

# EXECUTIVE SUMMARY

## OPPORTUNITY

Although gift cards have become a popular gift, almost a quarter of people refuse to give them to immediate family because of their lack of sentimental value. This represents a sizable market considering Mother's Day alone will generate \$14.6 billion this year.

Furthermore, men spend on average 50 percent more on Mother's Day gifts, and young mothers between 25 and 34 receive the most gifts. By allowing married men to conveniently choose gifts that are both useful and sentimental, Target can take control of this niche market.

## MARKET

The target market is men between 28 and 37 who have wives between 25 and 34, kids between 5 and 9, make more than \$55,000 a year, and do not like to shop. Kids between 5 and 9 are one of the fastest growing markets, and high socioeconomic status means fathers can purchase more gift cards and spend more per card. Over three-fourths of men do not like to shop. The market size in the ten target states<sup>1</sup> is about one million, and there are another two million in the other forty states.

## RECOMMENDATION

When kids age 5-9 want to give their parents something special, they use the only material they have, paper. The Target KidCard will integrate the sentimental value of a homemade drawing with the usefulness of a gift card. Since it's made of 100 percent recycled cardstock, which is less expensive and more sustainable than plastic, the KidCard can be easily customized using the high-end printer that is available in the Target photo center. Kids draw pictures for their mom using a tablet input device, and dads add an average of \$50 to the card.

The default price of the card is \$50, which is slightly less than \$52, the average amount spent per gift card. Target can promote KidCard through viral marketing on YouTube and dad-specific sites, posters at zoos and children's museums, and word-of-mouth through current shoppers at Target, women between 25 and 34, who will talk to their neighbors and male friends. KidCards will be physically available at 492 stores in ten states<sup>1</sup> based on per capita spending, Target market share, and market density. The website will serve the other forty states and those in target states who do not want to drive to a Target location.

## IMPACT

We propose a budget of \$1.5 million to be distributed in the first quarter of the first year. The three-year NPV of the project is \$1.97 million with an ROI of 1.14. Target can also reduce CO<sub>2</sub> emissions by 11,052 pounds, creating a cleaner world for American families. With KidCard, Target increases perceived sentimental value, customization, and sustainability among both men and women, which raises overall perceived value and increases loyalty. The "moat widens" between us and our competitors with each purchase, as Buffett famously said, and Target will own the market for years to come.

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<sup>1</sup> Minnesota, Colorado, California, North Dakota, Illinois, Iowa, Virginia, Maryland, Florida, and Montana

