

Rick Gomez Transcript

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Matt: To thrive in a rapidly evolving landscape, brands must move at an ever-increasing pace. I'm Matt Britton, founder and CEO of Suzy. Join me and key industry leaders as we dive deep into the shifting consumer trends within their industry, why it matters now, and how you can keep up. Welcome to the Speed of Culture. Today, we're going to be speaking with Rick Gomez, the Executive Vice President and Chief Financial Officer at Target. Over the years, Rick has played pivotal roles in shaping Target's marketing strategies, particularly in merchandise categories and managing multi-billion dollar consumer packaged goods brands across Target's food and beverage business. Rick was a winner of the 2022 Retail Innovator Award as a Retail Innovator Award. I'm so excited for this podcast and I'm here today. Rick, great to see you. I

Rick: Great to see you. Good to be here.

Matt: Thanks so much. So let's just dive right into your background because obviously you're in a pivotal role right now at one of the most prominent retailers in the world and that's just not a role that you get to overnight. If you can wind back a little bit to your earlier days, maybe in college, did you know that you wanted to be in the world of marketing?

Rick: No, actually, I had plans to become a lawyer, a corporate lawyer. When you don't know what, you become a lawyer. And I had studied government, political science, and I had applied to law school and was planning to go and got accepted and was thrilled, shared it with my parents. And they said, we are so proud of you, but how are you going to pay for that? And that's when the light bulb went off that I need money. And so I deferred to law school for three years and took a job working in brand management at the Quaker Oats Company. I took the job because it was a decent salary in Chicago, which is less expensive than in New York. And that's the reason I took the job. After three years, I was the assistant brand manager of Captain Crunch and was having a blast coming up with one of the toys in the box and the games on the back of the cereal and coming up with TV commercials for Crunch Berries. And it was just had this realization that there's no way that being a lawyer could ever be this much fun.

Matt: That's for sure.

Rick: Yeah. I've never looked back since and continued working in marketing for many years, became part of the PepsiCo family, and did a brief stint working for MillerCoors. And then about ten years ago, I made the jump from CPG into retail and joined Target. I

Matt: And cutting your teeth, so to speak, at a CPG, whether it be Quaker Oats or your work with Captain Crunch, huge fan of that brand, by the way, as well as being at PepsiCo, which is a common theme amongst our Speed of Culture guests as they work at companies like PepsiCo or Procter & Gamble, is usually what I hear is that the learnings are invaluable in terms of brand building and the

disciplines that you're able to ascertain. Can you talk a little bit about your experiences at those larger CPG companies and maybe how they formed the leader you are today?

Rick: Sure. I think three lessons for me. The first one is really around managing a brand what that means and how you think about positioning your brand. And then you have all elements of the touch points of the guest, the product, the packaging, the pricing, all support that brand and that brand point of view. And then to be really vigilant about protecting that brand, growing the brand, stretching the brand, but being really true to what it stands for is something that was ingrained in me back at Quaker Oats, which is a smaller CPG, but had big brands like Captain Crunch and Gatorade and Quaker Oatmeal. The second thing that I learned, was the importance of being consumer-centric, really listening to at Target, what we refer to as our guests, listening to our guests, what are their needs, what are their pain points, and then thinking through how can we better deliver on those than the competition. And so being very focused on listening and learning from the guest and not assuming that because you buy that product or you shop there you are the guest. Yeah. So that was kind of this thing I learned. And then the third is just the benefit of working in a really big matrix organization like Pepsi Co. You learn the power of influence management. You don't own anything. You work on everything and you have to be able to collaborate cross-functionally, work horizontally, build relationships, and collaborate effectively. And that's been invaluable to me. So it's really the power of a brand, the importance of listening to the guest, and then the ability to work in a big matrix organization have been really important skills for me.

Matt: Absolutely. And you took those skills and your learnings and you joined Target in 2013. So now over 10 years that you've been at Target, first of all, that in itself is, I think, commendable, I admire this because many people don't stay at roles and companies for that long. And obviously, there are benefits to doing so. You get to understand the brand, the culture, the people, and really ultimately have much more impact. I'd love to hear about your journey in terms of how the company Target has changed over the last 10 years from when you started the company to where it is today.

Rick: Sure. I mean, it's changed quite a bit. And I think if you talk to anybody who works in retail, regardless of where they work, they will tell you that there's been a lot of change over the last 10 years. A couple of thoughts. One is I've been very fortunate to work at Target and to be here 10 years and to have new challenges, new roles, and expanded responsibilities, started in marketing, but then got a chance to run our e-commerce business, then got a chance to oversee corporate strategy, and then got a chance to move over to food and beverage, which is a \$23 billion business. And I'm running a P&L. So I'm very, very grateful for what Target has allowed me to do and to learn and to explore. So it's been a really amazing 10 years. But I will tell you, the company has changed a lot. And let me talk more specifically about food and beverage. And the food and beverage business has been on a multi-year journey to really transform the business. We made a commitment that we wanted to go from being a retailer that just sells food to being a retailer that truly celebrates food. And to celebrate food and beverage, we've been doing a lot of work. And I'm very fortunate to be here 10 years ago. So I'm very, very grateful for what Target has done for us. And I'm very, very grateful for what we've made significant investments in the business. We've made investments in completely revamping our brand portfolio. By own brands, I'm referring to our private label brands. We've completely revamped that. We launched Good & Gather. It's now over a \$3 billion brand. We've made big investments in our team, recognizing the importance of having grocery industry expertise at the table. We've invested in the team. Then the third thing that we've done is we've really leaned into our industry-leading same-day fulfillment services, particularly drive, which has become almost a signature service for us, where you can order your groceries online, come to

Target, and we can put them in your trunk in less than four minutes. So it is completely, easy and free and has been an amazing service for our guests. And so we've come a long way. We're in a very different place now than we were just five, or 10 years ago.

Matt: And given the, I guess, broader macro-economic changes and even changes in consumer needs and behaviors coming out of the pandemic into a landscape now where we do have rising inflation and rising food costs, how have you been able to, I guess, alter your strategy to make sure you're meeting the changing needs of consumers?

Rick: Yeah. I mean, during the pandemic, it was about safety. It was about cleanliness. It was about contact shopping. And so we saw a huge boom in our E-commerce business and we saw a huge boom in our drive-up services. I think coming out of the pandemic, what we consistently hear from our guests is the need for affordability. They're trying to manage their budget. They're trying to stretch their budget to go as far as they can, dealing with inflation, dealing with the return of student loans, dealing with high-interest rates. And so they're looking for value. And that's something that we have always been committed to. It's part of the Target promise part of what makes Target is that we offer on-trend products at a great price. And so we have been very committed to that in food and beverage as well. And we deliver that in a couple of different ways. One is with the products that we sell. And I've mentioned this before, our private label, our own brand, Good & Gather, Favorite Day, and Market Pantry are excellent quality products, but they're at a really good price point. The other way that we deliver affordability is through Circle. We have Circle as our loyalty program. It's free to join. We have over 100 million members. And we're able to use that data to then be able to provide personalized savings for you based on what you purchase and what you might like. So we'll do personalized. And then, of course, we offer everyday great prices on those things that really matter, like the eggs and the milk. And then we're doing things to deliver value that are seasonally relevant. Right now, we're heading into Thanksgiving. And so everyone's thinking about the meal and wanting to have a special time with family and friends, people they love. But they're on a budget. And so what we've done for Thanksgiving is we've curated a Thanksgiving meal for four under \$25. And it's a turkey, 99 cents a pound. And it has cranberries and stuffing and vegetables and sides. And it's a way. You have a delicious meal for \$25. And then we have a whole bunch of good and gathered sides that are all less than \$5. So one of the things that we hear so much from our guests is times can be a little bit tough right now. And they're trying to stretch their budget, but they still want to celebrate. They still want to have those family moments. And they still want to have what we refer to as affordable joy. And so that's kind of our mission. And we're going to do that for Thanksgiving.

Matt: It's interesting because to me as an outsider and a Target customer, it's like the brand has seemed to be quite elastic over the years because even pre-pandemic when we were in a much better, more stable economic state, I feel like Target did lean into the Target side of the brand in terms of the best fashion. And to me, it seemed more like a Walmart differentiator than just going into value. But I think it also does provide value. So in a time like now, you can lean further into that benefit. Is that true? Is that kind of what goes into your thinking in terms of what aspects of the brand equity pillar we lean into based upon the current state of your consumer?

Rick: Yeah. And the way I would articulate it is we often say our brand, it's the and. And what I mean by that is it is on trend. It is high quality. It is a delicious product and it's at a great price. And so that combination is what we stand for. We often say, you know, expect more, pay less is our brand promise. And it's really those two things coming together that make us differentiated in the marketplace. And that brand promise is relevant today, just as it was 10, 15, 20 years ago.

Matt: Right. And one other thing you brought up was just the benefit of first-party data. And in the world of food and beverage, many of the traditional food and beverage companies don't have that because they're selling through big box retailers like yourselves. They don't have first-party data. And I would imagine that provides you with an incredible benefit at understanding the types of foods consumers are looking for and the way you should be positioning it. So how big is that data set? And I guess you talk about consumer centricity. Is that part of your process of rolling out new products? I saw recently you rolled out Good & Gather Baby and Good & Gather Toddler. I would imagine in a case like that, you're using the first-party data to really frame your go-to-market strategy.

Rick: Absolutely. I mean, the short answer to how much data we have, it's a lot. And so for 100 million members, we have a lot of their shopping behavior and their preferences, and we're able to then be more relevant to them. So examples of what we do is when it's back to school time, we're able to do a lot of shopping. And so we're able to do a lot of shopping. And so we're able to do a lot of shopping. And so we're able to do a lot of information on teachers, and we're able to give teachers an incentive to get school supplies. We just had Veterans. We were able to then send an incentive to veterans to celebrate them. So we're able to do targeted, personalized stuff, which has been incredibly helpful. And what we're also able to do is partner with a lot of those consumer-packaged goods (CPG) and sell their products at Target. We do that through Roundel. We have a media company and we'll partner with them to create marketing campaigns that leverage our first-party data and can do what everybody wants to understand, did my marketing spend, what did it deliver? And we're able to target the audience that they're looking to meet, the audience, and then we'll measure it. And we're able to, with first-party data, be able to show exactly the return on that investment. And that's something that marketers have been looking for years.

Matt: Absolutely. We'll be right back with the Speed of Culture after a few words from our sponsors. Another shift that we've been seeing a lot of lately is consumers finally believing and gravitating towards purchasing groceries online and Instacart recently in public. And that was something, especially pre-pandemic, that many consumers either shied away from or didn't believe it. What trends are you seeing relative to this with your business?

Rick: I would say our digital business is continuing to deliver double-digit growth coming out of the pandemic. I mean, it was explosive during the pandemic for obvious reasons. But we've seen strong momentum continuing post-pandemic. But I will tell you, there's also our stores still play a really important role. And I think it comes down to what is your trip type. What is your trip mission? And some of them are quick and they want it to be hassle-free. And they're going to look digitally to get what they need. And we can deliver to your home through our ship chopper. Or you can come pick it up through drive-up. And it's about ease and convenience. But then there's also another type of trip at Target, which is about inspiration. And it's about discovery. And we hear all the time guests have a free one hour. Their kids are at a soccer practice and they've got a free hour. They'll go to Target and they'll walk up and down the aisles and they'll explore. They'll look for what are the new brands. What are the new products? They often do it. But like this time of year to get in the holiday spirit. And we do a terrific job of not just having seasonally relevant items, but we decorate the store in a really seasonally relevant way. So when you come in, you get into the spirit of whether it's Christmas or Valentine's Day or Mother's Day or Easter or whatever it may be. So what I would tell you is right now, what guests are asking for is it varies. And sometimes they want digital. Sometimes they want

it in the store. Sometimes it's a combination of both. And our commitment at Target is we will get products to our guests however they want them.

Matt: Yeah. And another big initiative, I know that you've been behind it is just wellness within the food and beverage space, which I know is top of mind for anybody that's in the industry. Can you talk a little bit about some of your efforts there?

Rick: Sure. I mean, I've been in the food and beverage industry forever. And wellness has always been a topic and it's always been a trend. And I think it continues to be. What we're seeing is our guests are very interested in health and wellness. What we're starting to see is it's starting to emerge and we're starting to see some new things in that space. So what we're seeing is certainly stuff like organic and freshness, all-natural. That, of course, is still there, but we're seeing more growth in vegan, dairy-free, keto. Another area where we've seen growth recently is non-alcoholic beverages and non-alcoholic beer, wine, and mocktails. It used to dry January people would do. But what we were seeing is dry January is extending beyond January and people are looking to take care of themselves. They're also defining health and wellness more broadly. And our guests are defining it as not just food and nutrition, but also self-care. And so even businesses like our beauty business, which you might think of as a luxury or a nice to have, it's actually part of taking care of yourself and feeling good about yourself. And we're seeing really strong growth in our beauty business.

Matt: Yeah, that totally makes sense. It's interesting because I was looking at some data and you look at Gen Xers and the youngest Gen Xer is 43 and the average age of a parent having a child in the U.S. is 27, which means even the youngest Gen Xer, their kids are at a minimum 16 years old. And if you're appealing to families, that means that we're two years away from families being solely millennials. And millennials, as you know, grew up with the internet in the household. So we're kind of at the precipice of this completely new ship of parents being millennials. And I would imagine when you talk about all these things on the channel, you talk about wellness, you talk about the ship, the e-commerce, and all these things, it's just going to become more and more prevalent in the years to come and bolden whatever strategies you're tinkering now to be the core strategy.

Rick: Absolutely. I mean, technology is not going away. And I think what we're seeing is... Our guests, consumers more broadly, their expectations just keep getting higher and higher and higher. Expectations for what is convenience and how is defined. Expectations for what inspiration looks like. I'll give you an example of something that we just launched. We have drive, and we've expanded drive during the pandemic to include fresh, frozen, adult beverages, really the full assortment. But what we just launched nationally in October is you can now get a Starbucks. So when you come in and you say, I'm here to pick up my groceries or whatever you're buying in Target, we prompt and say, would you like a Starbucks with that? And the feedback is through the roof. True. And that would have been unthinkable just a couple of years ago that we would manage to get a hot drink out to your car. We do it in less than four minutes. And the store team member has figured out how to do it. And the feedback has been phenomenal. Outstanding. We look at NPS scores as an example, and it's quickly become one of our highest-scoring experiences at Target. And I think it's just an example of how expectations how getting higher and higher and higher with technology.

Matt: Yeah. And you're tapping into, obviously, core consumer behavior that your customers share, and they would do it on their own. And you're just making it easier for them. And you're connecting it to your brand and making it part of the brand experience.

Rick: Totally. And the thing that I love about it is we've been rolling this out across the country. And so we have a lot of data. The number two item that's being purchased is a cake pop. And I think that just speaks to it's the parent in the front seat and they're getting a cake pop for their kiddo in the back seat to make them just as happy as they are. And that becomes part of the whole target experience for the whole family.

Matt: I'm smiling because I have a three-year-old daughter and every time I'm with her in the city and I go into a Starbucks, she asks for a cake pop. It's like she believes she deserves a cake pop if I deserve a latte. You're speaking my language here. So let's shift gears a little bit to you and kind of the way that you go about your work. The first question I would have for you is, how are you able to, as an individual, keep in touch with all the kinds of changing consumer trends? What tools and what people do you lean into to make sure that you're at the Head of People and culture, so to speak?

Rick: It takes a village. We have a big team at Target that focuses on consumer insights. We have a group that focuses specifically on food insights and food trends. They're talking to guests every day, getting feedback, what's working, what's not working, but they're also traveling around the world and they're seeing what's working in other markets and what we could potentially learn from and bring back to the US. One of the things I'm excited about for this holiday season is we're doing a partnership with Marks and Spencer's M&S, which is the world-famous British retailer, and bringing in their assortment and selling it for a limited time this holiday season with most items under \$10. It's just a great example of we were out in London, UK and we were looking at different trends and we were so impressed with the products at M&S. We made a partnership and we did it for the first time last year and it was gangbusters, so we're doing it again this season. It's just an example of inspiration that can come from a lot of different places. We're getting tons of media clippings, articles, podcasts. We have external speakers come to Target to share their insights and their perspectives. Oftentimes, we bring in people from other industries just to bring a fresh perspective. Again, you never know where a good idea is going to come from.

Matt: Absolutely. And you talk about taking a village and a big part of that is you being able to trust your team and building a great team. What do you look for in the people who you bring to your team at Target? And what are some of the proven success strategies for building a successful team around you?

Rick: A couple of things. I think first and foremost is building a diverse team. People who have different backgrounds, different lived experiences, different career paths, and different industry experiences. So if you look at my direct report team, some of them have grown up at Target their whole career. Some of them have worked in the grocery industry at Competitors. Some have come from doing completely different things, not in Food & Bev, and have experience working in the home business. And then people who I think stylistically bring different perspectives. Some are operators, some are supply chain experts, and some are more creative marketers. And I think having that mix is where you get the really good ideas. So I think a diverse team is paramount. The second thing I would say is when we're recruiting if you had asked me this question just 10 years ago, I would have given you a different answer. I probably would have said, you know, when we're interviewing, we're recruiting, we're looking for people. Strong leaders, track record of success, good strategic problem solver. And those are important. But I actually think what's become more important now is two things. One is resilience and the ability to... It doesn't always go your way. And there are ups and there are downs in business, for sure, in retail. And you have to be able to weather the downs and then try to extend those highs as long as you can. But it's not all gonna be the way you had planned. And so you have to be resilient. You have to be tough and you have to be able to

pick yourself up and pick the team up and get people motivated and to go back at it again. So resilience. And then the second thing I would say is just be flexible, and agile. I mean, things are always changing. And so you can't get so locked into, this is the plan and we're gonna go execute the plan, the annual operating plan, we're gonna go execute that and then we're gonna be successful if we deliver the execution. It's constantly changing. I mean, on a daily basis, we're looking at daily sales or we're talking weekly and we're looking, do we need to make any changes to our plans for this weekend? And so being able to kind of be flexible and agile and not too stuck in your ways is really, really important.

Matt: Especially in this world of AI, where we have no idea the types of innovations and tools that are going to be at our disposal three to six months from now. So if you're not flexible, then you could find yourself sort of on the outside looking in, right?

Rick: Absolutely. I mean, flexible and you have to be curious. I mean, you have to be kind of a lifelong learner. How we go to market today is so different than how I went to market at Pepsi or Miller or at Quaker. It's changed so much. And you have to be willing to take a little bit of humility, a little bit of vulnerability to say you don't know everything. And somebody who might be a lot younger on your team might be way more experienced on a different platform than you are, and you need to lean into their insights. And be curious and want to learn about it.

Matt: I think it's all great advice. And wrapping up here, Rick, I mean you're in a very exciting position. You've had a great career. You wanted to be a lawyer when you were first getting started. And now you're in a very creative industry and a really fun, powerful brand. What would you tell 21-year-old Rick, based upon everything you've experienced in your career that you wish you knew then that maybe would have made the journey a little bit easier for you?

Rick: I think I probably would have told myself, don't stress out so much. Don't worry so much about all the little things. I mean, I caused myself a lot of stress in those early years, and I probably could have avoided that and just had more fun. And I think when you show up at work and you're having fun and you're enjoying the people you work with, and I have the pleasure to work with an amazing team and a company whose culture I completely align with and identify with, that's a lot of fun. And so just remind yourself that that's what it's about and not sweating all the little details and stressing yourself out unnecessarily. It'll all work out.

Matt: Yeah. And, you know, as we know, some doctors have people's lives in their hands and maybe they need to be stressed out. But for you and I and the work that we do, although it's important and we are responsible for the livelihood of others, ultimately, it's not life or death, so to speak. So I think erring towards the side of having fun and being more creative the way you do probably will yield better results then.

Rick: You probably will yield better results. Right? Yeah, I think so. I mean, we are in a creative business and I think the winners in retail are the ones who are going to come up with new ideas, fresh ideas. They're going to be the ones that are listening to the guest and are really, truly empathetic and understanding of the guest's needs and then come up with really fun, creative ideas to deliver on those needs.

Matt: Yeah. And then regarding anything for 2024 that you're excited about, or maybe you're working on that you care to share, what you want to accomplish for next year for the brand?

Rick: There's a lot of things we're excited about. And the areas that we're most focused on are really, certainly ease, affordability, and innovation are the three areas that we're focused on. From an ease perspective, we're constantly looking at how we make our same-day services even better. Like with Starbucks, what's the next thing? We're launching returns through same-day services where you can just drive up and return your products, which makes it even easier. We continue to lean into affordability. We think that will be really important for our guests throughout next year. And one of the ways we do it, and we do it with Target, I think is our brands. And so you're going to see not just a few new items, you will see hundreds of new items across Good & Gather and Favorite Day next year. And then we'll continue to lean into, you know, the inspiration and do things, partnerships like the Marks & Spencer partnership I mentioned. We also did a partnership with Tabitha Brown that was really well-received because of her super optimistic, joyful influencer. And we have been working to have a line of products that we will have on the shelves year-round. So in and out item, it did so well, we want to bring that back. But we're always looking to partner with new, fun, creative partners.

Matt: Very cool. I can't wait to see. You know what? You have to gather your sleeves for next year. So to wrap up, is there a quote or mantra, we ask all of our guests, that you like to live by that drives you every day?

Rick: Just be you. I know that sounds really simple and maybe a little bit trite, but at the end of the day, just be your real authentic self. And I think that's really important. And I think oftentimes, particularly in corporate America, we can forget that and spend a lot of time trying to be someone that we're not and lose sight of what makes us really special and that we should be bringing to the table every day. So I would just say, just be you.

Matt: Love that. That's fantastic advice. We're going to leave it with that. So thanks so much, Rick, for joining. I cannot wait for our audience to hear this interview. I've been a big-time fan of yours for a while, so it's been great to be able to dive deeper into the stuff of your work. Thanks, man. Yeah, thank you. On behalf of the Suzy and Adweek team, thanks again to Rick Gomez, Executive Vice President and Chief Financial Officer at Target for joining us today. Be sure to subscribe, rate, and review the The Speed of Culture podcast on your favorite podcast platform. Until next time, see you soon, everyone. Take care. The Head of Speed of Culture Podcast is brought to you by Suzy as part of the Adweek Podcast and Acast Creator Network. You can listen and subscribe to all Adweek's podcasts by visiting adweek.com/podcasts. To find out more about Suzy, head to suzy.com. And make sure to search for The Speed of Culture on Apple Podcasts, Spotify, and Google Podcasts, or anywhere else podcasts are found. Click follow so you don't miss out on any future episodes. On behalf of the team here at Suzy, thanks for listening. Bye.