

Our Goals

VRIO Analysis

Target Corporation Rewards Program, June 2010

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History



Current Status

Opportunities and Threats

3 Recommendations

Expected Outcome

Sources

Questions or Comments?

Target Corporation

Target Corporation

Sources



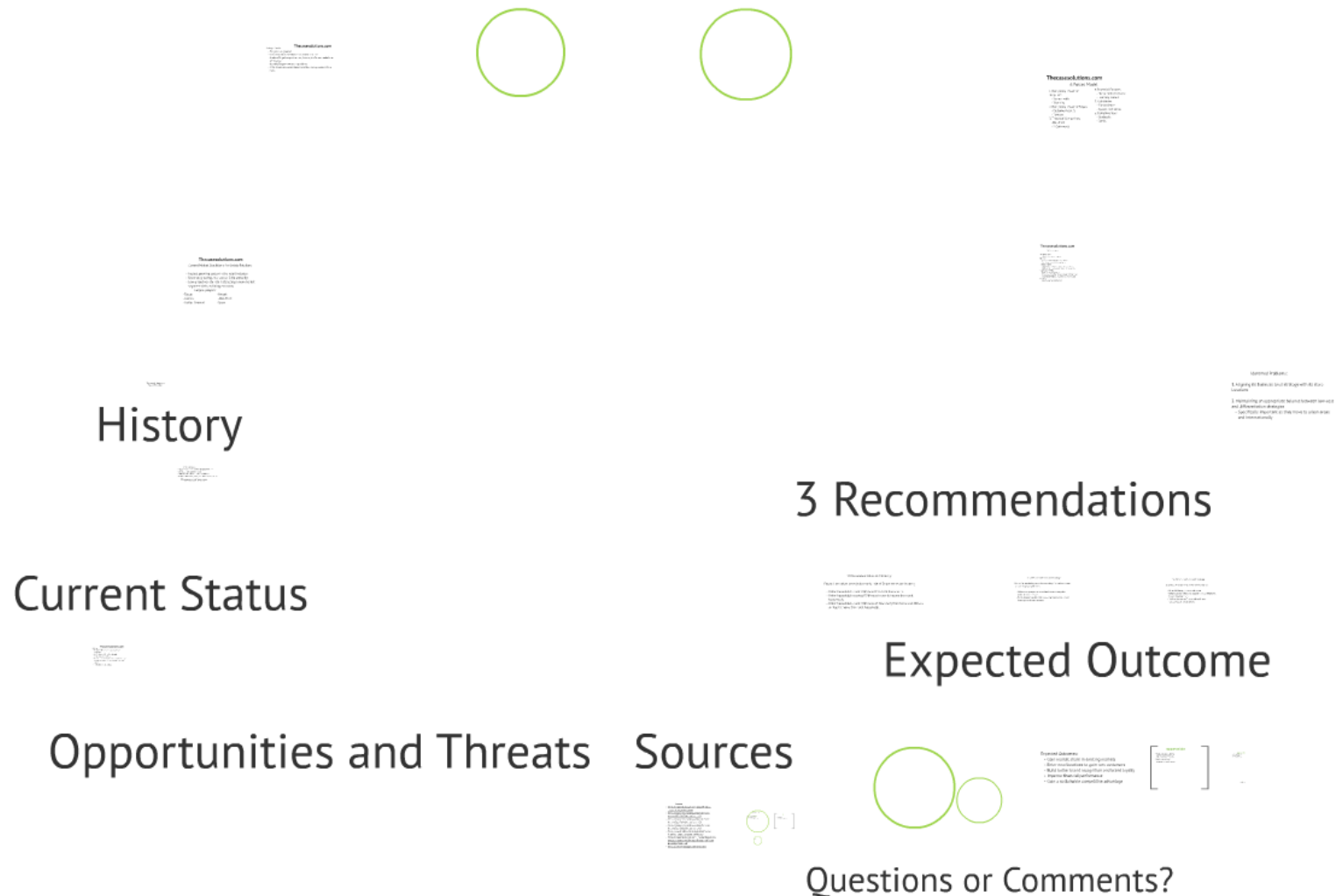
Target Corporation

Target Corporation

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Today's Goals:

- Target's background
- Current market conditions for variety retailers
- Analyze Target's opportunities, threats, Six Forces model and VRIO scale
- Identify Target's two main problems
- Offer three recommendations and how to implement them
- Q&A

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Current Market Conditions for Variety Retailers

- Fastest growing sector in the retail industry
- Revenue growing at a rate of 5.8% annually
- Low-priced variety retail attracting a new market segment with declining economy

Largest players:

-Target

-Costco

-Dollar General

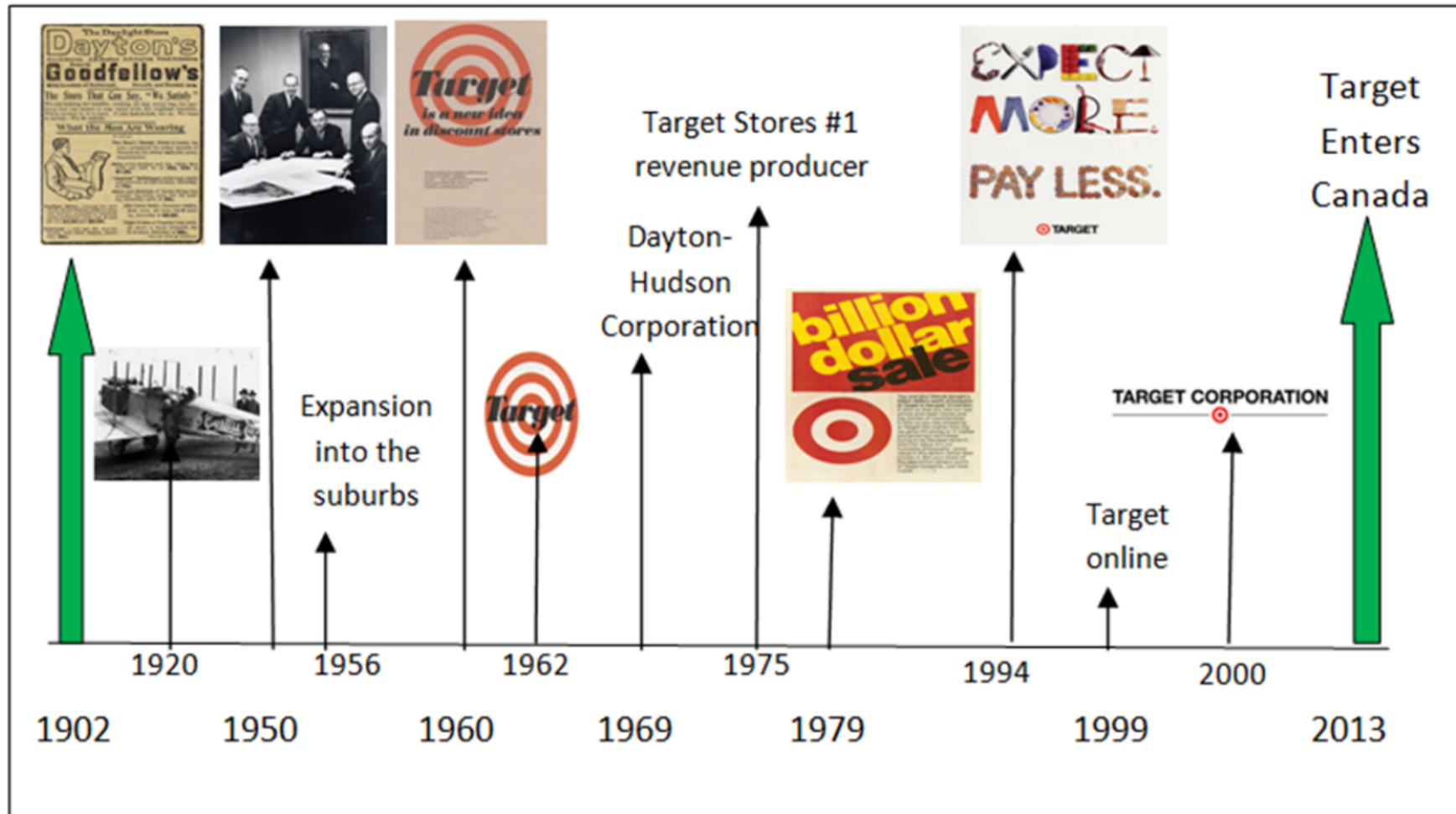
-Kmart

-Wal-Mart

-Sears

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Target Timeline



Interesting Facts

- Target was founded on Presbyterian Principals
- Started a radio station in 1922
- Thrived during WWII due to their strategy
- Entered and exited jewelry and bookstore industries

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Strategy:

- Product Differentiation and Cost Leader Strategies
- 1,797 store in US , 122 in Canada
- 37 Distribution Centers
- Ranked as #2 on the fortune 500 list under the general merchandising category for the past 3 years
- 4.9% growth rate last year



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6 Forces Model

1. Bargaining Power of Suppliers

- Partner with
- Diversity

2. Bargaining Power of Buyers

- Customer Loyalty
- Foresee

3. Threat of Competitors

- Wal-Mart
- E-Commerce

4. Potential Entrants

- Niche customer base
- Learning curves

5. Substitutes

- Convenience
- Specialized stores

6. Complimentors

- Starbucks
- Banks

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VRIO Framework

Valuable: Maybe

- Valuable intangible resources

Rare: No

- Similar resources to all variety retailer

- Small rarity from REDcard program

Imitable: Maybe

- Viewed by customers as trendy and affordable

- Differentiator and low-cost leader hard to imitate

Organization: Maybe

- REDcard support software

- Employee satisfaction programs, lower turnover rates

- Good relationships with suppliers of differentiated products

- Need to work on supply chain