Our Mission

Drive sales profitability by delivering a Target brand shopping experience for our guests.

As we look ahead, it is critical that we continue to strengthen our partnership with you, our vendors, and find new ways to deliver on our Expect More. Pay Less. Brand promise. Through our shared passion for being the best in the business, we will enjoy mutual success and drive results to ultimately satisfy our guests.

Our goal is to create a strong and successful partnership with you, and to provide you with the knowledge you need to understand how to make this happen.

This booklet outlines the expectations Target has of our vendor partners, what you can expect from our store teams, steps for becoming a certified vendor, in-store vendor routines and a handy glossary of Target terminology that will aid you when working in our stores.

Target’s Expectation of Our Vendor Partners

Ethics

Target expects you, our vendor partners, to be guided by the highest ethical and legal standards. Since our founding, Target Corporation has been guided by these standards and it is a critical expectation that these standards be upheld in all of our business relationships.

As part of our commitment to upholding the highest ethical and legal standards, Target has established an Integrity Hotline that is used by both team members and business partners of Target. If you are aware of a team member or vendor who is not following our policies outlined in the Vendor Conduct guide or in the business ethics information in Partners Online, you can use this hotline to report the unethical activity. Unethical activities may include violations of Target’s No Gifts policy or kick-backs. You may choose to remain anonymous if you aren’t comfortable sharing your name and company information. The phone number is 1-800-541-6838 (for calls outside the U.S., use 704-556-7046). You can call any time – representatives are available seven days a week, 24 hours a day. Translation services are available for all languages.

Vendor Conduct

• Ethical and legal conduct is the responsibility of every Target Corporation vendor partner.

Integrity Hotline

• Team members and business partners can confidentially report unethical activity.
• You may choose to remain anonymous.
• Representatives are available seven days a week, 24 hours a day.
• Translation services are available for all languages.

Target’s Gift Policy

• We understand that gift giving is a designation of respect and honor between business associates in many cultures; however Target’s company policy requires that Target employees may not receive gifts of value from vendor partners, including coupons, pins, launch kits, etc.
Integrity

Being conscientious of our guests, maintaining a clean, safe working environment and a positive working relationship with store teams is important while you are working in Target stores. Below are some key expectations that will help maintain your integrity, as well as Target’s, while in our stores.

- Wear appropriate business dress, which includes:
  - Your company uniform or business casual
  - No khaki pants with red shirts
  - No open-toed shoes
- Wear vendor name badge/ID while in store.
- Wear Target guest badge while in store.
- Do not drink coffee/soda/water on sales floor or in backroom.
- Do not sit down/lean on pallets on sales floor.
- Do not speak negatively of other vendors and products.
- Do not speak negatively of Target competitors.
- Be aware of and follow Target policy and procedure.
- Follow Target Guest Service standards.
- Practice Health, Safety and Environmental standards, such as proper lifting, personal protective equipment, spills and Alert One (if you have a question about how to handle an item that is considered environmentally-sensitive, call Alert One at 1-800-633-1609 for disposal instructions).
- Recap with area team leader regarding issues addressed, observations, feedback and outstanding issues.
- Do not share Target proprietary materials with competitors.

Vendor Partnership Expectations

The best vendor partners at Target are solution-based partners. This means these vendors come to us with ideas to make the business better for both of us. When a problem arises, they come to us with ideas on how we can work together to fix these problems. They look for creative solutions, get involved in the business, and make it a priority to understand how Target works and how they can work well with Target.

The first point of reference for questions about processes in a store is the store team. As a certified vendor, it will be important for you to establish a positive working relationship with store team members.

- It is crucial to introduce yourself to the Sales Floor team leaders who work in your merchandise area. This person will be your key contact for questions on the sales floor regarding zoning and maintaining sales floor in-stocks.
- Also introduce yourself to the Backroom team members and team leaders. This team can help you learn the proper way to replenish product from the backroom, answer any questions you may have regarding our backrooms, etc.
- While it is not necessary to check in with the leader on duty (LOD) during every store visit, you may on occasion want to touch base with an executive team lead (ETL) or LOD to share observations, feedback or ideas. When such occasions arise, be mindful of your time, as well as the ETL’s/LOD’s time. If the ETL/LOD is not immediately available, don’t wait too long. Simply leave a business card at the Guest Service Desk and/or try to touch base with them during your next visit.
- Don’t just report problems – think of ways to fix them as they arise.
- Look for creative solutions.
- Establish a positive working relationship with store team members – especially the Sales Floor team leader for your merchandise area and Backroom team members.
What You Can Expect From Our Stores

Certified vendor representatives are critical members of the Target team. Having vendors help keep merchandise in stock and maintain Target brand is important to the sales growth. For this reason, it is just as important for our store teams to forge a positive working relationship with you, our vendors. Target’s store teams are expected to adhere to the following to help maintain strong partnerships and communication between stores and vendors.

Prepare

- Vendor observations, feedback and ideas that are communicated to ETLs/LODs is shared in a timely manner with Sales Floor and Backroom team members and team leaders.
- Guest Service Desk maintains and makes the Vendor Check-in log available.
- Guest Service Desk has guest badges available for vendors when they check-in.

Role Model

- Team members follow Target dress code guidelines.
- Do not drink coffee/soda/water or eat food on the sales floor or in the backroom.
- Do not sit down or lean on pallets while on the sales floor.
- Do not speak negatively of any vendors or products.
- Do not speak negatively of Target competitors.
- Role model Target Guest Service standards.
- Practice Target Health, Safety and Environmental standards, such as proper lifting, personal protective equipment, spills and Alert One.

Provide Service and Support

- Zone and replenish sales floor in between vendor visits.
- Complete signing, pricing and in-stock tasks, and exception/unapproved pulls as vendors do not have authorization to complete these tasks or utilize these applications.
- Sales Floor team leaders are available to answer vendor sales floor-related questions and/or assist, as needed.
- Backroom team members are available to answer certified vendor’s questions and/or assist, as needed.
- Escalate issues as follows:
  - Step 1: Talk to the vendor representative during their scheduled visit to discuss the concern and level-set expectations.
  - Step 2: If issue continues, call the vendor’s issue escalation phone number (available via Sales Floor | Vendor Tools) and leave name, store number, telephone number and reason for calling.
  - Step 3: If issues persist, escalate through mySupport.

Partner

- Area team Leaders/ETLs/LODs partner with vendors to identify issues and work together, when appropriate, to help keep merchandise in-stock.
- Area Team Leaders/ETLs/LODs respond to vendor observations, feedback and resolves vendor issues appropriately.
- Provide feedback regarding vendor partners/vendor service, as appropriate.
- While it is not necessary for vendors to check-in with the LOD during every store visit, there may be occasions when vendors would like to share observations, feedback or ideas. When such occasions arise, be mindful of their time. If a vendor requests to speak with an LOD/ETL, and they are not immediately available, simply let them know, and plan to connect via phone or during their next visit.
Understanding the Sales Floor

It is important that as a Target vendor, you have a basic understanding of three sales floor tools, which include planograms, planogram header labels and shelf labels. These tools will aid you in ensuring that product is placed in the appropriate spot on the sales floor.

Planograms

A planogram, or POG, is a document that shows exactly where to place an item on a gondola, endcap, side cap or display fixture. Planograms keep merchandise organized in logical places and help us maintain the same look and feel in all stores, which helps guests quickly find what they’re looking for.

Planogram Header Label

The 1x3” planogram header label displays the planogram number and set date. It’s the first label printed with the individual planogram labels and is placed in the label holder on the gondola when setting the new planogram.

The planogram header label will print showing either a standard or reverse lead-in direction, dependent on what was selected at the time that the label request was printed.

Most planograms automatically convert to MPG (Merchandise Presentation Guide) status four weeks prior to a new set. The MPG status allows stores to “break the planogram to make space for and sell through non-carryforward and discontinued merchandise prior to a new transition. When planograms go MPG, a new planogram header label is generated to reflect the MPG status.

Shelf Label and Smart Schematic

Smart Schematic is a way of numbering items on a planogram. Planograms provide a blueprint of where items go on a fixture. When a planogram is created, a unique location number is assigned to each item on that planogram.

• Each item is first assigned to a specific section of a planogram.
• Then, each item is assigned to a specific shelf or peg grouping within that planogram section.
• Finally, each item is assigned to a specific location on a shelf or in a peg grouping.

The number assigned to each item’s location is called the schematic number. When you put the sales floor location number, physical section number and the schematic number together, they help you determine exactly where an item should be stocked.

The schematic number includes the following information:

• Planogram section number (section number within the planogram)
• Shelf, peg or other fixture number
• Product location number within the shelf, peg or other fixture
• Revision number (if applicable)

How to Read a Shelf Label

1. Description (Dynamo 125 oz.)
2. Retail price ($3.99)
3. DPCI (003/06/0783)
4. Schematic number – This tells you the planogram section (one), the shelf number (one) and the exact product location on that shelf or peg (one).
5. Number of facings (four)
6. Date label was printed (11/05)
7. Last digits of the UPC code (48126)
8. UPC bar code
Vendor Certification

What it Means

Vendor certification means that you will be authorized to use limited in-store PDA applications that will aid you in getting product from the backroom to stock on the sales floor. Currently, authorized applications include LOC, SUBT, POG, and Item Search. Once certified, vendors can work on their own in the backroom and can utilize the PDA on the sales floor.

How to Become Vendor-certified

To become Vendor-certified, you will need to take the following steps:

• Receive Store Merchant approval to become a certified vendor.
• Review the Completing the Vendor Certification Process section (below).
• Review the Vendor Quick Reference tool.
• Complete the Vendor Certification quiz. You must answer at least 90 percent of the questions correctly to receive a passing score.
• Once you have achieved a passing score on the Vendor Certification quiz, notify your manager. Your manager will send you a PDA Logon ID code. Remember to log into the PDA Unit with this same code every time you work in the store.
Completing the Vendor Certification Process

You will need to read and understand the information contained in the following sections to become a vendor-certified. The Vendor Certification Quiz questions will be derived from this information.

The Backroom

Backrooms within Target stores can differ in many ways. Some stores have only one backroom. Some have multi-level backrooms. Others have one main backroom, plus some smaller backrooms that contain product for specific departments (e.g., Electronics). Stores may even have containers, trailers or offsite backrooms with merchandise in them (work with the Backroom team member to retrieve merchandise from these locations).

Regardless of layout, four key elements make up an efficient backroom in every store:

- The Closed Backroom philosophy
- A well-trained Backroom team
- Organized backrooms
- The Backroom Location System

The Closed Backroom Philosophy

Target’s backrooms are “closed”. This means they are off limits to most team members. To keep the Backroom Location System as accurate as possible, the closed environment must be maintained. Trained executives and team members who are backroom-trained are the only ones allowed in the backroom. As vendor representatives working in Target’s backrooms, you become an extension of the Backroom team once you pass the Vendor Certification quiz and become certified.

Vendor backroom responsibilities:

- Keep the backroom neat, clean and organized.
- Keep backroom items accurately located in our systems.

As a certified vendor, two primary applications can be used to identify a backroom location and remove product from the backroom:

- LOC (locate item)
- SUBT (subtract item)

You will also receive access to two applications to stock product on the sales floor:

- POG (planogram fill) (ensure you partner with a store team member prior to requesting this type of fill)
- Item Search

Backroom Organization

Each backroom is laid out in a similar manner. First, the backroom is given an area ID, aisles, sections and shelves. Next, a unique ID label is placed on each shelf in the backroom and the location is activated in our system. This sets the stage for the store to keep track of everything that’s in the backroom – and to know exactly where to find each item.

Backroom labels identify the location of merchandise in the backroom. Finding merchandise in the backroom is as easy as understanding the labels.

- Each backroom is broken down by aisle and each aisle is numbered.
- Each aisle is divided into sections.
- Each section is assigned a letter that identifies it.
- Each shelf in the section has a numerical identification that assigns it to a specific backroom location.

The combined floor number and backroom letter are the backroom’s ID.
After the backroom has been organized and labeled, Target team members use PDA Units to scan each item and backroom shelf label as it is placed, backstocked, onto the particular shelf. This ties the item(s) to that location in the system. It also enables the system to direct team members to an item’s exact location when pulling product out of the backroom or performing other backroom maintenance functions. All items are backstocked by department to facilitate an efficient, organized backroom.

As a vendor removing product from the backroom, you will use an application called Subtract or SUBT – this will ensure the location is accurately updated. Never move an item from one location to another. Partner with a Backroom team member if it is necessary to change or update the location of an item in the backroom.

**Note:** SUBT is the only backroom application that you are certified to use. Use of any other backroom application to pull product from the backroom may result in revocation of certification.

Performing SUBT carefully and accurately is what keeps the location current. An accurate location/item tie, in turn, helps team members perform their other backroom activities more productively and with fewer errors.

### Baffles and Ghosts

Baffles and ghosts affect the stocking process of your product on the sales floor. That is why it is important to maintain accurate backroom locations.

- **Baffles** – A baffle occurs when an item is found in the backroom and it is not “located”; likely caused by placing an item in a backroom location without systematically “locating” it. Make sure to partner with a Backroom team member for items that need to be located.

- **Ghosts** – Ghosts occur when the backroom location system says an item is located in a certain place, but the item isn’t there. This is commonly caused by an item being taken from a backroom location without using the SUBT function properly.

**Note:** If you identify a ghost or baffle while working in our backrooms, please notify a Backroom team member to correct/update the backroom location.

### Things you can do to help maintain accuracy within Target backrooms:

- **When using the SUBT function:**
  - Always key Y when pulling all of an item from a backroom location. This lets the system know to delete the item from the location.
  - Always key N if you have not removed all of an item from the backroom location.

- **Tell the Backroom team leader** if you find baffles or ghosts.
PDA Logon Procedures and IDs

Vendor ID numbers must be used to log on to PDA Units. For security reasons, it is important that Non-Target personnel keep their logon IDs confidential and always log off when work is completed. Do not use a team member’s PDA Unit without logging out of their ID and into your Vendor ID.

Logging into the PDA Unit

1. Power on the PDA Unit, then key in your Vendor Logon ID.
2. Select “Other” to indicate what type of team member you are.
3. Select “Vendor” to indicate your role.
4. Select the application you want to use from the menu on the unit.

Logging off of the PDA Unit

1. When logging off, click on the dual arrow button at the top of the PDA screen to exit the current application you are in and enter the home screen (pictured above in step 4).
2. Once in the home screen, click on the exit button in the top right corner of the PDA screen. This will log you out of the device.

PDA Function Definitions

Refer to the Vendor Quick reference guide for specific direction on how to access and use each of the following applications. It is the vendor’s responsibility to partner with the Sales Floor and/or Backroom team to understand how to properly use Target applications.

RF Application Functions

Location (LOC)

In order to find merchandise in the backroom and pull product from the backroom, vendors must follow specific procedures. **LOC is an application that can determine the backroom location of items scanned on the sales floor.** By using this on the sales floor, vendors can easily determine where their backstock is located in the backroom. Vendors must use LOC and select Backroom Option to find the locations of merchandise in the backroom.

Planogram Fill (POG)

A planogram fill batch is used to fill an entire endcap or a specific planogram.

*Note:* This type of batch must be pulled from the backroom by a Backroom team member. Partner with the backroom team to ensure they can pull this batch before creating it.
**NEW!** SUBT Location and Function

**Subtract Pulls (SUBT)**

A pull is the process of moving items from a backroom location to the sales floor.

Vendors will use SUBT to pull product to the sales floor. It is critical that any item pulled from the backroom is pulled with this application. This application updates the backroom locations.

**Note:** SUBT is its own application now and can no longer be located within RF applications.

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**NEW!** Item Search Functions

**Item Search**

This application gives general item information, including retail price and sale price if on ad, backroom locations and quantity, and current on hands.

**Important:** Vendor representatives are only authorized to use the above in-store applications. Absolutely, no other type of batch/pull, Exception Fill (EXF) or Research (RSCH), is allowed. Use of any non-authorized applications may result in revocation of certified status.

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**Completing the Vendor Certification Quiz**

Now that you have reviewed the information regarding Target backrooms, you are ready to take the Vendor Certification quiz.

- You must answer at least 90 percent of the questions correctly to receive a passing score.
- Once you have achieved a passing score on the Vendor Certification quiz, notify your manager. Your Manager will send you an PDA Unit Logon ID code. Remember to log into the PDA Unit with this same code every time you work in the store.
- If this is the first time a member of your company has completed the quiz, and your manager does not yet have a PDA Unit ID code, they will need to contact SO-Backroom@Target.com to be issued one.

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**Maintaining Your Vendor Certification**

Activities performed by Certified vendors will be systematically tracked according to baffle performance standards. A performance recap will be sent to each vendor monthly via email.

**NEW!** If a vendor is performing below standards and/or using unauthorized PDA applications they will receive a detailed activity report via U.S. mail.

> **97.5% and above = green**  
> **95% to 97.49% = yellow**  
> **Below 95% = red**

**Important:** Vendors who consistently perform below standard of 97.5% and/or use unauthorized PDA applications will be subject to suspension or termination of backroom certification privileges.
Checking In

Each time you arrive in a Target store, it is required that you sign in at the Guest Service Desk.

- Identify yourself as a Target Certified vendor and you will be given a temporary guest badge.
- You must wear this badge, along with your vendor badge/ID, at all times while working in the store.
- Once you have checked in and received your badge, notify the Sales Floor team leader who is working in your merchandise area, that you have arrived. This person will be your contact for questions on the sales floor regarding zoning and maintaining sales floor in-stocks.
- If you need to check out a PDA Unit, ask the Guest Service team member what their store’s procedures are for doing so, and follow accordingly.

**Note:** If you experience issues with the store granting access to the backroom, contact your manager with the store number, store contact name and reason for denying access. They will communicate the issue to Target headquarters.

Working in the Store

Keeping the sales floor full while maintaining location accuracy in the backroom is the name of the game.

**Follow These Steps on the Sales Floor**

- Find the sales floor areas where your merchandise needs to be stocked.
- Zone the area completely (look for missing signs and labels, face product out on shelves and align product with the correct shelf label).
- Scan the items on the sales floor that need to be stocked by using Item Search on the PDA Unit.
- When scanning, write down the item and backroom location of each item scanned.
- Notate any discontinued items with no LOC in the stockroom. These holes need to have other items moved into their spot. (partner with the Sales Floor team leader for item replacement).
- Follow company direction for applying Instant Redeemable Coupons (IRCs), etc.
- **Stock merchandise on the sales floor.**
- Confirm that all authorized displays are up and stocked.
- Take care of any garbage and cardboard by placing by the compactor and cardboard bailer.
- Notify Sales Floor team of any missing Sale signs or labels.

**Follow These Steps in the Backroom**

- Go to the backroom and find the locations of the merchandise (if necessary, ask a Backroom team member for help in finding the locations).
- Use the SUBT function on the PDA Unit to pull the merchandise. This will remove the items you are pulling from the location in the backroom.
- Do not hesitate to ask Sales Floor team leaders or Backroom team member questions.
- Return and stage any excess product in the backroom and mark with backstock chip clip.
- If you need to handle fixtures for any reason, partner with the store team. All fixture rooms are now on a locations system and special process stops must be followed.

Checking Out

When you have completed your work in the store you must:

- Return/check in your PDA Unit to the appropriate location in the store.
- Sign out and return your guest badge at the Guest Service Desk.
Target Terminology

- **Adjacency** – A layout showing placement of merchandise categories within the store
- **Aisle numbers** – An alphanumeric sequential identification assigned to each sales floor aisle in Apparel and Accessories and Hardlines; aisle numbers are used by various systems to provide exact product location information to guests and team members (e.g., toothpaste is in aisle B27, laundry detergent is in aisle G12)
- **Assortment Item** – A group of items being moved through DCs under one item number assigned to the entire assortment; the assortment item’s number becomes valid when the assortment reaches the store
- **Backroom** – The offstage areas of the store used for trailer unloading, direct-receipt processing and to hold excess merchandise (stockrooms)
- **Backroom Trained/Closed Backroom** – Store backrooms are closed to all team members who have not been trained and certified in using PDA Units to backstock and pull merchandise
- **Backstock** – Excess product that will not fit on the sales floor; this merchandise is backstocked in the backroom and the backstock location is systematically recorded by scanning the item and stockroom location label
- **Baffle** – An item in the backroom that has not been systematically recorded; this increases the likelihood of sales floor out-of-stocks because the system doesn’t know the item is in a location and will not include it in pull batches to fill the sales floor
- **Bulk Area** – Bulk racking area in the store’s backroom where palletized quantities of product are stored (i.e., cat litter, water, etc.)
- **Dated Product** – Merchandise that has an expiration date (e.g., food, baby formula, etc.) and must be rotated when stocking to ensure freshness
- **DC** – Distribution Center
- **District** – Stores within a group and region (8-20)
- **DTL** – District team leader
- **DPCI** – Abbreviation for department, class and item number
- **Endcap** – Display fixture with shelves located at the end of gondolas (usually facing traffic aisles)
- **ETL** – Executive team leader
- **EXF** – Exception Fill Batch
- **Facing** – Vertical or horizontal number of items on a planogrammed display
- **Ghost** – An item the STO thinks is in a certain area of the backroom, but it actually isn’t; ghosts cause lost productivity because systems keep sending team members to backroom locations that don’t really contain needed items for a pull
- **Gondola** – Long, narrow display fixture, usually with shelves and/or peghooks
- **Group** – Stores comprised of several districts (60-80)
- **ISM** – In-store marketing/signing
- **Location Accuracy** – System accuracy of product in the backroom
- **LOD** – Abbreviation for leader on duty; this is the Target executive responsible for running the store for a portion of the day and is rotated among store executives based on work schedules
- **MPG** – Merchandise Presentation guide
- **Not On File (NOF)** – An item received through the DC, grocery wholesaler or a vendor that is not set up in Target’s system
- **Not On Planogram (NOP)** – An item that is legal for Target, but is not set up as a part of a planogrammed display at this store
- **On-hand** – Amount of merchandise physically available for purchase
- **On Order** – Amount of merchandise ordered, but not yet received
- **PDA/LPDA** – PDA handheld units
- **Planogram (POG)** – A picture or layout plan that describes the exact quantity and location in which an items is to be displayed on the sales floor
- **Point Of Sale (POS)** – The combination of electronic cash registers with a computer that automates most retail checkout activities
- **Prototype** – Store design and layout
- **PTM** – Pre-transition merchandising
- **Pull** – The process of systematically taking merchandise out the backroom and moving it to the sales floor
- **Push** – Refers to mass daily stocking effort to ensure the store is fully stocked before opening time
• **Replenishment** – Refers to in-store process of filling the sales floor every day with merchandise arriving on trailers or being pulled from the backroom.

• **Research** – The process used to update on-hand counts and facilitate replenishment to the sales floor.

• **Revision** – New merchandise for an existing planogram.

• **Riser** – A shelf on top of a display fixture for temporary storage of overstocks (authorized departments only).

• **Sales Accumulator** – A store system that keeps track of the amount of items that are sold to help determine sales floor replenishment.

• **Sales plan** – A department’s promotional program, with highlighted merchandise featured on endcaps with a sign.

• **Salvage** – Slightly damaged or outdated seasonal items. Target stores ship to a salvager (e.g., Goodwill) who pays Target a percentage of the retail value.

• **Shelf label** – A 1x3” self-adhesive sign that is applied to a shelf lip or used on a peghook, and contains price information for the guest and information necessary for the stocking process.

• **Sidecaps** – A wire fixture attached to the side of endcaps that houses related impulse merchandise.

• **SFLM** – A Sales Floor Location Management (SFLM) application on the PDA used to pre-tie, tie and untie planograms and revisions to the correct sales floor location numbers.

• **Smart Schematic** – A way of numbering items on a store planogram to make finding items easier.

• **STL** – Store team leader.

• **Backroom profiles** – An organization tool that is used to maximize space; each set of profiles has different shelf elevations that match the product as close as possible.

• **STO** – The STO application allows backroom team members to tell the Stockroom Location System that they’ve placed merchandise in a particular backroom location.

• **SUBT** – PDA application that allows backroom team members to subtract/remove specific items to fill guest requests.

• **Transition** – A complete merchandise reset of one or more fixtures, such as an area transitioning from Halloween to Christmas.

• **TPC** – Temporary Price Cuts are short-term reductions in an item’s price; the special prices are not advertised, so these items could be called “unadvertised specials”.

• **Zone** – Used to ensure the appearance of the merchandise is neat and clean for the guests; includes straightening racks of merchandise in Apparel and Accessories, and front facing and aligning planogram.