A Business Plan for Promoting Wellness in Target Stores

Adrian Lawrence, Cathy Liu, Michelle Vu
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**Mission Statement**

**Mission**

The mission is to make Target’s Be On Target Wellness Program and its products the encompassing standard of wellness. The Wellness Program should focus on improving physical, emotional and mental health, by promoting both a healthy diet and fitness physical health, along with encouraging more positive relationships, community involvement, and sustainable living. Target should be the shopping destination that comes to mind for consumers who are focused on better health and wellness, and the Be On Target Wellness Program aims to incorporate Target’s Expect More. Pay Less.® brand promise with trusted value and innovation, along with exceptional guest experience.

**Vision**

With the focus of self-sufficiency for Target guests on their path to a healthy lifestyle, the Wellness Program plans to provide the incentives, the products, and the services at each step of the guest’s wellness journey. Through the use of evidence-based research, gold-standard criteria for wellness products is to be created and updated as needed. The Wellness Program will also highlight Target as the community’s central source for wellness: building trusting relationships with our customers by providing them with superior customer service and the necessary tools to take control of their health.

As more guests join the Wellness Program, and shop within the Wellness Products, the association with Target’s wellness criteria and quality will incentivize manufacturers to modify their product quality and packaging to be included in Target’s wellness standards, resulting in overall improvement in the wellness product market.

**Business Description**

**Program Components**

The Be On Target Wellness Program includes reward points that correspond with wellness products. The program’s incentive structure is based on a healthy savings account (HSA) for employee wellness programs: guests that purchase Target wellness products earn points towards a rewards account on a mobile app or card. The points per product depends on the
The Wellness Program will also provide educational and community-related services for Wellness Program members to actively participate and be empowered. For example, local Be On Target Wellness Program coordinators can work with local businesses to be affiliated with community clean-ups, gardens, health clinics, fun-run fundraisers, and other wellness-related events. Program participants can earn reward points not only by purchasing products as described above but also by participating in community events that are sponsored by the Be On Target Wellness Program. This will provide guests opportunities to explore and expand their involvement in the community, as well as provide an avenue for Target to be viewed as wellness-focused company.

Finally Be On Target Wellness Program members will be able to earn points toward utilizing pharmacy services to increase personal awareness of health. Pharmacy services include vaccinations and screenings on blood pressure, diabetes, and cholesterol. It would also include wellness coaching and walk-throughs of educational brochures that would help to inform members of wellness-related topics such as nutrition, medication safety, and disease management.

Implementation of Program

Enrollment for the Wellness Program will open on January 1, 2015. Before this date the following materials should be prepared for our customers: define criteria for On Target Wellness products, affiliate with local health leaders, establish database and online infrastructure for enrollment and rewards system, train employees about the program, and specially label Wellness Products in stores.

Criteria for Wellness Products

Eligibility for On Target Wellness Products will be determined based on evidence-based criteria. These criteria include differing categories for both food and other living products.

Food Products

In addition to Archer Farms Organic and Archer Farms Simply Balanced brands, Suggested criteria for On Target Wellness Products include compliance with United States product’s price or promotional events. Guests can redeem their points as credit towards any purchases within Target stores.

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Department of Agriculture (USDA) and World Fair Trade Organization (WFTO) requirements. Regarding groceries, products should be eligible under standards of clinically accepted dietary diets, e.g. National Institute of Health’s DASH and TLC diets (see Appendix A and Appendix B). Beyond nutritional requirements, food products in the Wellness Program should also be noted for certified organic status, as well as being sustainable, local, and/or safe natural products from sources accredited by certifiers such as the Global Food Safety (GFSI).¹

Living Products

Target has a great advantage over the competitors in that Target stores are already stocked with not only groceries and medications but also with products in all departments for living well. The Be On Target Wellness Program should also include On Target products from all departments to encourage improving guests’ physical and mental health. Some criteria for physical exercise products include fitness devices that can be used to connect with self-monitoring devices, e.g. Fitbit, Wii, pedometers, or weight synced to smart phones or apps. Within the pharmacy department, the program can promote patient self-testing and monitoring products for home care of disease management, including blood pressure, glucose, and cholesterol monitoring. Inclusion of these products into the program support Target’s vision of a holistic definition for wellness.

The Be On Target Wellness Program product inventory can be expanded or reduced based on quarterly analysis of both sales and research evidence. Furthermore, guidelines can be established for products that are sustainable in other departments, such as furniture, kitchen, clothing, home goods, office-use supplies, and toys. Once the products are launched and the program is deemed successful, it is possible to recreate guidelines for what can be part of the Be On Target Wellness Program. For example, if studies and sales both correspond that organic products are both desired and significantly better than non-organic foods, then the program may cut back on products that are non-organic.

Beyond promoting purchases of these products, the Be On Target Wellness Program can be expanded to rewards for utilizing these products and documenting health improvements. For physical equipment specifically, the Wellness Program app may partner with exercise tracking apps, such as FitBit and syncable pedometers, to provide patients points-per-activity towards their accounts. These “action-based” and “outcomes-based” incentives have been demonstrated

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to better improve health outcomes and encourage healthy habits than education and awareness alone, better supporting and motivating Target’s guests to achieve their wellness goals.

During different seasons, various products would be introduced and customers may focus on certain products. For example, the holiday season may focus more on family and foods, whereas springs and summers focuses on looking fit and being outdoors. The Be On Target Wellness Program should follow with the trends of the consumers but provide them with healthy and easy alternatives. For example, the wellness program can offer healthier holiday food ideas, and the wellness program can provide local challenges and events to become fit using specially-promoted products.

Criteria for Wellness Services

Services in the Be On Target Wellness Program should supplement and work cohesively with the products provided in the wellness program. Services offered should be that the customers cannot easily perform themselves at home. Within Target Pharmacy, the pharmacist can offer pharmacy-related services such as biometric screenings regarding blood pressure, glucose check, and total glucose checks. The pharmacist is also trained and therefore can offer behavioral counseling such as smoking cessation and information on reducing blood pressure, controlling glucose levels, and reducing cholesterol levels. Of course, Target Pharmacy already offers immunizations, so that can be promoted within the wellness program as well.

These services can be offered for Be On Target Wellness Program members. The data can be documented, and positive changes can be rewarded with points, which can then be translated into discounts on wellness program products along with extra member services. Member-only services can be only sought with points, and these services include education and personal coaching through local clinics on wellness, which increases customer’s understanding and awareness of wellness, along with more opportunities for adherence.

All of the above services are geared toward personal health. The Be On Target Wellness Program will also provide opportunities for community connections, such as hosting or sponsoring local fitness events and challenges. Wellness program members who participate in those events will have opportunities to increase points, and get extra benefits via Target-sponsored services. Furthermore, they can take advantage of the wellness program to learn ways to give back to the community through involvement and engagement. This may also provide

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opportunities for Target to promote the Be On Target Wellness Program and the brand’s commitment to wellness.

**Rewards System**

Inspired by the Target Cartwheel Program, the Be On Target Wellness Program requires a separate database to track member points associated with the rewards program. Similar to the Cartwheel Program, an online couponing app, the enrolled member can also use the Wellness Program mobile app to organize personalized shopping lists, view product point values, and tally accumulated savings. Both a mobile app and a rewards card will be provided as two options program members can use to earn points at checkout. The Target online store will mirror the brick-and-mortar stores in setting up similar labels for Be On Target Wellness Products.

**Facilities and Personnel**

Overall, Target should not change too much of the store layout or design, but stores can incorporate subtle changes that will make wellness products more prominent than traditional products, and all employees well-trained to be able to converse and guide guests toward participating in the Be On Target Wellness Program. Target should create especially marked Be On Target Label for Wellness Products that are within the Wellness Program criteria.

Presentation of the products should communicate to customers that Target is promoting this new direction of wellness products for wellness-centered guests. Wellness products should be displayed amongst traditional products, with wellness products occupying premium shelf locations and with traditional products above or below eye-level.

In order to promote the Be On Target Wellness Program without marginalizing traditional customers, every employee should have adequate knowledge in what the Wellness Program in order to guide customers to the right products and services. Using on-site, interactive computer-based training (CBT), Target employees should be trained on the basics of what the Be On Target Wellness Program is. They can also help to promote the wellness program by being able to explain the many aspects of the program - using a card or mobile app to track points, collecting points by participation and shopping within the wellness products to gain discount opportunities, the opportunity to participate in amazing community-based events, and gain ways
to empower self by utilizing various pharmacy and educational services offered at a discount for wellness program members only.

All pharmacists are now formally trained for health screenings, counseling in lifestyle changes, and immunizations. Target Pharmacy should fully utilize those skills of their current health practitioner employees by having the pharmacy area well-equipped with proper screening space and tools, comprehensive and up-to-date educational pamphlets, and the right technology for adequate documentation.

Finally, once other components of the Wellness Program are established, Target stores should utilize their current layout by creating an indoor walking trail for all customers, but especially the Be On Target Wellness Program members. Indoor walking trails are commonplace in academic institutions and hospitals to encourage exercise among employees. Target stores do not need to reorganize their current in infrastructure, but by merely adding a labeled path as a part of the outer walkway inside the store. Target employees should also be aware of that and help the Be On Target Wellness Program members and be able to explain to all Target guests what the track is and how they can easily incorporate into their healthy lifestyle.

Promotional Plan

A large part of establishing the program is to balance promotion of the Be On Target Wellness Program without marginalizing traditional customers. One aspect is to advertise the program in subtle and prevalent ways, such as using the Be On Target logo and provide a link to further information on shopping bags. Along the same vein, Target should have specially marked environmentally-friendly and/or sustainable reusable bags with the Be On Target logo to promote the program. Points may also be provided for customers who reuse those bags. There can also be a section of Target weekly flyers to promote the Wellness Program for more traditional customers in order to get them curious and knowledgeable of its existence. Though the Be On Target Wellness Program aims to promote to all customers, the Be On Target logo and informational pamphlets should be specially placed at pharmacy checkout areas. There can also be specially marked gift card designs for the wellness program, as well as subtle social media to show that Target is focused on wellness for its customers.

For all Target stores that are able to support the logistics of the operation, healthy cooking demonstrations should be provided to show customers creative ways to create meals.
using wellness food products. Furthermore, other aspects of wellness may be incorporated into these demonstrations, such as information on sustainable fishing practices, and clothing and home goods materials and packaging that are used within Target.

Target should also strive to cultivating relationships with other healthcare providers and the community. Our marketing efforts include fostering relationships with local clinics and major hospitals, as well as practitioners that align with the wellness program, like registered dietitians, physical fitness coaches, and leaders of community-based fitness and outreach organizations. These connections will help establish Target’s Be On Target Wellness Program as the destination for all wellness needs within the community. Local specialists will not only help to promote the wellness program, they will also seek out Target as a partner in hosting and promoting local wellness events as well.

**Economics**

**Wellness Market**

The market for consumer health and wellness has been driven by factors that place the customer as the stakeholder of his or her health. Healthcare structures implemented by the Affordable Care Act, such as standardizing workplace wellness programs and increasing insurance premiums and co-pays, have driven customers to become more-wellness conscious and value-conscious. Increasing awareness of environmental health and sustainability coupled with growing certification and regulation of product quality by USDA organic and World Fair Trade Organization (WFTO) fair trade also has directed the consumer demand for green wellness.

According to Accenture, health and wellness prevention will drive 50% of growth in the consumer healthcare market, from $502 billion to $737 billion. In this growth, over-the-counter medications, nutrition supplements, fortified foods, herbals, and milk formula products will constitute the most market share. Also, according to the Consumer Electronics Association (CEA), the growth of number of wellness products within the next four years, the 40 million to 70 million in 2018 will generate the most revenue. According the Natural Marketing Institute (NMI), the most common wellness customer behaviors are focused on navigating self-care, nutrition-structured diets, and natural and organic alternatives. Capitalizing on this trend,
Consumer packaged goods companies (CPG) are expanding product lines to embody wellness and target this demand.

Consumer are now faced with a multitude of product options for their wellness goals. Manufacturers’ healthy product lines have been growing faster than their counterparts. For example, sales growth of low sodium alternatives have been outpacing their counterparts. Also, responding to this consumer wellness demand, CGP companies have engaged in merger and acquisition of nutrition and vitamin companies to better produce more wellness brands. Target, as a community supplier of these products, has the challenge to compete and brand its own wellness alternatives and provide consumer-directed wellness guides and programs. The Be On Target Wellness Program, with its evidence-based criteria for quality products is an essential tool to help guests identify the best products and achieve their wellness goals.

Target’s initial investments include producing the Be On Target Wellness rewards cards, customer app, and program database. Overall, a consumer-based rewards programs have been demonstrated to turn profits with little initial investment. Start-up costs for physical and database structures are summarized in the following table.

Table 1: Start-Up Costs for Be On Target Wellness Program Information Processing

<table>
<thead>
<tr>
<th>Structure</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewards Cards</td>
<td>$0.50 to $1.00 per card* decreases with increasing purchase volume</td>
</tr>
<tr>
<td>Reprogramming Card Software (credit card terminal)</td>
<td>$50 to $75 per location</td>
</tr>
<tr>
<td>Transaction fees</td>
<td>$.10 to $.75 per account activation</td>
</tr>
<tr>
<td>Maintenance fees</td>
<td>$20 to $40 per month with a 1 to 3 year contract</td>
</tr>
</tbody>
</table>

**Guest Expectations**

Target’s guests have the education, income, and lifestyle priorities to take full advantage of the Be On Target Wellness Program. As outlined in the case study, Target’s guests are young, well-educated families who live active lifestyles. The median age of Target’s guests is 40; they have a median annual income of $64,000. The characteristics of this age group include openness
to new technologies, willingness to learn from authorities, and independence in lifestyle choices.11

Research demonstrates that guests are attracted to rewards programs. In fact, the average American household is actively participate in in six rewards programs at a time and but is enrolled 14.10 Rewards programs differ than loyalty programs in that they offer transactional, monetary benefits for participants, using a “points for dollars” system where guests for their current purchases earn and accumulate store credit.12 These programs work best when guests make many transactions per month, using a vehicle of a card.13 Therefore, Target, as guests’ one-stop-shop for wellness, provides a profitable infrastructure for a point-based rewards programs.

In following the best practices established in operating a successful rewards program, the Be On Target Wellness Program should identify their guest expectations. Companies choose to target their programs to the their top spending and/or frequent guests, usually the top 10%.13 These guests expect to experience short-term benefits for their programs, with an expectation to redeem rewards within three to six months.13 Therefore, Target’s rewards program must offer a substantial points per dollar incentive that accounts for the spending habits and expectations of their top guests as well as pricing of their wellness products.

Although more than one-third of American adults are obese, there is an upward trend for health and wellness while consumers try to fulfill their desire to improve quality of life and thus pursue positive wellness behaviors.14 Consumers often must overcome barriers to achieving wellness within the retail setting, such as clear understanding of wellness products, cost, fast and easy shopping experiences, and trust in the brand.

Customers are often confused by product labels. Out of those who read the nutritional information on the packaging, 42% either grasp the information in part or not at all.14 In a separate study, 73% of guests desired "signs indicating healthy food choices" and other forms of nutrition education through their supermarket.15 Target can capture those customers who desire to improve their health by providing clear and consistent labels on all products within the Be On Target Wellness. And to bridge the gap in knowledge, Target can empower customers to understand and interpret the product labels by providing educational materials and counseling.

Beyond nutrition, in seeking holistic state of wellness, customers seek a good balance between body, spirit, and mind. The Be On Target Wellness Program can help Target customers

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achieve that by offering multitude of wellness products beyond food products. These products can be specifically labeled as part of the Be On Target Wellness Program products, ranging from exercise and fitness, to hygiene and beauty, to sustainable and environmentally safe products. Target Pharmacy would also supplement these products with great lifestyle services such as blood pressure, glucose, and cholesterol screenings, and smoking cessation counseling. Furthermore, Target stores would offer indoor walking trails for customers, and wellness program members would be able to gain points by linking their pedometers and/or smart phone apps to the wellness program point system. Finally, Target can get support and recognition from the community, and help the Be On Target Wellness Program members interact with the wellness and community via local events such as 5K races, walk-a-thons, and other wellness-based events. While interacting with the community, Be On Target Wellness Program members can also gain points toward the next discount on services or products.

In light of the emergence of new wellness programs, there is a risk of marginalizing obesity. The Be On Target Wellness Program aims to guide and provide a solution for all wellness-related needs that customers may have, but would not risk losing traditional consumers by not having traditionally branded and manufactured products costing more. Other than the educational pamphlets and counseling from pharmacists, there would not be blatant consumer advertising or social media promotions to indicate superiority for the Be On Target Wellness Program.

**Finances**

Wellness products need to compete price-wise with alternatives in order to attract guests. Factors that influence price include the raw materials, packaging, cost of manufacturing and shipping (fragility), advertising, quantity produced (wholesale), training during selling and promotion, and shelf-life. Also, contracts with CPG companies controlling resale value influence the cost of the retail product. Through its ownership of Archer Farms, Target has independent control of the prices on the majority On Target wellness products. This advantage allows for Target guests to purchase better-for-you products at competitive prices.

Wellness-conscious guests prioritize their criteria and assess value differently when selecting a product. One method is through research. First, they seek the information on

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nutrition, health, and fitness either through media outlets (i.e. health and wellness magazines and social media) or through the professional advice, such as through evidence-based nutrition guidelines or consult a trainer or their community pharmacist. The other method is through equating a brand with wellness goals. These customers have specific brand-name items in mind, influenced by manufacturer savings, celebrity-sponsored products, or store advertisement.

When deciding between a better-for-you item and a traditional item, guests assess product prices according to their personal needs and priorities. In balancing price and perceived benefit, research supports that wellness-oriented customers also spend more than their counterparts, meaning that they associate price with value and trust in the better-for-you product. In Nielsen market study, wellness customers shop about 5 more times a year and spend $5 more dollars each visit than non-oriented wellness customers. The Be On Target Wellness Program competitive pricing between Archer Farm’s product lines and other products will attract guests from all customer subsets, possibly converting them to wellness-oriented guests. Wellness program promotion and education will reorient guests to connect Archer Farm’s brands with value and increase brand loyalty.

<table>
<thead>
<tr>
<th>Be On Target Guest Category</th>
<th>Types of Customers</th>
<th>Value Decision-Making Criteria</th>
<th>Overall Price Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellness-Oriented</td>
<td>Well-Beings</td>
<td>Meeting wellness goals</td>
<td>Price correlates with high standards.</td>
</tr>
<tr>
<td>Traditional</td>
<td>Fence Sitters</td>
<td>Popularity in media/ society</td>
<td>Price may be limiting due to personal circumstance.</td>
</tr>
<tr>
<td>Traditional</td>
<td>Eat, Drink &amp; Be Merries</td>
<td>Minimize Price</td>
<td>Price is a deterrent. Circumstances are irrelevant.</td>
</tr>
</tbody>
</table>

When choosing the products, wellness conscious guests assess value. There are various types of wellness customers and all value different attributes of wellness: quality, price, health, trends, and sustainability. However, all seek a personalized experience. Wellness Rewards Points can help enrolled members assess value by aligning quality, price, health, and sustainability. As seen in the table below presents a typical dilemma for a traditional customer deciding between two products, the rewards points allow enrolled members to chose the better
quality and health product, the On Target Wellness product with Archer Farms, by offsetting the price difference: wellness products have the same or better value compared to traditional products.

<table>
<thead>
<tr>
<th>Grocery Item: Salsa</th>
<th>Fence-Sitter Consumer not using Be On Target Wellness Program</th>
<th>Fence-sitter using Be On Target Wellness Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tostitos Chunky Mild Salsa 15.5 oz</td>
<td>Archer Farms® Original Mild Thick &amp; Chunky Salsa 16 oz</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>$2.99</td>
<td>$3.09</td>
</tr>
<tr>
<td>Salt content</td>
<td>Sodium 250mg (10%)</td>
<td>200 mg (8%)</td>
</tr>
<tr>
<td>Rewards Points</td>
<td>N/A</td>
<td>100 points (for opening account)</td>
</tr>
<tr>
<td>Store credit redeemable</td>
<td>N/A</td>
<td>$1</td>
</tr>
<tr>
<td>Resulting Price</td>
<td>$2.99</td>
<td>$2.09</td>
</tr>
<tr>
<td>Product Value</td>
<td>Lower (higher cost, less healthy)</td>
<td>Higher (Lower cost, more healthy)</td>
</tr>
</tbody>
</table>

Financial Benefits

The Be On Target Wellness Program’s rewards system operates similarly to employee health and wellness programs with incentives linked to HSA or flexible spending accounts (FSA).21 As employee wellness programs have demonstrated return-on-investments (ROI) through reducing healthcare costs, customer rewards programs can also demonstrate an improvement in community health as well as a positive return on investment.21 In addition to these intangible benefits, Target’s customer-based wellness program will profit from differentiation from competitors, value for price in products, guest satisfaction and reliability, and increased guest frequency.

A critical component of the rewards program is the incentive: the points per dollar value. According to Consumer Reports, in the most successful rewards programs, the incentive range is between 1 to 10 points per dollar spent.22 The point-per-dollar system, the amount of points assigned to a product, can be simply based on the price of the product, while the amount of

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points redeemable for store credit should be based on economics of Target’s guest base. Typically, businesses offer points for enrolling in their wellness programs, in order to provide guests an immediate benefit. Also, businesses reward long-term guests by providing tiers of membership (i.e. premium users have can redeem points for a greater monetary value). The Be On Target Wellness program needs to communicate to guests not only the initial but also the long-term incentives of enrolling in order to maximize guest loyalty and profits.

The Be On Target Wellness Program is structured to produce a positive return-on-investment. The start-up investment of the Be On Target Wellness Program are low, considering that existing infrastructure will be utilized in program implementation. Target’s partnership with Archer Farms provides wellness branded packaging; therefore, the both product lines’ connection to wellness requires only promotion.

**Employee Training and Customer Care**

For promoting the wellness program, Target employees need to be trained in best practices for guest communication and wellness promotion. The traditional model for promotion at point-of-sale, with cashiers providing program information and offering opportunities for enrollment is ineffective in Target’s high-turnover environment and will increase check-out wait times. Therefore, Target employees need to serve guests as “ambassadors of wellness,” actively seeking interested guests to promote enrollment and guide product selection.

To lead program implementation, hiring a regional salaried wellness coordinator would cost on average $54,000, with 37 regional locations. Wellness program design and promotion requires training of staff personnel in directing customers to wellness resources, providing product demonstrations, and navigating program options. As aforementioned, personnel will be trained on-site using interactive CBT. Using the guest expectation of three month minimum period for experiencing rewards program benefits, the time period for training personnel is analogously three months. Estimated costs for training were calculated using a hypothetical store employee base, as seen in Table 4. Based on this model, the startup cost for training personnel is $54,000 per region with the incremental cost of $480 per store.

Initial program cost for training employees in wellness is as follows, and all supervisors and on-floor employees will be trained in program implementation.
Table 4. Breakdown of Wellness Training Costs Per Site.24

<table>
<thead>
<tr>
<th>Training Areas x Quantity</th>
<th>Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor hourly rate x Supervisor number</td>
<td>$25 x 1</td>
<td>$25</td>
</tr>
<tr>
<td>Employee hourly rate x Employee number</td>
<td>$9 x 15</td>
<td>$135</td>
</tr>
<tr>
<td>Monthly cost per store x Number of sessions per month</td>
<td>$160 x 1</td>
<td>$160</td>
</tr>
<tr>
<td>Introducing new format, products, and programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial program training cost x Initial program training period</td>
<td>$480 x 3 mths</td>
<td>$480</td>
</tr>
</tbody>
</table>

Indirect benefits derived from the program’s community development and customer health goals can bolster Target’s image as the customer’s local wellness provider. Data supports that a healthier, served customer base will be more productive at work and will have more spending power.25

As previously cited, wellness-oriented customers also spend more than their counterparts.19 Increased enrollment in the Be On Target Wellness Program will create an incentive for Target’s most frequent and wellness-oriented guests to spend more, which will translate to increased guest loyalty to Target’s services and products and thus generate revenue. A formula can be created and used by expert accountants to describe how increasing sales and wellness program initiation fees will factor into the overall ROI of the program. The formula will describe factors that influence profits and costs. Profits are derived from increased sales. Variable costs of the program are determined by the point-to-dollar store credit value and transaction fees, which are proportional to the amount of products sold, thus the sales increase. Fixed costs include initial employee training and database implementation costs.

Pharmacist’s expertise in counseling customers in all aspects of wellness has been also resulted in tangible health and financial outcomes. Also, trusting relationships cultivated between pharmacists and their customers has been demonstrated to improve community health.26 Customers have new and existing prescriptions filled in the same location, which will contribute to the number of prescriptions filled each year by Target and attract customers to shop for their other wellness needs to maintain their disease state.27
**Competition Analysis**

Currently, the majority of community health and wellness programs are mainly centered on health outcomes and medications and are thus provided by retail pharmacy chains. These programs focus on promoting health products, ameliorate disease-states, and emphasizing fitness.\(^{28}\) However, although health and pharmacy interventions compose major components of wellness, as Target has recognized, wellness customers “define wellness in a holistic way, including physical health, a healthy diet, emotional and mental health, physical fitness, positive relationships, their community and the environment.” As a supplier of not only pharmaceutical care but also groceries, home products, and entertainment, Target is in the unique position to become the community provider for all aspects of a person’s wellness.

Because Be On Target Wellness Program seeks to fulfill customers’ needs in both health and holistic wellness through a rewards system, competitors in the customer wellness market are Target’s supermarket competitors and retail pharmacies. To analyze competitor’s wellness strategies, team members preparing this report surveyed Target’s competitors within the Atlanta area, seeking to answer the following questions:

- Does the store have a customer-based rewards program?
- Does the store have a designated sections for wellness products?
- Can the guest easily identify what products are wellness?
- If store wellness brand exists, how is it promoted?
- What are the price differences between wellness and traditional products?
- Are staff able to direct customers to resources?

Competitor’s tactics and best practices are summarized below.

**Kroger**

Kroger has incorporated two major strategies to incorporate wellness into their stores, both of which are food-related. Kroger stores have carved out a separate section of the stores for its healthy products, and it has also created its own brand of healthy food products.

The first one is to create a separate section of their store that features only “Natural Foods” brands. In this section, there are shelves of products that mimic the actual store layout - aisles, freezer, and refrigerated sections, but is filled with healthy and/or organic options. The
majority of the healthy products cost slightly more than the non-healthy counterparts, but the prices are comparable to the same products in other stores.

Kroger has also developed its own healthy brand called “Simple Truth”. Some of the brand is also organic. The packaging is bright green, and the label shows that these products are free from 101 of the most common artificial preservatives and ingredients. The packaging also provides a website at www.simpletruth.com to lead customers to explore the brand, relevant coupons, and browse other resources featured on the website such as creating a healthy shopping list, blog posts by registered dieticians, and background information about the 101 banned ingredients from this brand.

Overall, Kroger has made a subtle but noticeable attempt to attract wellness-focused customers. They have created a good environment for shoppers who would like to focus on wellness, and they have provided an affordable brand of healthy products to compete against the more expensive healthy brands.

Publix

Publix has incorporated wellness products and guides using subtle packaging and advertising. Publix has its own wellness brand, GreenWise, with products within their weekly ad, that complies with USDA standards. Within the store, products are placed alongside traditional products, near or above eye-level. When asked about wellness guides and products, store personnel directed all questions to the pharmacist. The pharmacist could answer general questions about health products from clinical knowledge but could not explain Publix’s wellness product labeling system.

The store is notable for establishing wellness criteria to specially label wellness products, including Better Choice and labeling system. Better Choice products have been compared to and advertised as more nutritious than their competitors. The company also established a labeling system with products having brown shelf tags with varying icons indicating USDA certification and organic, that indicate ingredient quality and other wellness factors. Lastly, Publix provides reader-friendly online guides with product lists that meet dietary needs (i.e. low sodium, sugar, calorie, and kosher), a HealthCenter with disease-management and diet guides, and an overview

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of how to read a nutrition label.\textsuperscript{29} Publix’s presentation of wellness guides and comprehensive, transparent wellness criteria is a best practice for promoting guest wellness.

Publix’s wellness promotion is closely linked to its pharmacy services. Its pharmacy is also advertised within the weekly ad and on standing posters in the store, publicizing its excellence awards in customer satisfaction, promoting vaccination and preventive health, and advising customers to speak to their “clinically-trained pharmacist.” The pharmacy also offers selected medications without charge. Although the store does not have a customer wellness rewards program, Publix is notable for promoting wellness without deterring traditional guests and for its pharmacy services.

\textbf{Whole Foods Market}

Whole Foods has designed an integrated wellness program, called Wellness Clubs, customers can enroll in for a $45 per month fee.\textsuperscript{30} Customers are able to listen and view podcasts, blogs, and wellness guides. The store has set up different series of exercise classes, supper clubs, and lifestyle education that customers can participate in throughout the year. However, the pilot program was not successful and was discontinued in favor of constructing a Health Resort for customers, capitalizing on the growing wellness trends in the hospitality industry.\textsuperscript{31}

\textbf{CVS}

CVS has a customer-based rewards program in which the customers are able to receive coupons online and in the stores. Extra Care is the name of their unique program. As guests purchase more products, they gain more coupons. Customers can also receive Extra Bucks which is basically coupons that are equivalent to dollars to be used on any products throughout the store. There is a line of wellness products that is limited in variety. There does not seem to be a clear emphasis in this area.

\textbf{Rite-Aid}

Rite Aid has incorporated wellness into their business by their loyalty program called wellness+. This program is in partnership with McKesson. Customers in the wellness+ program have access to programs designed for specific disease conditions and health related issues such

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as geriatric care, allergies, and diabetes. Customers receive points that can be used for purchasing merchandise or saving money on prescriptions.\textsuperscript{32}

**Walgreens**

Walgreens has a competitive personalized, customer-based rewards program, Balance Rewards, that rewards guests for making healthy choices. The program requires enrollment and is prominently advertised on flyers and banners within its stores. Guests earn points by purchasing qualifying items and/or by logging healthy activities. The points assigned to each product, accessible online or by in the weekly ad, varies with the item type, price, and other promotions, such as spending $20 to receive 5000 pts. On the other hand, point assignments for prescription benefits and healthy activities are standard, such as 20 pts per health activity logged and 500 pts per prescription. The point conversion to store credit value is incremental, starting at 5000 pts for $5 and decreasing as more points accumulate. Guests access the program online, on an app, or by using a card. Finally, the Balance Rewards program also incorporates online couponing for traditional guests. Walgreen’s Balance Rewards sets the standard for the online infrastructure and reward system for a customer-based wellness rewards program.\textsuperscript{33}

Target’s Be On Target is a novel customer-based wellness program: the majority of Target’s competitors incorporate wellness into their promotion strategies.

**SWOT Analyses**

**Current Situation**

**Strengths**

Target is already known for its comprehensive store set-up, offering products in various departments that incorporate all aspects of living and affordability. The Target Pharmacists are already trained and certified on wellness and screening services that can be offered, so there will not be much training needed for new customer wellness programs. Creating an evidence-based criteria for wellness products would not require repackaging or contracts with manufacturers. Finally, Target already has its Archer’s Farms brand out there with great product reputation and manufacturing infrastructure.
Weaknesses

Target must train employees in helping employees understand and guide guests to participate with the wellness program. There must be adequate return on investment, and that must correlate with members enrolled in the program. Finally, expansion in the future of the program will require expanding infrastructure and corresponding development.

Opportunities

Target can currently try to improve community health, and increase involvement with community fitness events and organizations. There are also vast opportunities Target can take to network with healthcare leaders and wellness program entrepreneurs. Target can develop a unique and comprehensive model for wellness program development for customers and not just employees. Target can further attract and convert traditional customers into wellness-focused guests.

Threats

Competitors in other grocery chains and pharmacy-based stores already have wellness programs incorporated. This can deter wellness-focused guests from converting over to Target’s program. Any turnover on employees will require further training. And any subpar return on investment will cut into the program’s development, and Target’s bottom line in other programs and investment projects.

Post-Implementation

Strengths

The greatest strength this program has to offer is its individuality. Customers can choose the products that apply to their lifestyle. As a supplier of not only pharmaceutical care but also groceries, home products, and entertainment, Target is in the unique position to become the community provider for all aspects of a person’s wellness. By adding the wellness program, Target could solidify its positions as front-runner and leader in a store wide holistic approach. At the same time, The Be On Target Wellness Program does not aim to change prices, so traditional shoppers are not marginalized.

There is significant personnel in place to begin the program, so we would not need to take on the additional burden of hiring additional employees. Through the addition of this

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program we expect to see an increase in the total revenue. Lastly, implementing such a program would be cost effective.

**Weaknesses**

It is important that the staff presents themselves professionally to build a trusting relationship with customers. Being one of the only program solely devoted to wellness as far as retail stores nationwide is a strength in the fact that there are no other competitors in our region. However, it may also be a weakness for our business, especially during the first year when we are trying to establish a client base and fix any issues.

Also, participation in the Be On Target Wellness Program would require guests to invest in a separate app or card, which is not integrated with Target’s other card programs, such as Cartwheel. Use of multiple cards may deter guests from enrolling. In the future, combining Target’s wellness rewards and online couponing is essential to improving guest satisfaction and promoting wellness to traditional guests.

Be On Target Wellness Program requires a trial period to determine a suitable point-per-dollar and point-for-credit exchange rates. Therefore, the program will not initially attract guests seeking long-term benefits such as customer loyalty tiers (i.e. premium memberships). However, these benefits are possible areas of expansion for the program.

**Opportunities**

As previously mentioned, Target would have the opportunity to increase revenue by acquiring business from the customers of the program. Customers will pick up their wellness products and other products while they are currently in the store. It is likely these customers will have additional needs other than their wellness products.

To further promote the wellness program, Target may create a wellness-centered website. This resource would allow enrolled guests greater access to program information and track their points and redeem rewards. Further promotions with celebrity endorsements and other advertising channels may help convert on-the-fence guests to better value wellness.

Also, in the long-term, the Be On Target wellness program may motivate consumer packaged goods companies to improve their ingredient quality, sustainability practices, and

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marketing strategies in order to target the growing proportion of wellness guests. This shift will benefit all parties invested in the wellness market: manufacturers, suppliers, and buyers.

**Threats**

Competition from other retail stores and pharmacies is the biggest threat of adding a wellness program. After researching current wellness programs and advertisement, we found that we would have little competition if we start as soon as possible. It would also take some time before an increase in profit was realized because customers may be skeptical of the new program.

Also, the program does not have an adequate tracking system for service related points. Participating members may take advantage of the honesty system by falsifying their presence at events to earn points. Reducing the points associated with service events may become necessary to deter this probability.

**Assessment of Business**

To monitor the progress of the Be On Target Wellness Program, we will implement several metrics to review monthly, and assess for both direct and indirect impacts to both business profits and community health. Based on our assessment, we will determine if program adjustments need to be implemented in order to achieve our goals, such as increasing advertising of services or executing the exit strategy. In addition, this survey will assess customer satisfaction with our program.

**Exit Planning**

Should the Be On Target Wellness Program fail to create a positive impact or a profit by the end of the second year, Target stores can take the following actions to pull back on the cost side of the program. Target stores can reduce the amount of pharmacist-invested time in the program. This can be achieved by reducing the frequency of Be On Target Wellness Program counseling and screening service hours. Target stores can also cease to provide further wellness-related training for Target employees, and save advertising spaces for other promotions.
Should the wellness program ultimately be deemed unsuccessful in generating either wellness or increase in profits, then the Target store will divert its resources to focus on more profitable areas. The following steps will be taken if this action is considered:

1. Provide all Be On Target Wellness Program members and partners with a notice of terminated services, including a last day of service.
2. Provide all wellness program members with alternative wellness programs within the local community.
3. Allow members to redeem points in monetary equivalence via Target gift cards.
4. Mark unused screening tools for-sale in the pharmacy, and all educational pamphlets will be recycled paper products.

**Conclusion**

The Be On Target Wellness Program provides a great opportunity for Target to break into the growing wellness market that encompasses all aspects of well-being. This program allows Target to set an evidence-based standard for wellness products, allowing Target to become the gold-standard for wellness without having to invest extra resources into creating separate product lines. Furthermore, both pharmacy-based and community services help to empower Target guests into taking charge of their own health, as well as to create an integrated system for showing a positive image of Target’s aim toward wellness. Finally, the rewards portion creates loyal members and help to recruit price-sensitive customers who are also interested in wellness. The Target corporation has found success through high quality of products and superior customer service, the addition of a wellness program would assist to further distinguish it as the leader in setting positive trends in customer satisfaction. The Be On Target Wellness Program charters Target to the forefront of the wellness market, and works in sync with its current legacy of quality and service.
### Appendix A

Daily Nutrient Goals Used in the DASH Studies (based on a 2,000-Calorie Eating Plan)\(^3^4\):

<table>
<thead>
<tr>
<th>Nutrient</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fat</td>
<td>27% of calories</td>
</tr>
<tr>
<td>Saturated fat</td>
<td>6% of calories</td>
</tr>
<tr>
<td>Protein</td>
<td>18% of calories</td>
</tr>
<tr>
<td>Carbohydrate</td>
<td>55% of calories</td>
</tr>
<tr>
<td>Cholesterol</td>
<td>150 mg</td>
</tr>
<tr>
<td>Sodium</td>
<td>2,300 mg</td>
</tr>
<tr>
<td>Potassium</td>
<td>4,700 mg</td>
</tr>
<tr>
<td>Calcium</td>
<td>1,250 mg</td>
</tr>
<tr>
<td>Magnesium</td>
<td>500 mg</td>
</tr>
<tr>
<td>Fiber</td>
<td>30 g</td>
</tr>
</tbody>
</table>
**Appendix B**

Therapeutic Lifestyle Changes (TLC) Diet Recommendations\textsuperscript{35}:

<table>
<thead>
<tr>
<th>Food Group</th>
<th>Number of Servings</th>
<th>Serving Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lean meat, poultry, fish, dry beans, and dry peas</td>
<td>No more than 5 ounces total a day</td>
<td>• 5 ounces maximum a day of lean meat, poultry, or fish</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Substitute ¼ cup dry beans or peas for 1 ounce of meat.</td>
</tr>
<tr>
<td>Eggs</td>
<td>No more than 2 yolks a week</td>
<td>1 whole egg. Egg whites or substitutes are not limited.</td>
</tr>
<tr>
<td>Low-fat milk and milk products</td>
<td>2–3 a day</td>
<td>• 1 cup fat-free or 1% milk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 1 cup nonfat or low-fat yogurt</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 1 ounce nonfat or low-fat cheese (3 grams of fat or less per ounce)</td>
</tr>
<tr>
<td>Fruits</td>
<td>2–4 a day</td>
<td>• 1 piece fruit, such as apple, orange, or ½ a banana</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ½ cup canned fruit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 1 cup berries or melon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ¾ cup fruit juice</td>
</tr>
<tr>
<td>Vegetables</td>
<td>3–5 a day</td>
<td>• 1 cup raw leafy greens</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ½ cup cooked or raw vegetables</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ¾ cup vegetable juice</td>
</tr>
<tr>
<td>Bread, cereals, pasta, rice, and other grains</td>
<td>At least 6 a day</td>
<td>• 1 slice of bread</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ½ hot dog or hamburger bun, bagel, or English muffin</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 1 ounce cold cereal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ½ cup cooked pasta, rice, noodles, or other grains</td>
</tr>
<tr>
<td>Sweets and snacks</td>
<td>Within caloric limit</td>
<td>Choose snacks that are low in fat or are made with unsaturated fat.</td>
</tr>
</tbody>
</table>
References


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