



Retail Supply Chain Update

August 20, 2020

Target Q2 sales jump more than 24% overall and 195% in digital

- Target Corp. more than doubled Wall Street's earnings projection for its fiscal 2020 second quarter and saw net and comparable sales surge over 24%, with the latter being "the strongest we've ever reported," Chairman and CEO Brian Cornell said.
- For the quarter ended Aug. 1, net sales came in at \$22.7 billion, up 24.8% from \$18.18 billion a year earlier, Minneapolis-based Target said Wednesday. Total revenue rose 24.7% to \$22.98 billion.
- Overall comparable sales jumped 24.3%, reflecting gains of 10.9% for stores and 195% for digital channels. Target noted that online business represented 13.4% of its total comp-sales growth, and stores fulfilled over 90% of sales during the quarter.
- Same-day services — Order Pick Up (in-store), Drive Up (curbside pickup) and Shipt (on-demand delivery) — posted 273% comp-sales growth in the second quarter and accounted for about 6% of overall comp-sales gains, Target reported.
- On a comparable basis, Target saw increases of 4.6% in traffic and 18.8% in basket size in the second quarter. The company said that, through the fiscal 2020 first half, it has added 10 million new digital customers and garnered \$5 billion in market share gains — topping its share growth for all of 2019.

Instacart will cover the cost of its shoppers' COVID-19 screenings

- Instacart will cover the cost of COVID-19 screenings and virtual medical appointments for shoppers until the end of the year. The company ran a pilot project on that front earlier in the summer in Pennsylvania and Washington, DC, and now it's rolling out the program nationwide.
- When a shopper shows symptoms of COVID-19, they can take an online assessment. Depending on the results, they can set up a telemedicine consultation with a Doctor On Demand clinician to determine whether they should undertake a COVID-19 screening. If they are diagnosed with the disease, shoppers will be "eligible to receive up to 14 days of extended pay to provide financial support during their recovery," the company said.
- Meanwhile, starting next week, shoppers and customers will see safety reminders in the app, including prompts to wear masks when they interact with each other and for shoppers to do so while in stores. Instacart says it has provided shoppers with almost 450,000 health and safety kits, which include a mask and hand sanitizer. Even if shoppers have already received a kit, they can order a mask from Instacart if they need another one.

Shipt Launches Pay-Per-Order Offering Nationwide

- Shipt, one of the country's leading delivery service providers, announced today that consumers nationwide are now able to shop through Shipt without making a long-term membership commitment. In addition to its popular annual membership offering (\$99/year for unlimited free deliveries of orders \$35 or more), the company now offers customers and prospective customers the opportunity to pay per order, purchasing Shipt passes for one, three or five Shipt shops for \$10, \$9 or \$8 per delivery, respectively.
- Earlier this year, Shipt tested offering non-members the option to try Shipt with one-, three- or five-time passes. The early results showed consumers responded positively to the pay-per-order single use passes and packs. During the test, those passes quickly accounted for the majority of how new users began shopping with Shipt. The company saw a 25 percent increase in new customers as a result of the pay-per-order offering. Customers have the option to move from a pay-per-order to a subscription model at any time.
- While the membership model accounts for the vast majority of Shipt customers, since rolling out passes nationwide, nearly 80 percent of new Shipt users first begin shopping on the Shipt platform via the single- or multi-use offerings.