

# Target's latest Demo Day was all about AI

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With just a typed phrase, Target designers using a generative AI tool still in development illustrated how new fabrics might look on sketches to create furniture from a bright blue couch to a Hogwarts-themed chair.

In another room at the retailer's north metro campus in Brooklyn Park,

developers explained how a pilot software program could signal when a customer needs more than the set three days to pick up an order.

It was all part of Target's latest Demo Day in late July, a corporate-size show-and-tell that had the feel of a science fair but with a serious strategic undergirding of pushing tech growth further and faster, a crucial component of retail competition in this day and age.

"It's a great connection moment," said Brett Craig, Target's chief information officer. "We really think about it as a celebration of learning."

So a rare glimpse inside the quarterly event found tech projects on display as excited workers in nerdy T-shirts with slogans like "AI-nstein" and "Obey the algorithm" pitched ideas to corporate colleagues from finance to supply chain, including C-suite leaders. The event also let technologists show off their fun side with a listening booth to check out Target-themed, AI-generated music videos and a puppy petting area.

Even Craig sported a "Learning Things" tee, a riff off the Netflix hit show "Stranger Things."

Demo days are usually associated with startups giving elevator pitches to potential investors as they desperately hope to raise capital.

Target started hosting Demo Days in 2016, and they have grown over the years to become central in helping the company become a tech-forward company. In a retail landscape where emerging technology like generative AI evolves rapidly, companies like Target Corp. must continue to inspire innovation to stay competitive.

"The biggest competitive advantages are through technology," said Seth Ketron, a University of St. Thomas marketing professor who specializes

in retailing and [consumer behavior](#).

Breaking down organizational silos so developers can share ideas with colleagues in multiple departments helps ensure that tech tools are used in the most practical way, Craig said. For example, a mobile interface tool for employees that debuted at a previous Demo Day was seen by someone in reverse logistics who suggested it could be used to help with the disposal of environmentally sensitive products.

About a decade ago, Target began to recognize technology as a core element of its business, Craig said. The change in philosophy came at a time when the company's computer systems sometimes encountered problems, as in 2015 when its website crashed during the product launch of a design collaboration with Lilly Pulitzer. Target was also still recovering from the 2013 data breach that compromised payment card information of 40 million customers.

Virtual shopping was becoming more popular then, and as Target had to compete with the likes of Amazon.com, company leaders realized it needed to improve its tech capabilities—and fast. Under Mike McNamara, then the company's chief information officer, Target, which at one point had about 70% of its technology work outsourced, began to hire more internal engineers and other skilled tech workers. The company also revamped its website and created its own proprietary mobile payment system.

McNamara made the point that the battleground for retail would be built on technology and supply chains. The changes were put to a sudden test at the start of COVID-19 in 2020, when the world went virtual practically overnight.

Target garnered record sales growth during the pandemic years as a large number of consumers turned to its website and mobile app to make

pickup and drive-up orders when they didn't want to shop themselves. Target has continued to improve its technology, as in this year when it launched a new more-personalized Target Circle loyalty program that makes it easier for customers to apply discounts to their orders and this summer's rollout of a generative AI chatbot for store workers.

Generative AI has a range of possible applications that retailers are experimenting with, said Mara Devitt, a senior partner at Chicago retail strategy firm McMillanDoolittle. McMillanDoolittle helps sponsor the Retail AI Council in which members learn about the latest AI trends and exchange knowledge.

"We're learning," Devitt said. "We are so much in learning mode right now and part of learning is that you have to learn what works well and things that don't work that well you can learn from that too."

And the tech is moving quickly. According to the Forrester research and advisory company's review of 30 leading retailer and consumer packaged good brands, the number of companies mentioning GenAI increased from 0% in the [second quarter](#) of 2022 to 27% by the second quarter of the 2023 fiscal year.

A collaborative event like a Demo Day could be a strategic way to focus on tech solutions across an organization, said Ketron, the University of St. Thomas marketing professor.

"Something like a Demo Day is a way to get everyone in the same room and share ideas and learn from each other and can really make forays into new things, when we really don't know how things are going to go, feel a little bit less scary," he said.

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