

Target Corporation SWOT Analysis



TARGET

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The first Target store was opened in 1962, in Roseville, Minnesota. This location served the Twin Cities area of Minnesota, and was designed to be a “new idea in discount stores” where they would combine department store features with low prices found at a discount retailer. Fast forward to 1995 when Target introduced the first Super Target to Omaha, NE. This Super Target introduced the concept of on-stop shopping and provided shoppers with a grocery section including fresh produce, dairy, and meat. In 2013 Target ventured out as a multinational company, however after only 26 months of business in Canada Target closed all 133 Canadian locations which resulted in a \$7 billion-dollar loss. When the Canadian stores failed their mission became to focus on the Target locations in America. Today, Target Corporation is the second largest discount retailer in America, preceded by Walmart. As of 2015, there are 1,792 Target locations throughout the United States.



Strengths

- By including the Target Red Card in their portfolio of services, Target offers further discounts to their customers, by giving a 5% discount to customers who use it, as well as lowered transaction costs to Target by using their own payment processing infrastructure.
- By creating their own exclusive labels, such as Market Pantry for grocery, and Xhilation and Mossimo for Clothing, Target is able to offer unique product at deeper discounts than name brands.
- By circulating their weekly ad mailer in the newspaper, Target is able to capture the attention of consumers who are looking at other competitor ads in the newspaper that week.
- By offering pharmacy services in most of their stores Target is able to become a one-stop destination for consumers who need to shop while they are waiting.
- By creating a cohesive in store environment, Target is able to enhance their consumer brand recognition, which creates loyalty.
- By becoming invested in the community, through donations to local schools and volunteering, Target is able to grow the consumer's perception of Target's social responsibility.
- By offering a section of the store, near the entrance, where everything is priced \$1-\$3, Target is able to offer unique products with frequent inventory turnover. This incentivizes customers to check this section regularly for new product and discounted prices.
- By designing their locations in line with their brand image, Target customers are able to rely on each location being clean, brightly lit, and easy to navigate.
- By seeking out designer brand partnerships such as Toms, Issac Mizrahi, Marimekko, and Lilly Pulitzer, Target is able to further demonstrate to customers their ability to provide great design at discounted prices.

- By refusing to sell firearms, tobacco, and toy guns, Target is able to further enhance their public and social responsibility image.
- By targeting the Millennial demographic with modern design and aesthetically pleasing products, Target is able to focus their marketing strategy to hit the largest growing age group in the market.

Weaknesses

- Target has had several cyber security breaches which damages the consumers perceived trust in the brand.
- Target is sometimes perceived by the consumer to be similar to other discount retailers, such as Wal-Mart and K-mart, this can make shoppers not willing to try shopping at Target.
- Target does not offer all services at all locations, i.e. pharmacy, optical, and photo services, which makes some locations not as desirable to visit.
- Target has some opportunities when it comes to training employees, not all employees are knowledgeable about what to do when customers ask for assistance, and sometimes they are unwilling to follow through with assisting.
- Target can be known for having long lines at checkout, this makes them susceptible to purchase abandonment as well as leaving the customer upset and unwilling to return.
- Target has higher prices than competition, such as Wal-Mart, for certain items this causes consumers to visit other places when shopping for these items.
- Target no longer has an international presence, this prevents them from being an internationally recognized brand and receiving patronage from international markets.
- Target does not offer a pharmacy drive-thru while their competition, such as Walgreens, some grocery stores, and Wal-Mart, does, this draws business away from Target for the consumers who are looking for this convenience.

- Target has times when they are understaffed, this makes it hard to locate an employee for assistance and it creates long checkout lines. Both of which cause customer dissatisfaction and reduce loyalty.
- Target does not always align their online prices with in store prices, by aligning their prices they could drive more traffic to both online and in-store because customers would know they are getting the same value in both locations.

Opportunities

- Target does not have a gardening center, by adding a gardening center they could further advance their concept of one stop shopping.
- Target does not have a bakery in every location, by adding a bakery at every location Target would appeal to customers looking for more fresh options.
- Target does not have a bank inside or any check cashing or money services, by adding money services they could enhance their concept of one stop shopping.
- Target does not have the best public perception when it comes to cyber security, by improving the public perception they would appeal to consumers who are especially cautious.
- Target does not have an affiliated gas station, whereas many grocery stores and other discount retailers offer loyalty programs for shopping and fueling at their stores. This causes consumers to shop at retailers who offer these fuel discounts.
- Target does not carry as large of a variety of name brand grocery items as their direct competitors, by adding more of these name brand lines they can draw back consumers who now shop competitor stores for these products.
- Target does not offer a convenience in their larger store formats, by adding a convenience section at the front of the store with basic convenience items such as milk, butter, and bread, as well as 'quick stop' parking they could increase the loyalty of

consumers who normally shop at Target but choose another store because they are looking to run in and run out.

- Target does not utilize much technology with in their stores, by adding informational programming to screens placed by select products they could demonstrate the use and benefits of the product and in turn drive up sales of that product the way that a live demonstration would.
- Target does not carry a large amount of electronics, by expanding their electronics department they could take consumers away from places like Amazon and Best Buy by offering a comprehensive selection that is available for immediate purchase and use.
- Target no longer has an international presence, by again expanding to international location they would be able to capture more of the global marketplace.

Threats

- Other discount retailer stores, such as Wal-Mart, K-mart, and regional discounters such as ShopKo are threats to Target because they directly compete as a discount one-stop-shop retailers.
- Other stores that offer two services similar Target (but not more than two), such as Smiths Grocery with its pharmacy or Walgreens Pharmacy with its general store items, are a threat to Target because they may fill the one-stop-shop aspect for some shoppers.
- Discount clothing retailers, such as Old Navy, Khol's, and Famous Footwear, are a threat to Target because they directly compete with the soft goods departments while offering simplicity of a smaller store.
- Other online retailers with a better online security presence and track record, such as Amazon, are a threat to Target because online shoppers don't want to trust their information with a company who has a history of cyber security failures.

- Online retailers who offer subscription services (where essential items such as toilet paper, grocery, and pet food are delivered on a set schedule), such as Petco, Winder Dairy, Amazon, and Sam's Club are a threat to Target because they all compete directly with the automatic convenience of Target's subscription service.
- Stand-alone neighborhood deli's and butchers such as Caputo's and Snider's, are a threat to Target because they directly compete with Target's meat department and deli while sometimes offering a better quality product.
- Bulk warehouses, such as Costco and Sams Club, are a threat to Target because they offer more deeply discounted prices to consumers who are wanting to make bulk purchases. In addition, these consumers need to visit Target less to restock after they have bulk purchased at a warehouse and are less likely to make impulse purchases because they are not coming to Target as frequently.
- Smaller general stores, such as Family Dollar, Big Lots, and Dollar General, are a threat to Target because they offer most of the products that Target does , including clothes, food, and housewares, but with a smaller layout and footprint for convenience and speed.
- Online retailers, such as Amazon, are a threat to Target because they offer almost immediate shipping options like 1 and 2-day shipping which directly competes with Target in store sales as well as their in-store pick-up for online orders.
- Toy stores, such as Toys'R'Us, are a threat to Target because they offer a wider variety of toys, including toy guns which Target refuses to carry, which draws them to these stores when they are ready to make a gift purchase where they may be spending a larger amount of money.
- Cosmetic stores, such as Ulta, are a threat to target because they offer both drugstore brand cosmetics and toiletries that directly compete with Target's offering and they also offer higher end cosmetics which draw consumers who are looking for both types as well as added convenience.

Recommendations

The advantage Target has in the 'discount big box retailer' space is catering to young middle-class consumers who don't feel you need to compromise modern design, clean stores, and aesthetics for low prices. We recommend that Target continue to cater to the Millennial market as it is the fastest growing buyer demographic. To do this Target should maintain the value they place on well-designed products, unique products, and trendy products in all departments throughout the store. Target should also continue to cater to shoppers looking for the lowest prices on items without compromising the shopping experience. In order to enhance the shopping experience Target should focus on integrating technology within the store, both for convenience and enhancing product reception. By using technology to showcase value in their exclusive products Target will be able to increase sales and better capture the larger profit margin of these products. This in turn will draw more shoppers in who are looking for these unique products as well as the convenience of one stop shopping. Although Target is missing some of the amenities other stores offer such as a gas station, bank, and garden center, Target understands that their demographic (especially in urban areas) do not need these amenities. We recommend that Target try to strategically capture international urban markets with a rising middle-class. Instead of trying to take over already existing chain store locations they should focus on building stores tailored for the area and their needs.