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Target Corporation



WACC of Target Company

How to achieve Global Presence

- Can be considered as a Global or Transnational company
- Timing of market entry
- Online presence

About Target

- 3rd largest retailer in the U.S.
- Headquartered in Minneapolis, Minnesota
- 2012 Revenues of \$73.3 billion
- Employing 261,000 Team members
- 1,919 Stores (222 in Canada) in all states but Vermont
- Target is in the discount/retail industry
- Their main competition is Walmart

Target's Credit Card

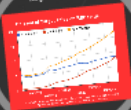
- Functions as a debit card and/or a credit card
- Offers the Target RedCard
- Offers a 5% discount on most purchases with the card
- Additional discounts on some items
- Offers 0% financing on purchases with the card
- No annual or annual fees
- Target Rewards, 1% of all purchases with RedCard being 1% of all of your choice
- Cash back on 1% of
- Can apply for and manage without online

Strategy to implement an increase Target's Grocery Sales

- Change
- Expanded, as well as new, Target stores
- Target's focus on driving grocery sales
- Target's focus on driving grocery sales
- Target's focus on driving grocery sales
- Target's focus on driving grocery sales



Target's Card Sales



Target's SWOT Analysis

- Strengths:**
 - Strong Brand Awareness
 - Strong Product Differentiation
- Weaknesses:**
 - Limited Global Presence
- Opportunities:**
 - Increase Global presence in stores
 - Increase brand awareness in stores
 - Increase competitiveness
- Threats:**
 - Competition: Walmart
 - Economic Conditions

Target's Strategy

Target's Strategy

Target's Strategy



- ### Financials
- 2013 Revenue: \$73.3 billion (4.92% growth)
 - COGS: \$53.18 billion
 - Net Income: \$3 billion (2.39% growth)
 - Cash and Short Term Investments: \$784 million (down from \$2.2 billion in 2010)
 - Almost no financing or investing cash flow

- ### Recommendation #2, Target's Card Promotion
- In the most recent quarter, REDCard sales accounted for 17% of U.S. sales, and consumer savings exceeded \$100 million
 - Consumers with a REDCard increased their Target spending by 50%
 - Like many discount retailers, Target offers a Visa Credit Card
 - No annual fees, and no charge if payment is paid within 25 days on credit card
 - However, the more popular option is Target's Debit Card.

- ### Recommendation #3, Increase Global Presence
- Canada and India
 - Mexico
 - Brazil
 - Peru

- ### Recommendation #3, Increase Focus on Grocery Product
- Consumers 10 times more likely to visit a grocery store than a pharmacy or general retail store
 - Improved sales will land overall basket size
 - Increases store sleep-shop
 - Sales and traffic 6%-10% higher

The Target Corporation



WACC of Target Company

Target Corporation

How to achieve Global Presence

- Can be considered as a Global or Transnational company
- Timing of market entry
- Online presence

About Target

- 2nd largest retailer in the U.S.
- Headquartered in Minneapolis, Minnesota
- 2011 Revenue of 172.2 billion
- Employs 561,000 Team members
- 1,910 Stores (112 in Canada) in all states but Vermont
- Target is in the discount/retail industry
- Their main competition is Walmart



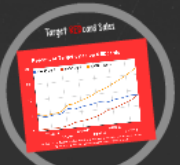
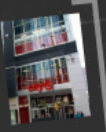
WACC of Target Company

Target Visa card Best Card

- Functions as a debit card and can draw money from any checking account
- Offers a 2% discount on most purchases with the card
- Additional discounts on special items
- Receive FREE shipping on online orders paid for with card
- No APY on credit limit
- Target offers 1% off all purchases with the card for one month, 6-11% of your share
- Cash back up to 5%
- Can apply fee and manage account online

Strategies to implement an increased focus on grocery sales

- Challenge: If successful it will be a huge step in the right direction in gaining grocery sales
- Concerns will be more competition and increased business because of strong competition of other sales in other areas
- Grocery Continued Partnership Campaigns
- Commitment: \$1.2 billion in 2011, \$200 million in sales in 2011



Target's SWOT Analysis

Strengths:

- Strong Brand Awareness
- Strong Product Differentiation

Weaknesses:

- Retail Global Presence

Opportunities:

- Online Expansion
- Increased Brand presence in stores
- Maintain competitiveness

Threats:

- Intense Competition
- Economic Conditions

Recommendation #1: Increase Global Presence

- Canada and India
- Mexico
- Brazil
- Peru

Net Target Retail Sales

- Retail Sales in 2011: 172.2 billion
- Global Sales in 2011: 11.2 billion
- Retail Sales in 2010: 168.5 billion
- Global Sales in 2010: 10.5 billion
- Retail Sales in 2009: 164.5 billion
- Global Sales in 2009: 10.0 billion
- Retail Sales in 2008: 160.5 billion
- Global Sales in 2008: 9.5 billion
- Retail Sales in 2007: 156.5 billion
- Global Sales in 2007: 9.0 billion
- Retail Sales in 2006: 152.5 billion
- Global Sales in 2006: 8.5 billion
- Retail Sales in 2005: 148.5 billion
- Global Sales in 2005: 8.0 billion
- Retail Sales in 2004: 144.5 billion
- Global Sales in 2004: 7.5 billion
- Retail Sales in 2003: 140.5 billion
- Global Sales in 2003: 7.0 billion
- Retail Sales in 2002: 136.5 billion
- Global Sales in 2002: 6.5 billion
- Retail Sales in 2001: 132.5 billion
- Global Sales in 2001: 6.0 billion
- Retail Sales in 2000: 128.5 billion
- Global Sales in 2000: 5.5 billion
- Retail Sales in 1999: 124.5 billion
- Global Sales in 1999: 5.0 billion
- Retail Sales in 1998: 120.5 billion
- Global Sales in 1998: 4.5 billion
- Retail Sales in 1997: 116.5 billion
- Global Sales in 1997: 4.0 billion
- Retail Sales in 1996: 112.5 billion
- Global Sales in 1996: 3.5 billion
- Retail Sales in 1995: 108.5 billion
- Global Sales in 1995: 3.0 billion
- Retail Sales in 1994: 104.5 billion
- Global Sales in 1994: 2.5 billion
- Retail Sales in 1993: 100.5 billion
- Global Sales in 1993: 2.0 billion
- Retail Sales in 1992: 96.5 billion
- Global Sales in 1992: 1.5 billion
- Retail Sales in 1991: 92.5 billion
- Global Sales in 1991: 1.0 billion
- Retail Sales in 1990: 88.5 billion
- Global Sales in 1990: 0.5 billion
- Retail Sales in 1989: 84.5 billion
- Global Sales in 1989: 0.0 billion
- Retail Sales in 1988: 80.5 billion
- Global Sales in 1988: 0.0 billion
- Retail Sales in 1987: 76.5 billion
- Global Sales in 1987: 0.0 billion
- Retail Sales in 1986: 72.5 billion
- Global Sales in 1986: 0.0 billion
- Retail Sales in 1985: 68.5 billion
- Global Sales in 1985: 0.0 billion
- Retail Sales in 1984: 64.5 billion
- Global Sales in 1984: 0.0 billion
- Retail Sales in 1983: 60.5 billion
- Global Sales in 1983: 0.0 billion
- Retail Sales in 1982: 56.5 billion
- Global Sales in 1982: 0.0 billion
- Retail Sales in 1981: 52.5 billion
- Global Sales in 1981: 0.0 billion
- Retail Sales in 1980: 48.5 billion
- Global Sales in 1980: 0.0 billion
- Retail Sales in 1979: 44.5 billion
- Global Sales in 1979: 0.0 billion
- Retail Sales in 1978: 40.5 billion
- Global Sales in 1978: 0.0 billion
- Retail Sales in 1977: 36.5 billion
- Global Sales in 1977: 0.0 billion
- Retail Sales in 1976: 32.5 billion
- Global Sales in 1976: 0.0 billion
- Retail Sales in 1975: 28.5 billion
- Global Sales in 1975: 0.0 billion
- Retail Sales in 1974: 24.5 billion
- Global Sales in 1974: 0.0 billion
- Retail Sales in 1973: 20.5 billion
- Global Sales in 1973: 0.0 billion
- Retail Sales in 1972: 16.5 billion
- Global Sales in 1972: 0.0 billion
- Retail Sales in 1971: 12.5 billion
- Global Sales in 1971: 0.0 billion
- Retail Sales in 1970: 8.5 billion
- Global Sales in 1970: 0.0 billion
- Retail Sales in 1969: 4.5 billion
- Global Sales in 1969: 0.0 billion
- Retail Sales in 1968: 0.5 billion
- Global Sales in 1968: 0.0 billion
- Retail Sales in 1967: 0.0 billion
- Global Sales in 1967: 0.0 billion
- Retail Sales in 1966: 0.0 billion
- Global Sales in 1966: 0.0 billion
- Retail Sales in 1965: 0.0 billion
- Global Sales in 1965: 0.0 billion
- Retail Sales in 1964: 0.0 billion
- Global Sales in 1964: 0.0 billion
- Retail Sales in 1963: 0.0 billion
- Global Sales in 1963: 0.0 billion
- Retail Sales in 1962: 0.0 billion
- Global Sales in 1962: 0.0 billion
- Retail Sales in 1961: 0.0 billion
- Global Sales in 1961: 0.0 billion
- Retail Sales in 1960: 0.0 billion
- Global Sales in 1960: 0.0 billion



Target's Global Presence

- Target has a strong presence in the U.S.
- Target has a strong presence in Canada
- Target has a strong presence in Mexico
- Target has a strong presence in India
- Target has a strong presence in Brazil
- Target has a strong presence in Peru

Strategies for Global

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Recommendation #2: Target Visa card Promotion

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- Consumers with a REward increased their target spending by 50%
- Like many discount retailers, Target offers a Visa Credit Card
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- However, the more popular option is Target's Debit Card...

Recommendation #3: Increase Focus on Grocery Product

- Consumers 10 times more likely to visit a grocery store than a pharmacy or general retail store
- Improves cross sell (and overall basket size)
- Increases take-home sales
- Sales and traffic 6%-10% higher



About Target

- 2nd largest retailer in the U.S.
- Headquartered in Minneapolis, Minnesota
- 2012 Revenues of \$73.3 billion
- Employs 361,000 Team members
- 1,919 Stores (122 in Canada)
 - In all states but Vermont
- Target is in the discount/retail industry
- Their main competition is Walmart

The Typical Target Guest

- Median Age is 41 (the youngest of major discount retailers)
- Median annual income of \$58,000
- 43% graduated from college
- 76% Female
- 40% have children at home
- 97% of American consumers recognize the Target bullseye logo