

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



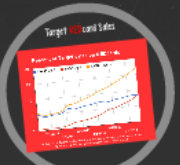
Target Corporation
Melissa, Josh, and Jordan
TheCaseSolution.com

Target Visa and More Card

- Customers can debit card and use their money without checking account
- Offers a 2% discount on most purchases with the card
- Additional discounts on special days
- Receive FREE shipping on online orders paid for with card
- No APY on debit fees
- Target offers 1% off all purchases with REWARD for any school, 6-11, of your choice
- 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
- Drivers will be lower transportation costs because of strong competition of dollar stores in urban areas
- Grocery Continued Focus on Convenience
- Competition: \$1.24 billion in 2011, \$222.6 billion in sales in 2011



Target's SWOT Analysis

Strengths:

- Strong Brand Awareness
- Strong Product Differentiation

Weaknesses:

- Retail Global Presence

Opportunities:

- Online Expansion
- Increase Retail presence in stores
- Maintain competitiveness

Threats:

- Wal-Mart
- Economic Conditions

Recommendation #1: Increase Global Presence

- Canada and India
- Mexico
- Brazil
- Peru

Net Target Retail Sales

- Median Age is 38 for target of average
- Domestic sales are over \$14.000
- 41% of total sales from multiple
- 13% from
- 10% from children's items
- 17% of sales are from the Target's Target

Target's Global Presence

- Target has a presence in 11 countries
- Target's global presence is a result of its expansion strategy

Strategies for Global

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Target's Global Presence

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Financials

- 2013 Revenue: \$73.3 billion (4.92% growth)
- COGS: \$53.16 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 Visa Card Promotion

- In the most recent quarter, REWARD sales accounted for 17% of U.S. sales, and customer savings exceeded \$150 million
- Consumers with a REWARD increased their target spending by 50%
- Like many discount retailers, Target offers a Visa Credit Card
- No annual fees and no charged interest if paid within 25 days on credit card
- 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 one-stop-shop
- Sales and traffic 6%-10% higher



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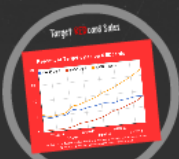
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Target Visa card Best Card

- Redeem as a debit card and use about monthly without checking account
- Offers a 2% discount on most purchases with the card
- Additional discounts on special events
- Receive FREE shipping on online orders paid for with card
- No APY on credit limit
- Target offers 1% off all purchases with REWARD for any amount, 6-11% of your share
- Cash back up to \$10
- 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 loss of focus because of strong competition of other sales in other areas
- Grocery Continued Partnership Campaigns
- Competition: \$1.24 billion in 2011, \$222.6 billion 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:

- Wal-Mart
- Economic Conditions

Recommendation #1: Work on Global Presence

- Canada and India
- Mexico
- Brazil
- Peru

Net Target Retail Sales

- Median Age is 38 for target of average
- Dividend Yield is 1.5% of \$44,000
- 41% of sales from multiple
- 1% Profit
- 10% Return on Investment
- Typical American consumes roughly the same Target products

Target's Global Presence

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- Increases one-stop-shop
- 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

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

Target's SWOT Analysis

Strengths:

- Strong Brand Awareness
- Strong Product Differentiation

Weaknesses:

- Small Global Presence

Opportunities:

- Global Expansion
- Increase food presence in stores to maintain competitiveness

Threats:

- Competition- Walmart
- Economic Conditions

Recommendations

#1: Increase Global Presence

**#2: Expand REDcard promotions/
awareness**

#3: Increase focus on Grocery Sales

**#4: Increase internet/web presence
in order to maintain strong awareness
with customers**