Target Corporation; how it has become one of the largest retailers in the world and the attributes of its success.

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Introduction

The Target Corporation has been one of the fastest growing retailers in the United States. They strive to be the customer’s favored shopping destination as well as an inviting workplace for all of their team members (Target Corporation, 2004a). To achieve these goals they continue to increase value to customers and team members more than any other retail corporation. Target requires their team members to have a Fast, Fun, and Friendly attitude and have standards that continue to increase (Target Corporation, 2004a). The corporation has been extremely successful over the past 35 years and continues to grow throughout the United States (Target Corporation, 2004b).

Objectives of Target Corporation

The mission statement of Target Corporation:

“To be the preferred shopping destination for our guests and the workplace of choice for our team members.” (Target Corporation, 2004a).

One of the major parts of their mission is to have returning guests and to make those guest’s experience the best one possible. Target welcomes all of their guests into their stores, referring to them as guests rather than customers, and strives to make them feel as comfortable as possible. They respect the diverse needs of their guests by listening and
responding to different comments and suggestions (<http://www.targetcorp.com/targetcorp_group/careers/diversity.jhtml>).

The other major part of their mission is to be the best possible place for their team members to work. They hire a diverse workforce reflecting the diverse communities that they serve across the United States (Target Corporation, 2004a). They respect all of their team members by listening to their concerns and reacting to them in a positive manner. Diversity is an important aspect in this corporation. They define diversity as “individuality,” (Target Corporation, 2004a). They recognize the importance of this issue and acknowledge that diversity makes good business sense and helps to ensure future success. Target believes that diversity is much more than a slogan (Target Corporation, 2004a). It’s a commitment that they have with their employees that goes beyond age, race, gender, language, or religious affiliation (Target Corporation, 2004a). They identify the importance of valuing and responding to all of their team members’ beliefs and backgrounds. The success of their corporation depends on the collaboration among their team members.

**Situation (SWOT analysis)**

One of the most important aspects of the Marketing Process is to identify the strengths, weaknesses, opportunities, and threats.

**Strengths of Target Corporation**

The Target Corporation has many strengths. They concentrate on having clean, well organized, guest friendly stores which increase guest loyalty (Target Corporation, 2004a). They encourage their employees to have Fast, Fun, and Friendly service which is
a major part of their culture at Target (Target Corporation, 2004a). They have many standards related to time to ensure that the guests are coming in, finding what they need, and leaving the store during their hectic schedules (Target Corporation, 2004a). Target has excellent inventory systems to help to replenish the stores quickly and efficiently. Their multi-million dollar automated inventory system minimizes the time that it takes for the products to get from the vendor to the store (Bernard, 2004). In turn, these products are produced, shipped, and delivered to the store resourcefully. Another strength in the company is the development with private brands. Products by *Micheal Graves, Mosimo, Issac Mizrahi,* and *Sonia Kashuk* are extremely important because no other retailer offers their products (Bernard, 2004).

Target also focuses on aiming at the female shopper (Bernard, 2004). This is proven by the cleanliness of the store and the hospitality of the staff. Some may argue that this is a weakness, but a majority of shopping is done by females. Aiming products and prices at women is a strength of Target Corporation.

**Weaknesses of Target Corporation**

Despite the extent of their strengths, every corporation has to deal with weaknesses. One of the more significant weakness faced by the Target Corporation is the lack of having their own food distribution center (Bernard, 2004). The Target Great Land Stores and the Super Targets have to buy their groceries from a second distributor in order to obtain the consumable products (Bernard, 2004). This can significantly affect prices. Another weakness that is faced by the corporation is the lack of certain products offered in their stores. They do not offer any hunting products, fishing products, tobacco
or alcohol products, which may prohibit the corporation from being the one-stop-shop that they work each day on becoming (Bernard, 2004).

**Opportunities of Target Corporation**

Opportunities that are within reach of the Target Corporation include the ability to grow internationally. Target’s lack of global expansion has made it easier on competitors to excel in global markets (Bernard, 2004). Internally, Target Corporation offers many opportunities to its team members. They believe in equal opportunity rights and strongly enforce them. Of their 270,000 current team members, 48% of their corporation officials and managers are female as well as having 22% of their corporate officials and managers represent ethnic minorities (Target Corporation, 2004a). Their ability to know their guests depends on the team members who understand the diverse communities that they continue to serve. One example of this is having a large percent of Hispanic team members in a store that is located in a heavily populated Hispanic area (Bernard, 2004). They believe that a diverse team can be nothing but good for their business.

**Treats of Target Corporation**

Threats that are faced by the corporation include their competitors who strive to offer the same product variety and service. Pricing is another big threat to the company (Bernard, 2004). When the economy is tight, the leading retailers ahead of Target are able to fluctuate the prices of the products offered (Bernard, 2004). Another great threat is organized labor which can influence pay rates that are offered to the members of the Target team (Bernard, 2004).
With analyzing all of the related strengths, weaknesses, opportunities, and threats, they’re able to establish a well organized marketing program to maximize sales and revenue. Unlike Wal-Mart, Target is geared to satisfying the customers’ needs and wants (Target Corporation, 2004b). They understand the importance of time, and stress that in their training programs of their team members. They invest millions of dollars in training and elements of store design that offer guests greater speed and convenience while they shop (Target Corporation, 2004b). They encourage the culture of “Fast, Fun, and Friendly” service which all of their team members are committed to (Target Corporation, 2004a). By introducing speed, knowledgeable and cheerful service, accompanied by clean and inviting stores, they continue to make guest service their major priority.

**Identifying the Elements of the Marketing Mix**

**Price**

The first major element of the Marketing Mix is Price. They provide exceptionally priced, differentiated products that no other retailer has been able to match (Target Corporation, 2004b). They take pride in providing goods at discountable prices and by offering the availability of credit in all of their stores through the Target Visa card (Target Corporation, 2004b). According to Target Financial Resources, they are driven by two objectives; the first one being the ability to build retail sales by deepening their relationships with their guests, and the second to sustain outstanding profitability and growth in delivering financial services to their guests (Target Corporation, 2004b).

Target’s inventory system contributes a lot to the lower costs that they offer. It increases the efficiency of the replenishment of their products. This in turn helps to
lower the cost for the customers (Bernard, 2004). Target also purchases their products in extremely large quantities which contribute to their competitive prices (Bernard, 2004).

Target’s online retailing offers many discounts for the customers. They offer a 10% discount for all purchases that are made online (Bernard, 2004). They also offer a considerable amount of discounts during the holiday seasons on shipping rates (Bernard, 2004).

**Product**

Another major element of the Marketing Mix is Product. The products that Target provides are those that will always have a demand. The product variety is extremely extensive which adds to the idea of eventually being the one-stop-shop for customers. They supply commodities, an extensive selection of everyday essentials (Target Corporation, 2004b). These commodities may include a variety of discounted priced toilet tissue, body wash, shampoos and conditioners, a variety of footwear, and clothing lines by private companies that offer style at an exceptional price. There are also pharmacies that are located in the majority of the stores that add to the breadth of the product line (Target Corporation, 2004b). The pharmacists are knowledgeable, trained employees who are willing to be of assistance to all of their guests. This contributes to the added value to their guests. The also have consumable products which include perishable food items, a variety of sodas and fruit juices, fruits and vegetables, dairy and bread products, and an assortment of baking goods (Target Corporation, 2004b). Target also has a selection of “mom and baby” products (Target Corporation, 2004b). They offer a select clothing line of maternity clothing and all of the essentials for the new mother and baby. Target also provides a variety of very-day house hold products such as
toys for the children, lawn and garden equipment, office supplies, books and other entertainment, car care products, computer software, furniture and other home essentials, as well as a variety of kitchen products and supplies (Target Corporation, 2004b).

**Promotion**

A third element of the Marketing Mix is Promotion. Target takes pride in the fact that they are the founder of the “Five Percent Club,” ([http://www.targetcorp.com/targetcorp_group/community/foundation.jthml](http://www.targetcorp.com/targetcorp_group/community/foundation.jthml)). They’re known nationwide as the top retail charitable organization which also helps their promotional strategy.

They are a philanthropic company that donates five percent of their profit revenues to different nonprofit organizations ([http://www.targetcorp.com/targetcorp_group/community/foundation.jthml](http://www.targetcorp.com/targetcorp_group/community/foundation.jthml)). The way in which they advertise is also a large part of their promotion. Their major slogan is “Expect More, Pay Less,” which supports the idea of affordable, quality products accompanied by outstanding service and clean, inviting stores. In the last 5 years, a major goal of the corporation has been to advertise the company by implementing their Bull’s Eye logo on everything (Bernard, 2004). The logo is found all over anything and everything that has to do with Target. They expect to have this logo so established that it is as recognizable as the famous McDonald’s golden arches (Bernard, 2004).

One of the major promotional commitments is supplying a weekly ad in the Sunday newspaper of major cities with established outlets relative in location. The repetition of viewing these ads by the consumers helps with reinforcing the company.
Another part of their promotional strategy is sponsorship of various sports including the United States largest spectator sport, NASCAR. Casey Mears, a famous NASCAR driver, adorns the Target Bull’s Eye on his car which receives international coverage (<http://racing.target.com/news>). Mears recently appeared on Family Feud to compete for the Target house, an approach to long term housing for families whose children are receiving life saving treatment at St. Jude’s Research Hospital in Memphis, TN (<http://racing.target.com/news>). Mears went home with $20,000 (<http://racing.target.com/news>). Their magazine and newspaper ads, television commercials, promotional products and their presence of online retailing all contribute to the successful advertising of the corporation.

Physical Distribution

The final element of the Marketing Mix is Place or Physical Distribution. This is an extremely important part of Target’s marketing process. One of their major goals is to be a one-stop-shop for their customers. They strive to be one of the only retailers who are able to provide the variety of products that will satisfy the needs and requests of their customers. They have stores all across the United States that provide for a diverse group of people (Target Corporation, 2004a). For this reason, Target concentrates on diversity in their product lines and employees.

Their retail outlets are located in 47 states across the US as well as having online retailing providing even more convenience to the customers (Target Corporation, 2004b). In all of the locations over the United States, there is a diverse group of people that shop at these stores. Target focuses on providing products and services to these diverse needs and wants of their customers by employing many different diverse groups of people
(Target Corporation, 2004a). This helps to ensure the quality of service and the satisfaction of their guests.

Target continues to grow within the United States by setting goals of 100 to 120 new outlets per year (Target Corporation, 2004b). They also have a very strong college recruitment program offering internships. These opportunities provide a great learning experience for future endeavors in the retail industry. The training that encompasses these extensive internships prepares the student to be a successful asset to the Target Corporation as well as other retailers in the industry. All of these factors are beneficial to them and have helped them to become the successful retailer that they are today.

A major problem is that their buying and marketing programs are located in Minneapolis, Minnesota, while the majority of their growth is on the eastern and western coasts of the United States (Bernard, 2004). Costs of obtaining these consumable products are affected by the transportation of the products. Target has nearly 1,300 stores, ten percent of which are located in California alone and about eight percent which are located in Florida (Bernard, 2004).

Related to analyzing the appropriate place for the location of the stores is to examine the target markets. Identifying the target market of the Target Corporation has become quite a challenge (Bernard, 2004). Target tries to not only gear their marketing strategies to a particular group defined by demographics, but a wide and diverse group of people (Bernard, 2004). They aim towards customers that are seeking a variety of affordable products located in clean and customer friendly store (Bernard, 2004). Their cheerful and knowledgeable team members are committed to customer satisfaction and fulfilling the diverse needs and wants of their guests (Bernard, 2004). They focus on not
only providing a product or a variety of products, but a service to customers. Their products are affordable and their service is impeccable and that is what continues to make this corporation successful.

**Competition for Target Corporation**

Target Corporation is the fourth largest retailer in the world, behind the largest retailer and their main competitor, Wal-Mart (Bernard, 2004). Wal-Mart has quite a few advantages over the Target Corporation. Wal-Mart is a global corporation with outlets all over the world including Mexico, Canada, and Europe whereas Target is not a global company and is geographically restricted to the United States (Bernard, 2004). Another aspect of their largest competitor is their established grocery presence that is significantly larger than that of Target (Bernard, 2004). For example, there are many more Wal-Mart Supercenters then there are Super Targets. Both of these hypermarkets offer a variety of general merchandise and consumable products. Wal-Mart has the advantage in that they have more of these hypermarkets. Target also does not sell any hunting, fishing, alcohol, or tobacco products which prevent it from having the breadth of products that Wal-Mart has (Bernard, 2004).

Despite the success of Target, it will probably never reach the size of that of Wal-Mart. Their success comes with the increased quality and privatization of their products and services.

**Global Market Outlook and Future Trends**

The expansion into the global market can almost be considered a weakness for the Target Corporation (Bernard, 2004). Unlike Wal-Mart, its major competitor, it lacks the
global dispersion that Wal-Mart has. Over the past thirty years, this corporation has
grown significantly and the idea of spreading into Canada and Mexico in their near future
is fathomable. In spite of its limited geographic locations, Target has proved its success
over the last 35 years by growing from only 17 stores in 1969 to now over 1,250 stores
(Target Corporation, 2004b). They continue to meet their goals of opening 100 to 120
new stores every year which will continue to expand in the future (Target Corporation,
2004b). These 1,250 Target stores are located all over the United States in 47 different
states (Target Corporation, 2004b). With their strong diverse values they should have no
problem with expansion beyond the United States in the future.

Conclusion

The Target Corporation has proven its successfulness through the number of
stores that it has and through their figures of sales revenue. Their sales increased 12%
from $36.9 billion in 2002 to $41.3 billion in 2003. Over the past 35 years they have
expanded rapidly across the vast United States to over 1,250 different outlets (Target
Corporation, 2004b). They use unique marketing strategies to ensure customer
satisfaction and customer loyalty. Despite the fact that they have yet to grow
internationally, they continue to grow in the United States. They concentrate on
providing their guests with discounted products and providing services by their team
members that has yet to be matched by any other retailer and with that they have no
where to grow but larger and more successful.
References


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