

 **Project Bodett**

Playbook - November 2017

## The purpose of this project is to...

- A Magnify the awareness / reach of new Target brands and our curated assortment.

Why should we do this? To lean in to a market trend.

How will we do it? By establishing inspirational, scalable experiences.

What will we create? A growth opportunity for our physical and digital footprint.

- B Meet the guest in the right place, with the right assortment at the right time.

Why should we do this? To solve a guest problem.

How will we do it? By accompanying our guests in their everyday life.

What will we create? A connected, efficient home.

- C Better position us to help all families discover the joy of everyday life.

Why should we do this? To elevate our purpose.

How will we do it? By supporting our local communities in a purposeful way.

What will we create? A network of relationships and partnerships.

## **A** To magnify the awareness / reach of Target style brands and curated assortment.

### **Why? We will lean in to a market trend.**

American shoppers are spending more money on “experiences” than traditional retail.

Millennials are choosing to spend more money on a desirable experiences or events over buying something desirable. Other retailers are taking note of this trend and quickly adopting this shift in mindset. Target can reimagine how our assortment is brought to life with an innovative experience to capitalize on this market trend.

### **How? We will establish an inspirational, scalable experience.**

In order to claim market share in this “experience” landscape, we need to leverage our new, style-forward brands and curated assortment to execute in a way that is accessible to all.

With our new brands as the focal point, we will create a real (and digital) experience that welcomes, connects with and inspires all guests. That focal point will elevate the execution and awareness of new brand launches and existing brand sustainability. When tested and completed effectively, this model can be extended to multiple experiences across the country to reach other / new markets.

### **What? We will create a growth opportunity for our physical and digital footprint.**

We will focus of our strategic priorities (our owned brands) and initiate a pipeline of new business.

#### **Style and assortment growth**

With the introduction of the first location and the scale of multiple locations, this experience will play a pivotal role in the awareness and engagement with our new, style-focused brands. It will usher in a new way for all guests to engage with the quality and value of brands now and in the future.



To magnify the awareness / reach of Target style brands and curated assortment.  
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### **Guest audience growth**

Our guests will be the largest audience to engage with this experience. Connected solutions will be foundational to making inspiring, easy digital tools so guests can discover, browse and shop the curated assortment featured in the home.

### **Host/Community growth**

In demonstrating the effectiveness of a curated, styled home, we have the opportunity to build relationships with the broader Airbnb Host community. This could result in an entirely new audience who are looking to capitalize on the Airbnb platform and increase their own rent margins. They would do this by creating unique, inspiring experiences by incorporating Target style in their own rented spaces.

### **Airbnb/Brand growth**

Hosts rely heavily on the guidance and recommendations of experts who work at Airbnb and Airbnb recognizes the opportunity to monetize that need. What Airbnb doesn't have is the knowledge and expertise to deliver on that opportunity. Specifically speaking, Airbnb has expressed interest in creating their own line of home items/brands to offer to their customers (i.e., their hosts). But, unlike Target, they lack the tools needed to build and create such a brand. There is a great opportunity for Target to create a white-labeled brand of items "by Airbnb" as an exclusive offering for their hosts.

- B To meet the guest in the right place, with the right assortment, at the right time.**

## Why? **We will solve a guest problem.**

Target guests need a living environment where they can truly experience our assortment, build confidence in their purchase decisions and grow their relationship with our brand.

In-store and digital experiences are limited in nature. They're not able to transform a mattress and bedding set into a restful night of sleep. Or a grocery list and a set of small kitchen appliances into a home-cooked meal. Only an environment with a hands-on, educational offering can connect our guests to our assortment so they feel welcome, inspired and rewarded.

## How? **We will accompany our guests in their everyday life.**

By forming a deeper relationship with our guest, we allow them to discover the joy of everyday life while seamlessly integrating a Target experience.

Creating this experience will allow us to live life with the guest without intrusion or disruption. We will be there when the time is right – at the right place, at the right time, when they need us.

## What? **We will create a digitally connected, efficient home.**

We intend to purchase or rent a property in a highly desirable area and make it available for guests on Airbnb.

### **Location**

San Diego, CA is in the top five of most-visited cities on Airbnb. With rental property, hosts are looking for the greatest return (rent earnings vs. property expense) on their investment. Of the top 10 most-visited cities, San Diego has the largest return / rent margin. What does that mean? It could allow Target to adjust the rent price and provide the accommodations at a budget-friendly cost, thus making it easier and accessible to more guests. And of the top 10 most-visited cities, San Diego is also the closest in proximity to a Target Regional Distribution Center (Rialto, CA). This gives Target quicker access to items when style refreshes occur.



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## Property

With families as our core demographic, there are many requirements for the property. It must accommodate a large family. It must be in parity with the style of neighboring homes and the community. It must have entertainment space, inside and outside of the home. And it must be near attractions and other entertainment providers.

## Expenses

If we target a home purchase of \$1M and rent the home for 16 days per month (four 4-night stays) at a competitive rate to what other accommodations offer in the area, we would effectively recoup what would be the monthly mortgage expense of the property.

Other expenses to consider include exterior maintenance and lawn care, home utilities, and security and privacy, among others.

We'll need to furnish the home, although partnerships with vendors may alleviate some of these expenses.

Foyer/Entryway	Coat Rack, Bench, Side Table, Rug, Wall Art, Decor...	<b>\$960</b>
Kitchen	Small Appliances, Cookware, Cutlery and Utensils...	<b>\$8,942</b>
Dining Room	Table, Chairs, Rug, China Hutch, Mini Bar, Dinnerware...	<b>\$7,335</b>
Living Room	Sofa, Loveseat, End Tables, Coffee Table, Rug, paint...	<b>\$4,170</b>
Family Room	Seating, Ottoman, Accent Table, Streaming Devices...	<b>\$10,567</b>
Master Bedroom	Bedding, Duvet, Throw Pillows, Curtains, Dresser...	<b>\$6,245</b>
Master Bathroom	Towels, Hand Soaps, Shampoos, Shaving Accessories...	<b>\$5,894</b>
Bedroom 2	Headboard, Nightstand, Table Lamps, Dresser, Decor...	<b>\$4,765</b>
Bedroom 3 / Nursery	Crib, Changing Table, Stroller, STEM Toys & Learning...	<b>\$5,203</b>
Bedroom 4 / Office	Desk, Bookshelves, Accent Furniture, Decor, Tablet...	<b>\$5,855</b>
Backyard / Patio	Sun Chairs, Lounge Set, Fire pit, Grill, Umbrella, Storage	<b>\$6,350</b>



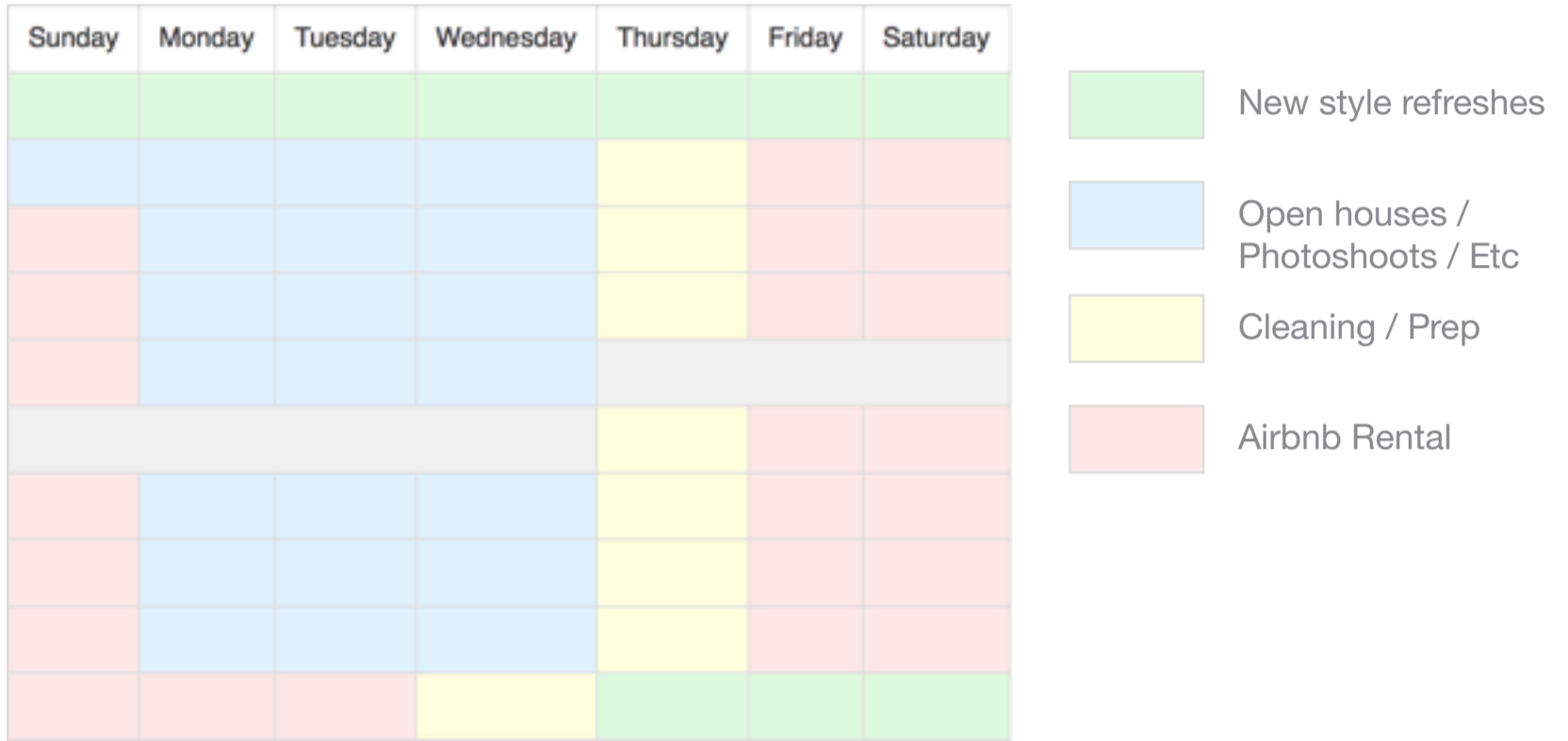
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### Production schedule

In order to truly magnify our brands and assortment, we will initiate a consistent refresh timetable and production calendar to accommodate guest rentals guests and community experiences. This can be completed on a bi-monthly, calendar basis.

Weekly rental / available capacity (bi-monthly style refresh):



Monthly rental / available capacity (bi-monthly style refresh):



- © To better position Target to help all families discover the joy of everyday life.

## Why? **We will elevate our purpose.**

Joy is spending time with your loved ones. Joy is living life to its fullest. Joy is recognizing the unique experiences that make each moment special. Our purpose is to help all families discover that joy.

We're uniquely positioned to offer all the products needed to achieve that purpose. And, if offered in a meaningful way, we can elevate that purpose by inviting all guests to experience our purpose on their terms.

## How? **We will support local communities in a purposeful way.**

The property we acquire is only as good as the neighbors and community it is found in. We have an opportunity to make a lasting impact on all who encounter the space.

One of Airbnb's largest contributors of complaints are the neighbors of those who frequently rent their homes. When we show up in these neighborhoods, we can change that. We can rely on our renowned social responsibility practices to extend our voice and values to all families and communities around us.

## What? **We will create a network of relationships.**

We will partner with industry leaders to create an easy and inspiring experience. When not being rented, the space should be used to showcase our owned brands and assortment.

### **Experience partnerships**

Internal Target teams (Style, Marketing, PD&D, Creative, Social, Real Estate, Fulfillment, Digital Product, TMN, etc.) will play a pivotal role in making this an effective solution. And other, external partners (local charities and governments, schools and community centers, Lyft, Merry Maids, Home Depot, HGTV, Instagram / Pinterest / Facebook, etc.) will partner with us to enhance the inspiring and welcoming environment.

We intend to also invite influencers and key industry players to visit and/or stay in the home to extend the reach of the home's impact.





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## Digital collaborations

In order to make this a seamless, cohesive experience, we will leverage our existing digital platforms and extend those capabilities to partners (mentioned previously). Additionally, those partners will benefit from our capabilities, thus making it a true partnership. One example of a collaborative effort is exclusively enabling our augmented reality (AR) capabilities in the Airbnb experience.

Brands to showcase



The Airbnb listing

