they may have. Guests will sign in and receive a pager that will buzz when their prescription is ready for pickup. The pager allows guests to spend time shopping around the store and make other purchases. This shortens the line and length of time at the actual prescription counter. The Pharma-Booth provides shorter lines at the prescription counter and new services to quickly label Target as the premier timesaving pharmacy.

If you have any questions about our proposal, please feel free to contact us at skgolubs@indiana.edu or call us at 317-966-3409.We offer our complete assistance in order to incorporate our Pharma-Booth in the Target Pharmacy. We believe our plan will convert existing Target guests to Target Pharmacy users as well as attract completely new Target guests.

Sincerely,

Sarah Golubski Robert Mulligan Evan Goss Clare Bohne Matthew Rubin Michael Kalmin

BB Consulting

**Executive Summary**

**Purpose of the Report**

The purpose of this report is to: 1) assess the existing Target Pharmacy market and its expansion receptiveness and 2) detail a plan for Target Pharmacy to differentiate itself as a retail pharmacy through our Pharma-Booth. Pharma-Booth’s innovative technology and service will give Target a sustainable, competitive advantage as a retail pharmacy.

**Attracting a New Market**

While the United States’ population continues to age and the Affordable Care Act takes effect, Target Pharmacy has the opportunity to serve an entirely new demographic consisting of those both older and younger than the typical Target guest. It is our goal to attract all of these new guests, as well as convert existing guests to Target Pharmacy users while at the same time providing the most efficient, effective services in the market. Target can differentiate itself from competitors by implementing a modern strategy aimed to shorten pharmacy guests’ wait time and boost in-store traffic. We believe our innovative information kiosk, Pharma-Booth, will combine technology and convenience while serving every kind of Target guest.

**Target Leaves It’s Mark on Pharmacy**

As Target Pharmacy attempts to capture the growing pharmacy market, Pharma-Booth will utilize technology to accommodate guests’ pharmacy needs for filling prescriptions while saving her time too. Through tablets and pagers, technology-savvy guests of all ages can be served as quickly as possible while shortening lines at the prescription counter that can now be reserved for specific mediation questions and complete face-to-face guest interactions. Pharma-Booth will also serve as an in-store marketing campaign that will expose Target Pharmacy to traditional Target guests and completely new pharmacy users simultaneously. Furthermore, Pharma-Booth highlights guests’ in-store experience which will increase traffic for Target Pharmacy and other Target departments subsequently.

**Creating a Time Saving Pharmacy**

1. The first Pharma-Booth will be implemented in the Minneapolis, MN Target store

for beta testing.

2. The Pharma-Booth’s in-store location will be near the healthcare and beauty

departments of the Target store.

3. A certified pharmacy technician will be hired to manage the Pharma-Booth and

assist guests.

4. The Pharma-Booth will be equipped with tablets for guests to quickly sign in to the pharmacy, look up medication information, and use the target mobile pharmacy site.

5. Guests will receive pagers after signing into the Pharma-Booth that will notify

them when their prescriptions are ready for pick-up. The pagers will work anywhere in the Target store.

**Introducing Pharma-Booth**

To fit in with Target’s “Expect More. Pay Less” mantra, outstanding guest services must set Target Pharmacy apart from other pharmacies. Pharma-booth will be the guest-friendly pharmaceutical information kiosk designed to speed up the prescription process and provide the guest with a pleasant trip to the pharmacy. Traditional guests will have a choice of speaking with a pharmacy technician or pharmacist at the counter, while technology-savvy guests have the option to use a tablet to answer any medical questions they may have. Guests will sign in and receive a buzzer that will go off when their prescription is ready. The buzzer allows guests to spend time shopping around the store and make other possible purchases. This shortens the line and length of time at the actual prescription counter and increases sales within other departments. With the addition of the Pharma-booth, the prescription counter can be reserved specifically for pick-up of prescriptions.

After analyzing Target’s history and current position in pharmacy, we will show how Pharma-booth will revolutionize the Target Pharmacy environment and give Target a competitive advantage in the market.

**Sparking change: Targeting the Times**

The pharmacy industry has sparked Target’s interest with a great deal of growth potential for the future. Now Target wishes to expand into the retail pharmacy market as a quality service provider.

Target promises guests to “Expect More. Pay Less” (Capturing the Growing Pharmacy Market). Target Pharmacy values guests, with programs tailored to provide for their every need. Target Pharmacy now sees new opportunity in regards to the Baby Boomer generation. The Affordable Care Act and growing number of citizens approaching the retirement age will cause an influx of consumers in the pharmacy market. While the population ages and requires more medication, Target Pharmacy must continue to differentiate itself and increase its market share by focusing on modern technology and guest convenience. Time is essential. This will convert current guests to pharmacy guests as well as attract new Target shoppers. Thus, Target must adapt new strategies to satisfy these new guests.

**Target Pharmacy’s Past**

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| Figure 1: Prescription Bottle    C |

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| Source: Google Images |

Target has already expanded its operations as a retail pharmacy in the past years. In 2005, Target created 150 pharmacies to add to its existing 1,000 in-store locations. Today, Target operates over 1,683 stores in 48 states, including 1,519 pharmacies and 28 health clinics (Fast Facts). All Target pharmacies generate value through its programs. The $4 generic drug program highlights innovation through technology. The ClearRx system addresses prescription distribution for guests, offering easy-to-use bottles and easy-to-read labels to limit mistakes in drug usage for consumers. Target’s Mobile Pharmacy is another leading technology that allows guests to adjust their insurance claims and manage their automatic prescription refills simultaneously through a smartphone. Yet one of the most successful pharmacy platforms Target established is its rewards card. Guests receive a 5% discount on a day of shopping at Target after filling 5 prescriptions through its pharmacy (Pharmacy). In 2010, the year Target implemented the rewards program, executives reported that “pharmacy company sales grew at seven times the company rate for the year, while the number of guests enrolled in the program grew by 70% percent and those enrolled shopped an additional five times and spent an extra $90 million in stores” (Pharmacy Moves into the Spotlight at Target).

Such pharmacy programs affect guests’ in-store experience, increasing traffic for Target Pharmacy and other departments simultaneously. As Target focuses on acquiring new guests, it is critical that its new strategy produces similar successful results.

**Target Matches Up**

United States consumers spent over $259 billion on prescription drugs in 2010 alone. In a 2011 study, Target Pharmacy currently ranks 10th against fierce competitors such as Walgreens and Wal-Mart. Target controls a miniscule 1.1% market share of this rapidly emerging market within the United States (Adam). Walgreens and CVS set the bar for stand-alone pharmacies controlling 8% of shares of prescription medicine revenue

(2012 Market Share of Top Pharmacies). Kroger and Wal-Mart dominate as retail pharmacies (Drug Store News). The amount of retail prescription growth in America jumped $3.20 billion in 2001 to over $4 billion now (Zhang). Target’s average guest is 41 years old with 63% having graduated college, making her a young, educated guest in the retail market. A typical Target guest has a 43% chance of having children and makes on average $63,000 a year. Additionally, about 60% of Target’s guests are women, while about 45% of guests are between 25 and 44 years old (Carmichael). While Target currently markets towards middle-aged married women, Target Pharmacy has the possibility to serve all demographics and should adapt new campaigns to reflect this. *In order for Target Pharmacy to establish a competitive advantage, it should consider every type of consumer.*

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| Figure 2: Largest U.S. Pharmacies |

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| Source: Pembroke Consulting |

**Baby Boomers And New Consumers**

Approximately 13% of the United States population is 65+ years of age (Online Statistical Data on the Aging), but they consume about 30% of prescription medications and 40% of over-the-counter medications (Wellein). The Baby Boomer generation has 5,000 people turn 65 years old every day (Capturing the Growing Pharmacy Market). Incorporating this demographic into Target’s business plan will be the key to unlocking success in the pharmaceutical industry. Currently, 13% of the United States population is 65+ and an expected 88.5 million Americans will be 65+ in 2050. 90% of people 65+ fill at least 1 prescription a month and 65% take 3 per month ("Baby Boomers Control 70% Of US Disposable Income”).

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| Figure 3: Percentage of prescription drugs used in the past month, by age: United States, 2007-2008 |

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| Source: Google Images |

While Target’s typical guest is the educated, 40-something, family woman, the growing need for pharmacy services has created a new Target Pharmacy consumer. To capture this potential audience, Target must focus on understanding her needs and wants.

**ACA**

According to the *New York Times*, 48 million people will now receive health care due to the Affordable Care Act (Obamacare). Pharmacies are expected to receive an influx of new young shoppers. According to Target executive, Dan Dumonsau, Target is not sure exactly how it is going to approach the huge influx of new customers in the next few months.

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| Figure 4: Obamacare symbol |

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| Source: Google Images |

**What She Values**

It is important for Target to understand these new types of guest and develop features to provide for their specific wants. Therefore, Target must assess what she values.

Baby Boomers account for the second largest amount of television watched per month (Baby Boomers Control 70% Of US Disposable Income). In fact, those 65+ years old, are the only group of people who watch more TV than Baby Boomers. While TV seems to be an obvious necessity, the Internet proves to be a more commanding part of life for people in this age group. 82% of adults that are 50+ years old use the Internet to research health and wellness information (Resources - 50 Facts & Fiction). Research is not their only reason for using a computer. Social media is another widely used outlet for Baby Boomers. In a survey by *Social Media Today*, 50% of social media users said they “follow product and service recommendations from their online friends,” and 50% of Twitter users specifically said they “are more likely to purchase brands they follow” than brands they do not follow (Pick). The same study also revealed that 47% of Americans say “Facebook has a greater effect on their purchase habits than any other social media” (Pick). To this point, Target does have both a Facebook and Twitter page, but has not developed any pharmacy-specific accounts. Target should utilize these channels of communication in marketing its pharmacy because it is both efficient and effective. Connecting with future guests through modern technology will only add to Target Pharmacy’s unique brand.

**Pharmacy Woes**

Target Pharmacy can capitalize from standard pharmacy system flaws with its new strategy. A survey commissioned several years ago by Target and conducted by Harris Interactive revealed that nearly 6 out of 10 adults in this country have taken prescription medication incorrectly. The same survey found a number of reasons why adults rarely or never read their prescription information sheets. The study concluded that prescription language is usually standard and does not vary from prescription to prescription. This makes medication information wordy, overwhelming, complex, and incomprehensible (Pharmacy Moves into the Spotlight at Target). Addressing this issue, as well as others, would boost guest satisfaction and Target Pharmacy’s reputation.

**Flaws in the system: The long line**

Another prevalent problem is long waiting lines at pharmacy counters. Whether picking up a prescription refill or asking about a specific mediation, all pharmacy guests dread wasting time in lines. However, this situation happens numerous times to many pharmacy users. It is estimated that Americans wait in line for 37 billion hours per year (Albright and Wayne). Personal, quality service requires a short wait for guests. Target aspires to be seen as a high-quality service provider. Target Pharmacy shares this same value; therefore, Target Pharmacy should concentrate on shortening guests’ waiting time to differentiate itself from rivals.

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| Figure 5: Pharmacist and Customer |

**Meet Pharma-Booth**

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| Source: Google Images |

Pharma-booth solves the infrastructure flaws in the traditional pharmacy model. The information kiosk will give a friendly question-answering service for guests with prescription questions. Pharma-booth creates a shorter line, as it’s quick and easy to sign-in, drop-off, or pay at the booth to fill your prescription. Shorter lines at the prescription counter and new services provided by the Pharma-booth will quickly label Target as the premier timesaving pharmacy. As a further convenience, guests will get buzzers to let them shop around the store instead of being forced to wait at the counter. With Pharma-booth, guests experience a timesaving and efficient pharmacy.

**The First Pharma-Booth**

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| **Will Minneapolis skew results?**    While Target is a very popular brand in Minneapolis, it is possible this can have a negative effect. Target’s strong guest base in this area may lead to skewed results of Pharma-Booth’s success. It is possible that the residents of the area may be biased and favor Pharma-Booth more than the average Target location. Even though this is possible, this beta test location will still give a good read on how successful Pharma-Booth can become. |

In the beginning, Pharma-Booth will be an experiment. To start out, Pharma-Booth will be a beta test in one store. The first Pharma-Booth will be placed in Minneapolis. The Target store located on 900 Niccolett Mall Road is the specific store chosen to test Pharma-Booth.

**The People of Minneapolis**

The demographics of Minneapolis will help contribute to the success of Pharma-Booth. The population of Minneapolis is 382,578 according to the US census. 63.8% of the population is white, 18.6% is African American and 10.5% is Hispanic. The median age of Minneapolis is 31 and 11.7% of its residents are between the ages of 25 and 29. 6.5% of Minneapolis’ s population is between 40 and 44 years old (U.S. Census). The median age of a Target guest is 41. Therefore, many of Minneapolis’s residents are or soon will be of typical Target guest age. The median household income of Minneapolis is around $45,000. However, 9.9% of resident make between $60,000 and $75,000 annually. There are many residents in Minneapolis similar to the typical Target guest median income of $63,000(City-Data).

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| Figure 6: 2010 Minneapolis Population Source: Google Images |

Target is headquartered in Minneapolis, which makes it easy for executives to monitor Pharma-Booth’s progress. Targets strong presence and customer base in Minneapolis also helps Pharma-Booth’s initial success.

**Target’s Role in the City**

Minneapolis is a good starting area for Target to launch Pharma-Booth. With Target’s first store opening in Roseville, just outside Minneapolis, and its headquarters in the twin city, Target has a strong presence in this area. The Minnesota Twins stadium is sponsored and named after Target. As a result of its presence in the city, Target has a strong following from residents in the twin cities. These factors went into our consideration for placement of the Pharma-Booth. We feel that Pharma-Booth will succeed in this particular Target store. After Pharma-Booth is tested in Minneapolis we plan to expand it through the great lakes region, and then into every major Target in the United States.

**Finding Pharma-Booth**

Pharma-Booth will be placed near the healthcare and beauty section of Target. Target’s healthcare and beauty section accounted for 25% of its 2012 total sales (2012 annual report). Many Target guests are already drawn to this section of the store, so they can easily find Pharma-Booth. Having Pharma-Booth in this section will have several benefits.

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| Figure 7: Target Layout Source: Google Images |

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| **Will Pharma-Booth get in the way?**  Pharma-Booth will be a great center for the healthcare and beauty section. While it will add many benefits to Target’s pharmacy and store as a whole it may have some complications. A possible side effect could be increased guest traffic in that area. More guests with shopping carts in the aisles could make it harder for guests to navigate. However, the shorter lines at the pharmacy will balance out with increased traffic. |

**Selling Pharma-Booth**

First, the section’s close proximity to the pharmacy makes it an obvious spot for Pharma-Booth. Figure 7 shows a map of the above-mentioned store on Nicollet Mall Road. The location of the Pharma-Booth is also relatively close to elevator and escalators on the second floor. This helps attract attention to it in its beginning stages. Being close to the entrance of the floor will help advertise Pharma-Booth. As opposed to Pharma-Booth being out of site towards the rear of the store, being near the entrance will make it easily visible to guests. Pharma-Booth’s presence may lead to word of mouth promotions between guests. In the middle of the healthcare section, Pharma-Booth could serve as a directory or center for the over the counter products.

**Face-to-Face Guest Service**

In order to give Target’s guests a full range of service for when they use the pharmacy, an employee will work the Pharma-Booth full-time. This employee will be a certified pharmacy technician who can perform a wide variety of duties for the guests.

**Working at Pharma-Booth**

These pharmacy technicians will be the first form of service that pharmacy guests encounter when coming to Target pharmacy. The technician will be able to answer most of the questions that customers have about their prescriptions or about over-the-counter medications (*American Journal of Health-System Pharmacy*). The person working in the booth will also be able to check the guest in to the pharmacy database to notify the pharmacist or assistants in the actual pharmacy that the guest’s prescription needs to be prepared. With a pharmacy technician working in the Pharma-Booth, the pharmacist should only have to answer prescription-specific questions. This will decrease the amount of time it takes for a guest to get in and out of the pharmacy.

**Assisting Guests**

Having a pharmacy technician working the Pharma-Booth will cater to a wide range of guests. The main demographic for any pharmacy is elderly people over the age of 65 (Online Statistical Data on the Aging). These elderly guests will be able to talk face-to-face with the pharmacy technician who can walk them through the process of signing in and tell them how they will be notified that their prescription has been prepared. On the other hand, more technology-savvy guests will have the opportunity to sign in by themselves without the help of the pharmacy technician. This opposite end of the demographic will most likely include younger guests who may still need the help of the technician because they may not have experience with going to the pharmacy.

**Timesaving Tablets**

In addition to a pharmacy technician, Pharma-Booth will have 4 iPads available for guest use. The main objectives behind the iPads are allowing guests to quickly sign in to the pharmacy, look up medication information, and use the target mobile pharmacy site. The iPads are available to be another source of quick information for any pharmacy guest.

**Sign In**

The main uses of the iPads serve different purposes for both guest and pharmacist. For the benefit of both, the iPads will be equipped with a sign-in service that will notify the pharmacist when the guest has signed in. With the sign-in feature, pharmacists will know when a guest has arrived and when she is ready to pick up her prescription.

**Drug Database**

For the full benefit of the pharmacy guest, all the Pharma-Booth iPads will be equipped with a new pharmacy database that has a large range of information about different drugs sold at Target pharmacy. Guests will be able to use this database to look up possible side effects, costs, and any alternative medicines. Databases like this already exist, but the database at Pharma-Booth will be specific to the products sold at Target Pharmacy. Having its own database will differentiate Target as a tech-savvy pharmacy dedicated to educating its guests.

**Target Mobile Pharmacy**

In keeping with its image as a timesaving pharmacy, the iPads will have a direct link to the Target mobile pharmacy site. The mobile pharmacy will give guests access to information about the $4 generic drugs and offer guests an opportunity to learn about the pharmacy services. The mobile site also gives guests the ability to manage their prescriptions. If guests choose to use the iPads, they will allow the pharmacist and pharmacy technician to spend more time helping guests with more complicated questions.

**Why iPads?**

The tablet market is growing at a rapid pace. With a wide range of brands, sizes, and prices, why choose the iPad as the Pharma-Booth tablet? Apple is the most widely known brand when it comes to technology. With Apple dominating the tablet market, the iPad would be the most familiar tablet for the average Target guest. Apple holds the majority of the tablet market share, making the iPad the tablet that most guests would feel comfortable using.

Target also sells the iPad within its stores, which makes it simple for Target to acquire the needed iPads for Pharma-Booth. Because Target already sells iPads in stores, it presents an opportunity for guests to purchase an iPad as well. If a guest uses an iPad for the first time at the Pharma-Booth, she may discover that she has an interest in buying one.

Pharma-Booth will have four iPads instead of just one to maintain Target’s new image as the timesaving pharmacy. With four tablets available, more guests can be helped simultaneously so they can get on with the rest of their shopping.

**In-Store Notification**

For guests who choose to wait in-store while their prescription is prepared, Pharma-Booth will hand out notification pagers. Much like a restaurant, a guest will receive a pager when she drops off her prescription, and it will go off when her prescription is ready for pick-up. The goal behind the pager system is to encourage shopping around the store while the guest waits for her prescription.

**Aqua Pager**

The specific type of pager used at the Pharma-Booth will be the Aqua Pager by Long Range Systems Inc. This specific pager is perfect for Pharma-Booth because the Aqua pager is both waterproof and antibacterial. As a pharmacy, it is important to promote cleanliness and preventing the spread of germs. Both Pharma-Booth and LRS have a common goal in mind regarding service, “LRS invented the waterproof, antimicrobial wireless pagers to help streamline operations and optimize the guest experience, without the fear of unsanitary or damaged equipment” (Long Range Systems). To keep things simple for the guest, there will be a clip attached to each pager so she can simply clip her pager to her cart or basket as she shops. Having a clip for the pager prevents opportunity for loss or excess damage. The Aqua pager is simply another step towards making Target the timesaving pharmacy.