



FROM REACH TO RETREAT

A TARGET CASE STUDY IN DEI SHIFT

OVERVIEW

WHAT HAPPENED?

- In early 2025, Target made internal changes to its DEI initiatives
 - Changes included ending the **REACH program** and modifying supplier benchmarks
 - The company's communication approach led to speculation and criticism



WHY IT MATTERS

- **Brands** are increasingly expected to clearly **communicate their values**
- Changes without context can lead to **public misunderstanding**
- **Gen Z** and **Millennial** audiences are more **values-driven** in purchasing decisions
 - Prior to 2024, Target was the preferred shopping destination for Democrats (2024)

**74% of consumers expect
CEOs to take a stand**

(Edelman, 2024)

**40% of democrats stopped
purchasing from a brand
due to politics**

(Axios, 2025)



TARGET: A *BRIEF HISTORY*

- **Founded in 1902** and headquartered in **Minneapolis, Minnesota**
- Employs more than **400,000 team members** across **1,900+ stores**
- Reported **\$106.6 billion** in revenue in FY 2024
- Known for its longstanding emphasis on **community engagement** and **inclusive brand identity**
- Built a reputation through campaigns supporting **diversity, LGBTQ+ rights**, and **equitable supplier practices**
- Recognized as one of Morning Consult's **Top 50 “Most Loved Brands” in 2023**
- In 2025, **dropped from the list for the first time in six years**, amid evolving stakeholder sentiment



CEO Brian Cornell

TARGET'S DEI HISTORY

2015



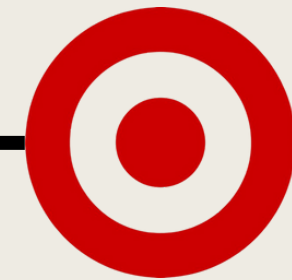
Supported the Equality Act

2016



Inclusive restrooms introduced

2020



- **Launched REACH after George Floyd's murder, pledging \$2B to Black-owned businesses**
- **Donated \$10M in support of civil rights**

2023 PRIDE MONTH CONTROVERSY

- In **May 2023**, Target received threats over its Pride displays, leading the company to relocate or remove select items in certain stores
- This action drew criticism from **both ends of the political spectrum**
- LGBTQ+ advocates felt betrayed, while others viewed the decision as a concession
- Online backlash intensified: over **10M TikTok views** on boycott-related content in just two weeks



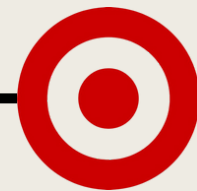
2025 DEI ROLLBACK TIMELINE

JAN



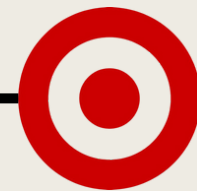
Internal memo discontinues REACH, HRC Index dropped, Supplier Diversity program renamed

FEB



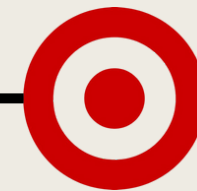
Only one Instagram post for Black History Month (compared to 11 the prior year)

MAR



Lenten boycott begins, gaining over 100K public pledges

APR



CEO meets civil rights leaders and reiterates \$2B pledge

MAY



Foot traffic down 8%, stock down 30%, internal morale reported as low

COMMUNICATION CHALLENGES

- The internal memo was filled with **corporate language** and **lacked clear rationale**
- **No Q&A** or **proactive conversation** with stakeholders followed
- Some DEI **pages were removed from the website**, which created confusion
- In Target's 2025 proxy statement, **DEI metrics were omitted** for the **first time in years**
- CEO Brian Cornell later acknowledged internally that the **unclear rollout created uncertainty**

Throughout 2025, we'll be accelerating action in key areas and implementing changes with the goal of driving growth and staying in step with the evolving external landscape. We will continue to monitor and adjust as needed. Current actions include:

- Concluding our three-year diversity, equity and inclusion goals.
- Concluding our Racial Equity Action and Change (REACH) initiatives in 2025 as planned.
- Ensuring our employee resource groups are communities fully focused on development and mentorship. These communities will continue to be open to all.
- Further evaluating our corporate partnerships to ensure they are directly connected to our roadmap for growth.
- Stopping all external diversity-focused surveys, including HRC's Corporate Equality Index.
- Evolving our "Supplier Diversity" team to "Supplier Engagement" to better reflect our inclusive global procurement process across a broad range of suppliers, including increasing our focus on small businesses.

INTERNAL AND EXTERNAL REACTIONS

| Internal | External |
|--|--|
| <ul style="list-style-type: none">• Employees, especially from ERGs, described the change as a betrayal• Some DEI positions were repurposed or eliminated• Staff expressed frustration on internal forums and social media | <ul style="list-style-type: none">• Gen Z and Millennial shoppers voiced criticism• Civil rights leaders launched boycott movements• Minneapolis Pride declined Target's sponsorship for 2025• A shareholder lawsuit alleged Target failed to disclose DEI-related risk factors |

BUSINESS IMPACT

- Stock **dropped 30%** from Jan to April 2025, losing **\$12.4B in market cap**
- Q1 2025 revenue **declined 2.8% year-over-year**
- In-store foot traffic **fell 8%**
- CEO voluntarily **reduced compensation by 50%** amid scrutiny



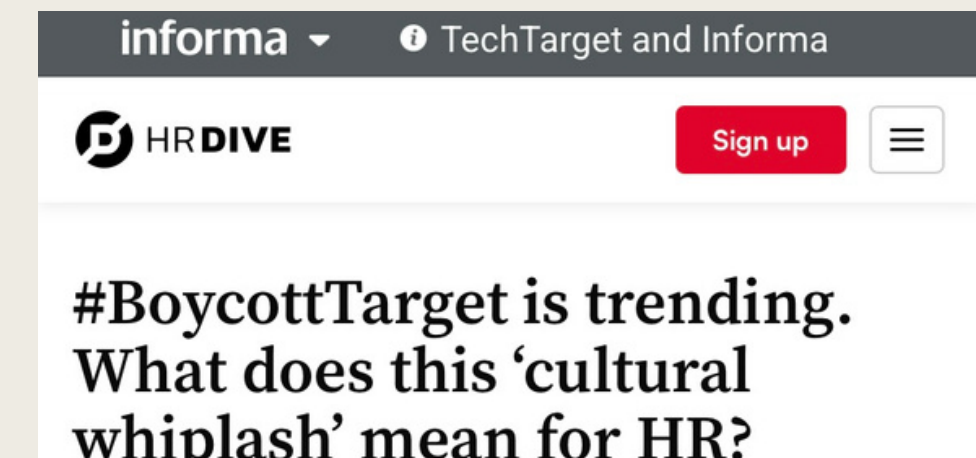
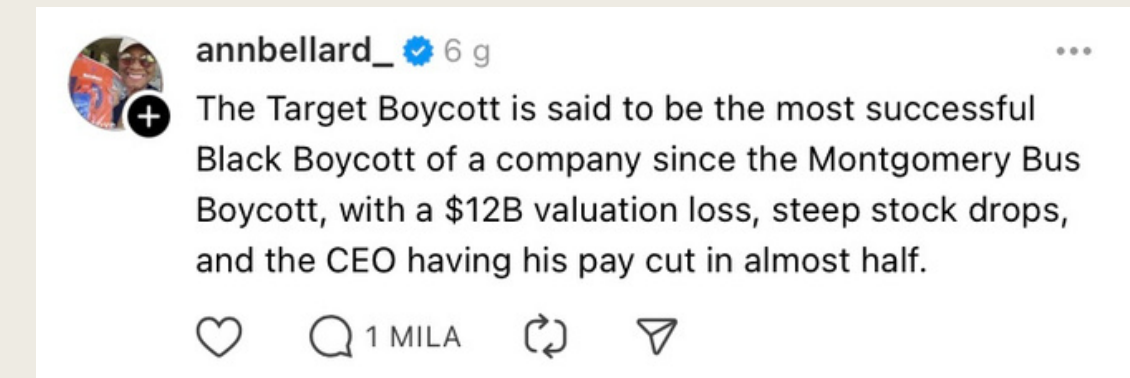
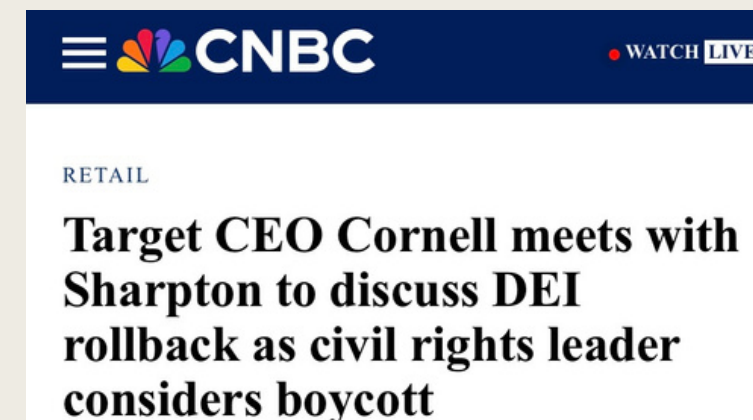
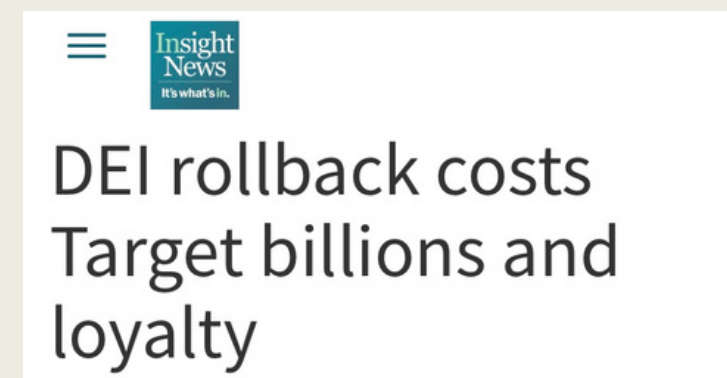
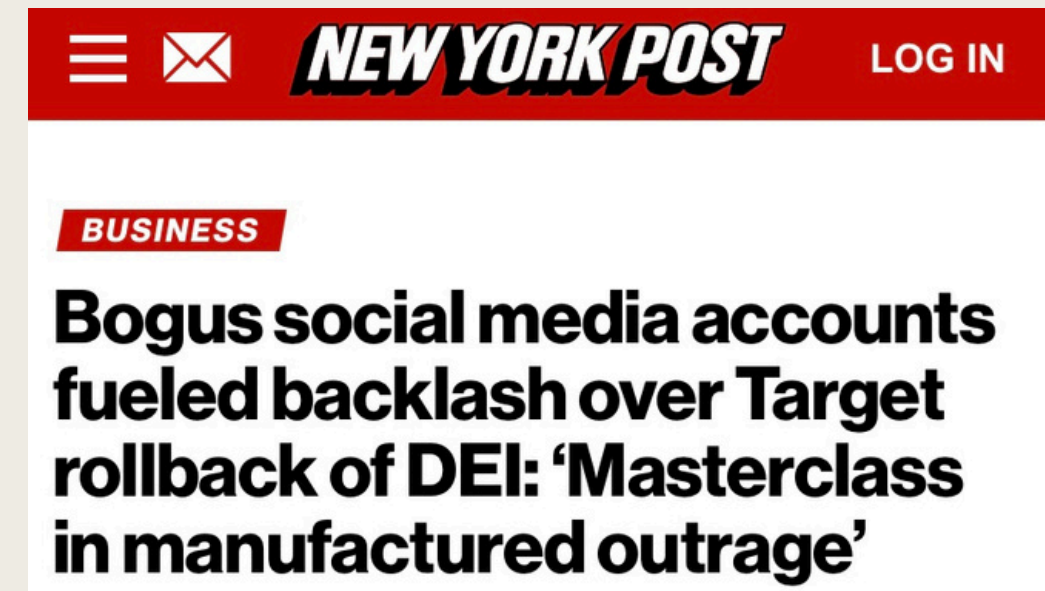
Reuters, 2024



Google, 2025

MEDIA AND SOCIAL LANDSCAPE

- **Headlines** ranged from **critical** to **analytical**, sparking broad **debate**
- Hashtags like **#BoycottTarget** trended nationally
- Media coverage focused on **Target's changing brand identity**



PAGE PRINCIPLES EVALUATION

- **Tell the Truth:** No clear public explanation of changes
- **Prove It with Action:** Commitment rollback not paired with replacement initiatives
- **Listen to Stakeholders:** Limited engagement with ERGs and community partners
- **Manage for Tomorrow:** Reactive approach, underestimated reputational risk



COMPETITOR CONTEXT

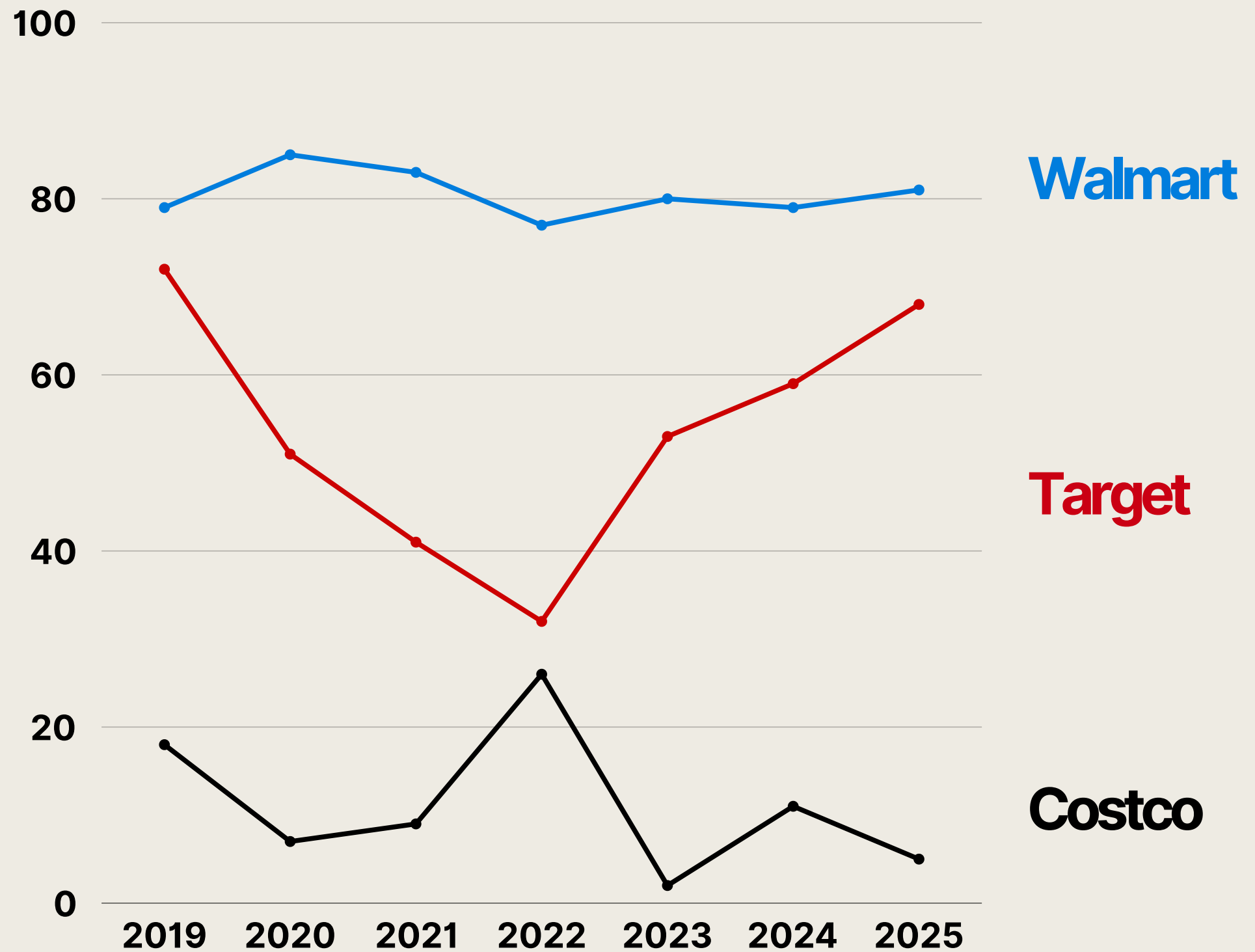


- **Ended** racial equity center
- Gradually **reduced the use** of the term “**DEI**” across internal and external **communications**
- Shifted focus from **prioritizing diverse suppliers**



- Maintained **inclusive wage policies** and **equitable hiring practices**
- Did **not alter DEI stance** despite political pressure
- 98% of **shareholders rejected a DEI risk assessment proposal**

AXIOS/HARRIS REPUTATION RANKING (2019-2025)



MISSED COMMUNICATION OPPORTUNITIES

Missed chance to **communicate proactively** ahead of the Pride launch and DEI changes, allowing **backlash to shape the narrative**

Lack of transparency around **internal DEI** rollbacks created **confusion** and eroded stakeholder trust

Limited executive visibility during the controversy missed an opportunity to reinforce leadership and company values

Unclear messaging around employee safety led to **misinterpretation** and **speculation** about the company's motives

Insufficient employee engagement during major DEI shifts damaged morale and trust

Failure to tailor communication to key groups like consumers, investors, and community partners weakened overall impact

KEY LESSIONS LEARNED

- **Trust is fragile** and must be earned through clear, consistent actions over time
- When a **company** remains **silent** or **vague**, it opens the door to **confusion** and **uncertainty** among stakeholders
- Effective **communication** should give **equal weight** to both **internal and external audiences** to maintain alignment and trust
- **Proactive communication strategies** are **essential** to prevent reputational damage before it escalates.

🎯 Clarify **Accountability** at the Leadership Level

🎯 Create Space for **Feedback**

🎯 Be Ready **Before** Issues Escalate

🎯 Be **Transparent** About Change

LEADERSHIP TAKEAWAYS

“Consistency is the true foundation of trust. Either keep your promises or do not make them.”

- Roy T. Bennett

THANK YOU!

QUESTIONS?

DISCUSSION QUESTIONS



What role should a CEO play in moments of reputational risk, especially around DEI?



Would the outcome have been different if Target had communicated proactively from the start?



Can silence ever be strategic, or is it always a risk?



How can brands authentically re-engage stakeholders after trust has been broken?