TARGET CORP & THE FLEXIBLE CHURCH

How Target teaches us to innovate for relevance & increase engagement

NATHAN ARTT

WHY DOES THIS RESOURCE MATTER TO THE CHURCH?

This is the greatest evangelistic opportunity of our lifetime.

Centuries ago, the years following the Bubonic Plague created a demand for literacy like never before. Johannes Gutenberg brought an existing technology called the Printing Press to market, placing 500,000 Bibles in living rooms over 30 years. For doing so, he is credited with catalyzing the Renaissance, creating the Information Age, and developing what we now know as the middle class.

In the same 30 years that it took the printing press to reach 500,000 living rooms, the radio was placed into 50,000,000 living rooms, 100X faster than the printing press.

The TV was in 50,000,000 living rooms in half that time, or 15 years, 200X faster than the printing press.

It took Instagram 1.5 years to tally 50,000,000 users, 2,000X faster than the printing press.

So then, why is now the greatest evangelistic opportunity of our lifetime? Not only do we have the greatest message in the history of the world and a technology platform with infinite reach, but we also have a world where billions of people were just locked in their homes, along with their failing marriages, chemical dependencies, and depression, looking for a message of hope.

However, instead of being focused on bringing hope to the world, most churches are using the digital platform, our modern-day printing press, to create and distribute digital church bulletins. We might as well use our printing presses to make paninis. We use our most powerful communication tool to promote sermons and programs, regardless of whether or not that specific topic we picked for this week matters to the person engaging with us. If the church "brand" (what people say about it) in most communities was a person, we would consider them a narcissist. The way the church thinks about itself and perceives what it does today is rooted in very traditional models, systems and approaches.

This all comes back to the Great Commission.

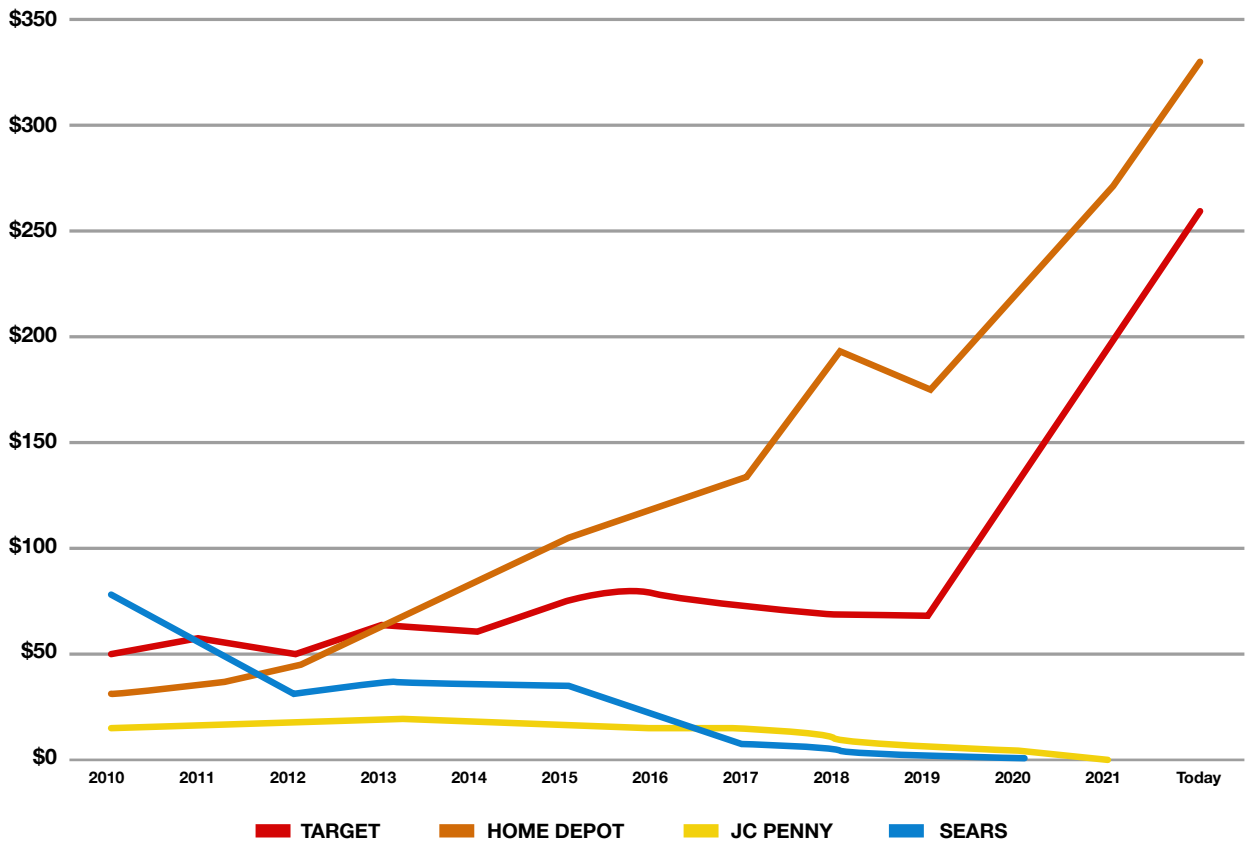
Jesus very specifically states that He has been given all authority under Heaven and Earth—and therefore, under His power and by His name, He is calling us to bring His Good News to the ends of the earth, making disciples of all nations.

Before modern day technology, this calling required us to literally and physically go into all regions of the globe. Even with the technology we have today, this still represents a very real need in many parts of the world. But in North America, people are surrounded by churches. They are everywhere, even in the most unchurched and postchurched cultures of America. Yet, a Gallup Study recently showed that 2021 is the first year in American history that less than 50% of the population of America even considers themselves "religious." This is down from 70% just 20 years ago. Another study shows that over 60% of Americans will not step inside of a church or synagogue this year, and that only 24% of Americans consider themselves "churchgoers" who attend more than on Christmas and Easter.

> **We have the greatest message in the history of the world and a technology platform with infinite reach, but we also have a world where billions of people ... (are) looking for a message of hope.**

The bad news: the traditional, static, one-dimensional model of church is on a path fast-tracked towards irrelevance. The good news? We have the tools and the borrowed experience to make a shift toward relevance, along with the greatest message in the history of the world. Our borrowed experience comes from observing the successes and failures of other organizations and industries who have had to confront the realities of change in consumer and human behavior in every other area of life.

Retailers such as Home Depot, Target, WalMart, and others encountered a shift towards irrelevance caused by the digital platform well before Covid hit. They then made a major pivot that allowed them to thrive—while their competitors went out of business. Companies who shifted and adapted were able to increase relevance and make billions of dollars each. How great is it to think that if a retail company can sell billions of dollars of temporary consumer goods, how much more can we do as a church using the same strategies to introduce people to a message of eternal salvation and relationship with their Creator and Savior?



> **The good news? We have the tools and the borrowed experience to make a shift toward relevance, along with the greatest message in the history of the world.**

In our eBook, *Gutenberg, Amazon, and the Evolution of the Modern Day Church*, we discussed the power of the digital platform as the greatest evangelistic tool available to us, and how Home Depot used it to empower people as "DIY'ers." This strategy helped us understand the power of the digital platform to reach people who would never otherwise step into our buildings. The question that is now being asked of us most often is, "what do we do with our buildings?," or "how do we get people back into our buildings?."

To answer that question, we look to Target. Over the past six years, Target has moved from being a distressed retailer with empty stores to regaining its prominence as a retail giant. Target, more than any company we've studied, has figured out how to integrate the use of buildings with the digital platform in a way that has grown all of its offerings. What's very important to understand is the profound organizational shifts that occurred in order to make that happen, which we will discuss in detail within this resource.

In order to maximize this opportunity, it will require us to think outside of our current models and to ask the question, "what do people value in organizations they engage with?". This answer, in large part, is flexibility.

It's easy to assume that the church is bearing this burden of change separate from every other industry, but that's simply not the case. Some may argue that we are actually the late adopters. According to a recent employment study by Price Waterhouse Cooper, 45% of people who are Gen Z and Gen X are even willing to give up 10% of their future earnings to have the flexibility of working remotely. According to a study by Harvard Business Review, 96% of people want flexibility in the workforce (what is called a hybrid employee model), but only 47% of people have it, and the remaining 49% see that as enough reason to search for new employers who offer that flexibility. According to a study by Forbes, 74% of consumers state that their buying habits have permanently changed as a result of the ease of use of the digital platform in shopping for everything from clothes to groceries during Covid.

What you will glean from this resource is simple: **Target discovered the difference between convenience and relevance.** The "hybrid" model that is being discussed right now in the Church isn't going to be successful in reaching more people because we make sermons more convenient or more well produced. If we can learn anything from Target's turnaround, it's that the Church will be successful in reaching new people if it is able to make it's offering of community, content, and spiritual growth a part of people's everyday lives. So what was it that made Target relevant to so many people and drove an inordinate number of people to its stores?

Flexibility.

> **Target discovered the difference between convenience and relevance.**

This article does not pretend to compare eternal salvation to buying clothes or kitchen gadgets. The purpose of this article is to better understand how our modern day Printing Press, the digital platform, can be used to reach people all over the world with the Gospel, but also how it can be used to create a holistic experience for people gathering both in-person and online. If retailers can employ these strategies to sell things we won't care about a year from now, how much more powerful is it for us to learn how to leverage the digital media platform to introduce people to the Gospel through our local church, making the Gospel relevant to a growing number of lost people in America and the world?

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THE BACKGROUND

In 2019, prior to the retail world being thrust fully online due to the pandemic, Bloomberg dubbed Target Corporation "The Retail Model of the Future."

From 2015 to the end of 2019, Target's gross revenues increased by nearly 30%. Target was also ranked in 2019 as the sixth largest online retailer in the United States. However, that year, only **8% of their revenue came from online sales.** Target invested billions of dollars into their digital platform, yet it still represented the smallest segment of its revenue. Somehow, their investment in digital strategies grew in-store sales by 30% over five years. In fact, Target is now planning to open 150 more stores and remodel 350 of their existing stores, all driven by the hybrid model born from the effectiveness of the digital platform.

In the Bloomberg article, the author cites the reason for Target's dominance was "Transforming while they perform: getting the basics right while successfully preparing for an uncertain future." Did I mention that the article was written in 2019, the year before the pandemic?

In the following pages, we will discuss exactly what Target did to create this effective shift.

> **Target is now planning to open 150 more stores ... all driven by the hybrid model born from the effectiveness of the digital platform.**

INTRODUCTION TO THE HYBRID MODEL

Peter Drucker, one of history's most influential thinkers on business and management, describes a business model this way:

"a business model is supposed to tell you who your customer is, what value you can create or add for your customer, and how you can do that at reasonable costs."

So then, what is a hybrid model? We often think of a hybrid model as offering one product across multiple platforms. For instance, we would think of Apple selling iPhones in stores and selling them online (physical and digital mediums) as the hybrid model. But is that the case?

I would suggest that the example above is a *differentiated delivery* model, not a hybrid business model. Meaning, in both cases the consumer wanted an iPhone, so neither the audience nor the product changed, just the delivery mechanism.

At the heart of a business model lies "who your customer is," so I would make the argument that a hybrid model is less about selling a product across differentiated *platforms* as much as it is about identifying and serving a differentiated *audience* through differentiated *organizational strategies*.

In other words, the audience we are reaching online is not looking for the same things as someone who attends in-person services. Therefore, we shouldn't just replicate the same in-person experience and regurgitate it for an online audience who isn't interested in what happens in-person. We should seek to tailor our content and engagement approach and offerings to each audience and deliver value based on their specific needs.

Target figured this out, somewhat the hard way *and* by necessity. The key to Target's success before, in, and through the pandemic was a focus on using its digital platform to create a hybrid model.

So what is a "hybrid" model? To Target, the strategy is to provide customers *three* very unique experiences:

1. In-store
2. Curbside Pickup
3. Doorstep delivery through Shipt

The first thing to note about Target's successful hybrid model is that **they do not see these options as competitive**, nor do they necessarily have a preference on how their customers engage. In fact, if you are a Target shopper like me, you'll find yourself utilizing all three options on a consistent basis. Meaning, I have days where I just need to have something delivered to my house that is not in the local store. On that very same day, I may need to get some items for my kids and a few small grocery items, so I place a different order online, drive to the store with my kids in tow, and have Target bring items to us in our car. Then, the following weekend, it may be raining and I would like to buy some puzzles for the kids—so we walk into the store to browse our options. While I'm there, I usually buy my daughter some clothes and my son talks me into buying Legos. But at no point along the way is Target pushing me to move from ordering through their app to coming into the store.

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HOLISTIC EXPERIENCE > SALES FUNNEL

Target doesn't see this offering as a "funnel" where the in-store experience is the end goal and the digital platform is a primary tool to move customers into the store.

Does this happen as a natural byproduct? Absolutely. The numbers actually suggest with every hybrid retailer that a good digital experience grows the in-store revenue by 400% to 500%. So what is the goal of the hybrid model, to the leadership at Target?

Rick Gomez, the Chief Marketing Officer at Target, in an interview with Paul Talbot of Forbes said, "When Target is at its best, we're sparking something deeper in our guests. That means we have to *compel* people to make us a part of their ***everyday shopping*.**" (emphasis mine)

Read that again, and this time replace the word "Target" with "our church", change "guests" to "people" and change the word "shopping" for "life."

With those words replaced, the statement would read like this:

When our church is at its best, we're sparking something deeper in our people. That means we have to compel people to make us a part of their *everyday life.*

Target recognized that in order to truly be a part of the everyday shopping habits of its customers, ***they had to stop caring about where customers chose to purchase.*** Meaning, Target and other successful retailers care far more about being relevant to the shopper at the point of sale than *when and where* the sale occurs.

To make this practical, take the normal situation of many busy, working parents:

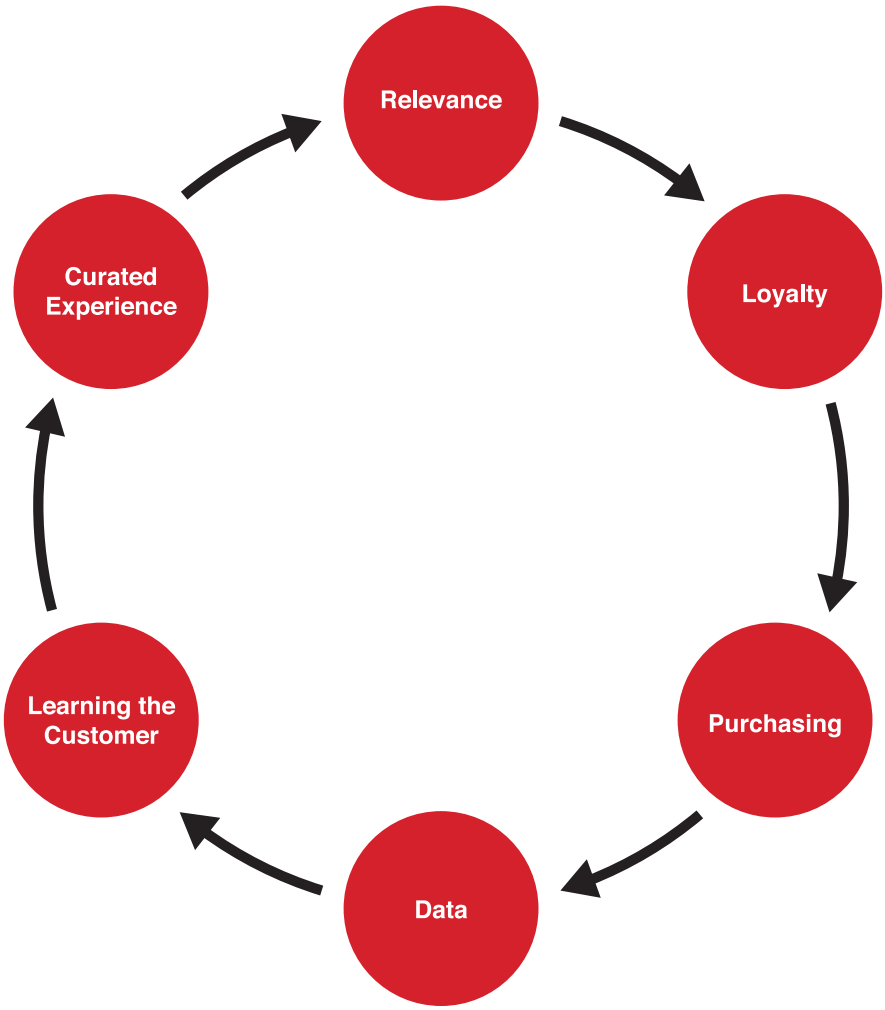
1. **Curbside:** I have more going on than I have time, but I need groceries and a few small items. I don't have time to run into the store, so I can create a list on the Target app and have everything brought out to my car on my way home from work.
2. **Shipt:** I also need a new (fill in the blank), and the app is telling me that it's not in my local store. No problem, I'll use Shipt and have it at my house by the time I get home.
3. **In-Store:** I need to buy the kids' clothes and shoes, as well as a few personal items for myself, and I'd rather see those things in person, so I'll plan on going this weekend with the kids.

At no point is Target trying to reform the buying habits of any individual, with a "but if you come to the store …" message. The biggest takeaway for me from this study is this:

A focus on flexibility is the key to creating a relevant experience.

In other words, the non-verbal message of this hybrid model is this: “Customer, no matter where you are, what you need, or when you need it, we exist to serve you in a way that is easiest and most convenient for *you*, with the best products available on the market at the best price.” As Peter Drucker reminds us, business models are all about the customer (person), not about the business (church).

If Target can be relevant and useful to a customer no matter how they choose to shop, they know that they will build brand loyalty, which creates more consistent shopping, which then helps Target learn their customer more. In turn, this helps Target create a curated shopping experience for the customer, which consequently, creates even more relevance. **It’s an intentional and focused robust cycle where someone can enter at any point**. *It’s about meeting the customer’s needs, not pushing them through a funnel.*



THE CHURCH HYBRID MODEL

So, what does all this mean for you? What does the hybrid model look like for the church?

Great question, but *only you* can answer that for your church. The key to understanding these differentiated strategies starts with asking the question of what each group of people are wanting from the experiences.

Here's an example of what the church hybrid model is not: simply putting a sermon online. Again, that is a differentiated delivery model (delivering the *same product* to the *same customer* through a *different medium*), not a hybrid approach. Our friend, Kyle Ranson—online campus pastor at Crossroads Church in Cincinnati—insightfully compares this approach of digitizing a Sunday morning experience to recording a play and calling it a movie. For the people who like movies, it lacks all semblance of high quality production. For people who like a play, it robs the viewer of the intimacy of being in the room and experiencing the art. Key Takeaway: *By taking one thing and trying to make it both, it becomes neither.*

A true digital experience reaches someone who is looking for something specific at the time they need it most. When someone who doesn't want to come to church is invited to a church website or engages with a piece of church content, it's usually because of the relevance of the topic. Based on everything we have seen in the retail world, the true digital platform is at its best when it caters to the people who are not already "customers." **Meaning, it was never designed to cannibalize the existing, in-store customer base.** The digital platform is about reaching new markets, and is best utilized when it meets people in their greatest area of need at the time they need it most.

The biggest danger in recording our Sunday morning experience and putting it online as a "digital experience" is that we are conditioning people to believe that in-person church attendance is simply not relevant to their lives..

"Why go to a building when I can just watch this right here? So I can volunteer? No thanks, I like my Sundays." Is it as good as being in person? No, definitely not. *However, it's an unnecessary choice that we are forcing people to make!* If we do not differentiate our digital offering from our in-person model, we are potentially commoditizing the worship experience and missing our digital and our physical audiences simultaneously. Our digital and physical experiences *both* have to be tailored to the audiences they are designed to engage.

TEAM QUESTIONS:

What can we do online that we cannot do in person? What can we do in person that we cannot do online?

If the digital platform exists to reach people far from God and the building exists to create an amazing in-person experience to connect people with God and one another, then who is the third audience? For the church, it's the equivalent of the Shipt customer. We believe that this audience is potentially the most important but also the most underutilized audience in the Church. It's the people who want the tools and resources of the church *at their doorstep*.

At the core of every human in this world is the desire for significance. It's the reason we desire relationships. We want to exist for something, to be meaningful to people who are meaningful to us. However, not all of us are equipped to evangelize, mentor, disciple or lead. This audience of people who want to be more significant for the Gospel in their own communities need the church as their equipping mechanism more than they need it to be a sermon machine. Now that buildings are not a requirement for facilitating programs, we're seeing more and more people want their church to exist to make them more significant *in* their own communities, not so much to make their church significant *to* their communities.

TEAM QUESTIONS:

How can we use technology to equip people to "make disciples" in their own communities? What can we do in our buildings to train and equip our leaders in new and innovative ways?

TARGET'S INVESTMENT IN ITS FUTURE

Maybe the most interesting thing to know about Target's meteoric rise to the top of the digital retail chain is that their innovation actually came out of desperation.

In 2014, the year prior to the beginning of Target's "up and to the right" growth, things were ... rough. Target stock was literally considered a distressed stock. Brian Cornell, its new CEO at the time, had his hands full. The old-school model of large, big-box stores was dying. Target's revenues were down. Target had not made the meaningful shift to the digital platform like its competitors, who were thriving and had a multi-year head start on Target. Like almost every other retailer, Amazon was shooting dead on at the "bullseye."

The main thing plaguing Target at the time, and the root of its inability to shift was not Amazon or any other outside threats. It was internal bureaucracy. Let that sink in.

Before launching his vision for the future, Mr. Cornell's first major decision was to move everyone on the executive team to the same floor in order to foster a sense of integration, innovation, and collaboration. He felt that he could not cast vision or lead his teams if the division leaders were not working together to make the necessary changes to bring Target into the future. He recognized that he needed ownership within the organization, as well as a high sense of collaboration, if he was going to be successful at bringing Target back to relevance.

The next move was to communicate the future of Target.

> **The main thing plaguing Target at the time ... was internal bureaucracy.**

Below are the five key areas where Target invested:

1. Digital experience
2. New, smaller stores
3. Remodeling existing stores
4. Proprietary product lines
5. Employee Development

The Digital Experience
Bruce Starns, the VP of Digital Solutions for Target, took on the challenge of building out the digital platform for Target. As the leader in charge of bringing Target into the digital future, he made a very surprising comment about his strategy at the onset:

"The root of what has caused Target to grow digitally is rooted in its stores … The digital strategy exists to support the Target strategy."

Think about that. Mr. Starns is clearly stating that he is not building a separate company, nor a completely disconnected and separate experience. No, the foundation of the digital strategy for Target was rooted in integration, supporting the idea of a holistic approach versus a competing experience where divisions are competing against each other and not working with each other. Even though Bruce Starns was in charge of the digital strategy, he recognized that *he could not accomplish success in the digital space without the success of physical stores, and vice versa.*

TEAM QUESTION:

Is our digital strategy integrated and complementary, or does it compete with our in-person model?

Proprietary Product Lines

In our release of *Gutenberg, Amazon, and the Evolution of the Modern Church*, we discussed several reasons people did not shop at Home Depot as a correlation to why some people may not want to go to a church building. One of the main reasons was that people didn't feel like DIY'ers and the Home Depot store is for DIY'ers. Essentially, the customer did not know what Home Depot offered outside of lumber, tools, and materials that they didn't feel equipped to use. Because of that, Home Depot focused its platform on equipping people to be DIYer's, knowing that if they could equip people to be better DIY'ers, those people would need to buy tools and materials at Home Depot. This strategy grew Home Depot's in-store sales by 600% over seven years.

The correlation between Home Depot and the church is that the 60%+ of Americans who will not step inside of a church this year don't consider themselves "church people," and they don't know what the church has to offer outside of Sunday morning sermons.

> **60%+ of Americans who will not step inside of a church this year ... don't know what the church has to offer outside of Sunday morning sermons.**

For Target, they invested in a similar strategy, but their strategy was less about equipping and more tailored to exclusivity. Target knew it had to invest in its own brands and to create a true differentiation between them and their competitors, offering chic clothing, jewelry, home goods, and others that you could only get at Target. The digital platform re-introduced people to the new Target, not the one that people saw as "an expensive WalMart with red carts," as one writer put it.

TEAM QUESTION:

What can our church offer through the digital platform that people are not getting elsewhere and cannot get on Sunday morning?

Ease of Use and Convenience
This strategy is what drove Target to spend $550M to acquire Shipt, and develop the strategy behind curbside pickup. For Target to be relevant to its customers, it had to become an incredibly convenient shopping experience.

The Role of Buildings Changed—Not Their Value
Target was well known for having a massive 140,000 square-foot store with a sea of parking. It was targeted (pun intended) to the weekend shopper: have every possible product in the store. Why? Because in those days, people did all of their shopping at once, and Target didn't want to miss out on a sale by not having everything you might buy in stock.

As a part of the change, Mr. Starns noted that Target began to look at its buildings as "hubs" versus stand-alone stores with one exclusive use. A hub consists of two mutually inclusive options: fulfillment for online orders and an amazing in-store guest experience. At the end of 2019, ***the stores accounted for 70% of all digital order fulfillment.*** At the same time, in store sales skyrocketed as a result of people building their loyalty to *"their"* community's local Target store.

The New Role of Buildings
At the onset of implementing Brian Cornwalls's vision, Target had seen a change in its customers' shopping habits. People were not just shopping on weekends, and convenience was driving purchasing decisions. People began shopping more often with a smaller list of purchases each time. Amazon and other online retailers had begun to teach people that you do not have to buy everything at once and that it was ok to make one-off, even impulsive purchases. E-commerce was becoming more integrated into peoples' lives. Target had to make an adjustment.

> **Target began to look at its buildings as "hubs" versus stand-alone stores with one exclusive use.**

Several years ago, Target announced that it was going to move away from the massive retail presence to establish smaller footprints in more urban areas. The idea was very simple:

If we are going to be an integrated part of our customers' everyday shopping experience, we have to be in the area where our customers' life happens.

The big-box model was built on the idea of having everything in inventory in one place to cater to the customer's once-per-week shopping habits. Due to the ease of shopping that was created through the digital platform, customers' habits changed. Because products could be easily found on mobile devices or through online purchasing, and delivered seamlessly within a day, people no longer feel the need to build a huge list and complete their shopping experience all at once. Customers have integrated the "on-demand" shopping experience into their everyday lives, and Target recognized that this change in consumer behavior necessitated a change in their retail model.

Target simply followed the change in the customer, who was no longer shopping once per week but shopping every day in different places, at different times, and for different things.

This means that Target could no longer be 20 minutes away from the customers they want to serve, asking their customers (mainly parents) to come to them once per week, mostly on weekends. Weekends for families, which are the "Target market" (pun intended), are congested with competing activities such as kids' sports, weekend getaways, college football (for those of us in the South), or NFL games. The drive to the big store and parking lot, combined with waiting in line and not knowing what was in inventory, was simply no longer as attractive as before.

> **Customers have integrated the "on-demand" shopping experience into their everyday lives ...**

People wanted to know what was in the store before they got there to avoid disappointment and wasted time.

Because of this, Target has made a seismic pivot. Ten years ago, the average Target retail store was 140,000 SF, whereas now the average Target store is 40,000 SF, going as low as 12,000 SF for certain high density markets. The stores now operate as "hubs" versus one stop shops. This means two things:

1. **Target realized that being closer to their customers was far more important than having everything in inventory at a larger store far away.**

2. **Because of the digital platform, Target was able to study the purchase history and habits of local communities to curate inventory in its local stores based on the shopping patterns and needs of that specific community. In short, *Target is able to tailor the in-store experience and inventory to the needs of the community around that specific store.***

Here is an example of what this means, taken directly from the Target website:

"Inside each small-format store, guests will find many of the categories (like Home, Apparel, and Food and Beverage) they'd expect to see in a full-size store, but with smaller assortments curated for their local neighborhood. For example, we'll carry paper towels in our urban stores, but in smaller pack sizes so it's easier for guests to carry home and store in smaller spaces. ***It's all about listening to our guests in each neighborhood and bringing customized shopping experiences to life."*** *(emphasis mine)*

TEAM QUESTION:

How can we tailor our space and our offerings to be more relevant to the individual communities around us?

THE DIGITAL IMPACT ON CAMPUS MODELS

Multisite has been an effective model of reaching people in church for years.

It's simply a model built on the idea of creating ministry capacity in areas where there is a group of people who need a place to invite their family, friends, coworkers and neighbors to church. For most churches, multisite was not a means of *creating* demand (adding seats hoping people come), but rather supplying ministry space to meet an *existing* demand (supplying seats for people who already attend to invite their circle of influence).

There is a key word above that drives the majority of what makes multisite successful, but also what will likely be the biggest influence on the new model of multisite: **the invitation**.

What does that mean? We've coached churches for years that multisite locations are *not* for the people who already drive 20-30 minutes to come to church. They've proven that distance isn't an issue—at least temporarily it's not. The purpose of multisite is to give those people the most effective opportunity to invite their circle, who are likely not as willing to drive past 20 churches to get to a building to meet people they don't know in a context that feels unfamiliar. We add campuses to equip our existing people who are farther away to invite, foster community, and make a local impact.

So what has changed? The invitation has changed, and that changes everything.

People are no longer inviting their friends to a church *building* as much as they are inviting them to a church *website* … or even more specifically, to a church *sermon* they feel is most relevant to that person. The single biggest change, then, is this: the invite is no longer based on whether or not someone can drive to the nearest location, which means that the footprint of people who are "attending" is more spread out than ever before. So how do we engage these people?

Thankfully, we don't have to figure this out ourselves. This has been happening in the retail space for years. The pre-digital business model of retail was very similar to our pre-Covid model of multisite: put large retail centers into areas that have as many rooftops (housing units) as possible within a 15-20 minute radius, and then build as many of those retail outlets as possible. This model was predictable and successful for both retail and for church, until the digital platform grew to legitimate significance in people's daily lives.

Everything we are suggesting within this resource points to the change that digital made on retail, but we also have to realize that our building models will either adapt and change like Target, or remain and die like Sears, JCPenney, Pier 1, Guitar Center, or any of the other major retailers who filed bankruptcy in 2021.

> **People are no longer inviting their friends to a church building as much as they are inviting them to a church website … or even more specifically, to a church sermon they feel is most relevant to that person.**

We believe that change will come in three forms:

1. House Church models (not the same as microsite)
2. Larger number of smaller campuses
3. Buildings that are as relevant as they are reverent (multi-purpose)

In the future, we anticipate seeing campuses, or house churches, even more spread out than ever before.

If this is true, two things will have to happen:

1. Our campuses must become more efficient.
2. The use of our buildings as a Sunday morning sermon distribution channel will have to adapt to becoming something more.

In other words, our buildings will need to shift towards the church's version of a hub. When buildings have relevance to people outside of a Sunday morning (merely a sermon-based experience that people can consume online) we believe that attendees will be much more inclined to invite others to the church building.

TEAM QUESTION:

What would it look like for our ministry if our buildings become "hubs" versus stand-alone buildings that get used once per week?

ARE HUBS THE NEW MULTISITE?

Over the past several years, our real estate company, Ministry Solutions, has seen a consistent trend:

Church growth is coming in the form of having a *larger* number of *smaller* campuses.

In fact, in 2019 we managed and funded projects for 18 churches listed on the Fastest Growing Churches in America list. There were several common denominators, but a big denominator was that every one of those projects (some clients with multiple projects at once) were all under 1,000 seats and less than 30,000 SF, with the exception of one broadcast venue of 1,500 seats. The majority of the projects were between 500 and 750 seats.

The single most significant insight we learned from an engagement standpoint came from studying the data of the launched campuses. In almost every case, there was an inverted economy of scale in relation to the number of seats and the level of engagement. In other words, the smaller the room, the higher the levels of participation in serving, giving, and volunteering. The conclusion we were able to draw was this:

The smaller the room, the more people feel like a part of the story versus feeling like a product of the story.

Another major factor contributing to the success of these campuses was simply location. In densely populated areas, finding enough square footage and parking for 1,000+ seat campuses can be very difficult. Based on the simple laws of supply and demand, it is also far more expensive to acquire and develop larger facilities because there are so few options. The larger the space required for buildings and parking lots, the more you begin to compete with other uses such as office and multifamily, which drives prices up even further. The smaller the spacial demands, the more properties there are available closer to where you want to be, so the projects cost less, and the timeline to get in the buildings is much shorter. Therefore, the buildings fill up faster and pay for themselves more quickly, allowing for accelerated growth of future campuses.

But let's step outside the box of our known model for just a moment. Our multisite models were also simple extensions and facilitators of our Sunday morning service model. Our buildings still remain empty during the week. In short, multisite is a distribution strategy for a Sunday morning service, but has not yet adapted to become a strategy to embed churches as a part of our congregations' everyday lives. Having a smaller hub within a community will allow us to cater to the weekday needs of the people, but can also create significant opportunities for unleashing generosity into those communities based on the needs of any given specific community.

If we draw a correlation between Target's shift and what we're seeing now, what would it look like to move from a ~~store~~ **church** that has everything you need for the one time per week people ~~shop~~ worship to a space that is designed to help make ~~the store~~ **the church building** a part of your community's everyday ~~shopping~~ **life**?

> **Multisite is a distribution strategy for a Sunday morning service, but has not yet adapted to become a strategy to embed churches as a part of our congregations' everyday lives.**

NEW AND NEW-ISH STORES

Bruce Starns, the aforementioned VP of Digital Solutions, stated that Target has a goal of having 75% of the US population within 10 minutes of a store. As Target is rolling out its new footprint, it still owns and leases a lot of existing real estate around the country. Several hundred of those buildings were built out prior to the rollout of Target's new strategy. Therefore, not only has the digital platform necessitated a buildout of new, smaller stores, it also requires Target to retrofit its existing stores to fit within the new hub experience.

As of right now, Target has announced plans to add 150 new stores that reflect its new model, but also plans to renovate 350 existing stores to facilitate the new hybrid model as well. As a church, now is a great time to take inventory of existing spaces as we think about how we are going to launch new locations in the future. Why? The cheapest new space we can create is within the locations we already own or lease.

TEAM QUESTION:

How can we re-evaluate our future real estate models but also look at how we can reuse our existing space to facilitate a new Sunday morning experience?

EMPLOYEE DEVELOPMENT

Target was investing *billions of dollars* into its digital platform and into its new store model. The third major investment that came with it? People.

While spending billions and billions of dollars elsewhere, Target increased employee salaries, improved their benefits packages, and invested heavily in training.

Huh? Isn't a move towards the digital platform a move away from investing in employees? Target believes the opposite is true.

The move to a larger number of smaller stores meant that Target didn't necessarily want a larger staff, but a better *equipped* staff. The primary motivation for this was de-centralization. As Target became more and more decentralized (similar to our church models), they recognized that the only way to keep a consistent brand experience was to hire really great people, avoid the issues that come with cheap labor, and equip people with training and resources. This meant paying more to hire and retain great people, and to ensure that the company was investing in them at a high level.

> **... the only way to keep a consistent brand experience was to hire really great people, avoid the issues that come with cheap labor, and equip people with training and resources.**

Another motivation was the move towards an automated supply chain. As a part of its technology investment, Target wanted to handle inventory really well through technology to free employees from having to waste time on inventory management. Take a guess at where Target is training them to spend their days at work? That's right, with the customer.

Below is a quote from a Target executive:

"**We focus on the employees who take care of our customers.** We are also investing money into automation to 'free up employees to serve customers better.' The less time employees spend on things like inventory and restocking, the more time they can spend interacting with customers." (emphasis mine)

TEAM QUESTION:

How are we investing in our staff and volunteers differently than we were before the COVID-19 pandemic to help them transition into a new model to interface with a new audience?

CULTURE OF INCLUSIVITY

This is shocking to me, but Target's culture and communications strategy did not make the list of major factors that were attributed to its turnaround success in any of the articles and research used to create this resource. However, it is very obvious that this view from Rick Gomez, the Chief Marketing Officer at Target, as expressed in this interview in Forbes, describes the reason for the success of Target in executing its strategy.

Here are a few snippets from the interview:

"We are constantly looking at how we show up in the world - with a strong focus on inclusivity, because the road to growth is of bringing people in and making everyone feel like they belong when they are shopping at Target."

"More than three-quarters of Americans live within a short drive of a Target store. We're accessible to everyone through our app and website. That means ***the days of a singular view of the Target guest are over."***

"... inclusivity. This is something I can't stress enough. That's why I'd encourage every brand to think about the stories they're telling through their marketing. Really look hard at how you're showing up and the messages you're sending. And then ask, "Who am I missing? Who else can I invite in?" I think there's a tremendous opportunity out there for brands that can find those universal truths that are relevant to their business and use those to not only bring people in, but to bring people together."

It's not my job to interpret this for you as the reader, but I will share what I see when I read this. **Communications is at the heart of driving Target's strategy.**

Their entire strategy is based on the foundational idea of bringing people in and making them feel like they belong, not on convincing people of Target's greatness.

In order to accomplish this, Target spent a lot of time getting to know their customer so they knew what to send them and when to engage them. Target, like Home Depot and others, used data for value creation (not value extraction) and constantly evaluated how their differentiated audience was interacting with them. The end goal was to make the customer feel like the hero.

We recently hosted Jeff Henderson, a Chick-fil-A executive, pastor, and the author of *Know What You're For*, to speak at one of our Innovation Labs. One of the things that Jeff repeated is that a brand is no longer what you say about yourself, but rather what other people say about you to other people. For Target, the marketing strategy is about creating an experience that people remarked about to their friends. It was about invitation through storytelling, where the customer is the hero, not the brand. By making the customer the hero, more people wanted to belong at Target. The success of Target in its digital marketing is that people feel like Target is for them. As a result, Target has not only created a consumer base, but a fan base. Meaning, people don't just buy from the store, people are at the heart of the marketing strategy as participants who share their experience with their friends, who then also want to belong as Target customers.

TEAM QUESTION:

Are we constantly evaluating how we are showing up in the world—i.e. evaluating what we're known for (actual) versus what we want to be known for (aspirational)? If so, how?

TEAM QUESTION:

Does our communications strategy tell people about us and what we are doing (content, sermons, programs, etc.), or do we use our communications platform to invite people in and give them a place to belong?

CONCLUSION

I wonder what it was like to sit in the Target boardroom in 2014 when the executive team was watching their in-person shopping numbers dwindle, their revenues trending downwards, their stock classified as distressed, and all of this happening under the threat of having to close stores to survive.

I would love even more to know what it is like to sit in the same boardroom today, with revenue up 30%, more people coming through the storefront than ever before, and a stock price that has literally increased by 450% since that time ... all coming out of a pandemic that put other major retailers out of business.

In his bestselling book, *Good to Great*, Jim Collins talks about the Stockdale Paradox. Admiral Stockdale was tortured as a prisoner of war in a Vietnamese camp for eight years during the Vietnam war. The Admiral talked in his interview with Jim Collins about the great faith that is required to endure such conditions and get out on the other side. However, when Jim Collins asked him who didn't make it out, he said, "That's easy. The optimists."

Through this interview with Admiral Stockdale, Jim Collins found that the two main characteristics of people and organizations who not only survive, but thrive during times of adverse change are those who are willing to do the two following things:

1. Never lose faith
2. Confront the brutal facts

The optimists will tell the Church that things will be fine and everyone will just come back eventually. Sears, JCPenney, and others kept the same "faith" that markets would return, but refused to confront the brutal facts and are now out of business. Target, however, *did* keep the faith: not in the markets, but in its own leadership and mission. Because of that faith, they had the courage to face the brutal facts: "retail will never be the same and there's nothing we can do about it. We can either adapt towards relevance or die in comfortability, blaming the market for not understanding just how great we are." (words my own)

> **Is our former model of Sunday morning church the best we can do to bring His message of hope to a world ever-increasing in hopelessness?**

In the words of C.S. Lewis: "yes, we are called to the faith of a child, but also to the brain of an adult." Think about that.

As a church, we face a similar decision. We keep total faith in our Heavenly Father's *promise* to return and redeem the world for His glory. However, this isn't a question about *His Promise*. It's a question about *our process*. Is our former model of Sunday morning church the best we can do to bring His message of hope to a world ever-increasing in hopelessness? Are we exhausting every possible resource we have to maximize our part of His Great Commission to bring the Gospel to all ends of the earth?

I maintain the position that this is the greatest evangelistic opportunity of our lifetime. What do I mean by that exactly? I mean the very simple idea of bringing the best message ever to people who desperately need to hear God's eternal truth about themselves and their future. We also have the most powerful platform in history to reach them. These people probably won't come to our buildings … at first. They probably don't think that our message is relevant … yet.

What we can learn from Target and others who have successfully implemented a digital platform is that it will inevitably create a desire for deeper connection. The more we can focus on relevance, the more successful we will be in creating a holistic, *flexible* experience where our digital and in-person models work together for greater impact.

If the Gospel is not monolithic, why should our models be?

I say we do everything we can to reach as many people as we can—which will require us to boldly and faithfully face the brutal facts: the way churches effectively reach their communities has changed. We need to adapt. But at the same time, it doesn't mean we will encounter fewer people in person, it means that we should get ready to encounter *more* people in person.

What can we learn from them to distribute the imperishable message of God's love to billions of people in the world?

Like Target, let's look at the tools that are available to us to pivot towards the people we are trying to reach. Our platforms are built to reach different audiences, which means we need to differentiate our content and our delivery platforms.

That being said, what if we took the same dynamic approach to ministry development that Target implemented for retail:

Digital:

Let's tailor our content and our offerings to new markets, providing them exactly what is relevant to them at the time they need it most.

Doorstep:

Let's focus on resourcing and equipping our existing people for Gospel significance in their own homes with what they need to reach their own communities.

In-Person:

Let's focus on offering experiences people can't get digitally, with a focus on connecting everyone with each other and with God.

If Target can use this strategy to sell additional billions of dollars of perishable goods, **what can we learn from them to distribute the imperishable message of God's love to billions of people in the world?**

TEAM QUESTIONS

1. **What can we do online that we cannot do in person? What can we do in person that we cannot do online?**

2. **How can we use technology to equip people to "make disciples" in their own communities? What can we do in our buildings to train and equip our leaders in new and innovative ways?**

3. **Is our digital strategy integrated and complementary, or does it compete with our in-person model?**

4. **What can our church offer through the digital platform that people are not getting elsewhere and cannot get on Sunday morning?**

5. **How can we tailor our space and our offerings to be more relevant to the individual communities around us?**

6. **What would it look like for our ministry if our buildings become "hubs" versus stand-alone buildings that get used once per week?**

7. **How can we re-evaluate our future real estate models but also look at how we can reuse our existing space to facilitate a new Sunday morning experience?**

8. **How are we investing in our staff and volunteers differently than we were before the COVID-19 pandemic to help them transition into a new model to interface with a new audience?**

9. **Are we constantly evaluating how we are showing up in the world—i.e. evaluating what we're known for (actual) versus what we want to be known for (aspirational)? If so, how?**

10. **Does our communications strategy tell people about us and what we are doing (content, sermons, programs, etc.), or do we use our communications platform to invite people in and give them a place to belong?**

Most leaders today have clarity on what impact looks like, but lack the clarity on how to get from where they are to reaching that vision for maximum effectiveness.

If you're ready to take the first steps toward a defined strategy for your online ministry - one that is focused on engagement and discipleship - we invite you to schedule your first step toward clarity today.

Our Clear Path Forward will help you and your leadership teams solidify your current reality with a clearly defined strategy to reach your preferred future.

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