

Team number: 5

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## Target Case: Winning the Back To College Sale Season

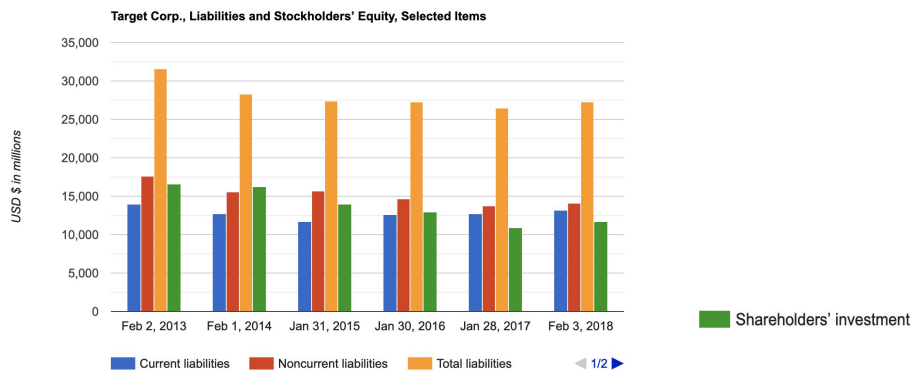
### Current company conditions:

#### - Background:

Target Corporation provides high-quality products and relatively cheap prices to meet customers' demands. Target has over 1800 stores in the United States. It not only has its local stores developed, but also developing quickly and efficiently around the world and virtually online. The purpose and values of Target are to make guests prefer shopping by giving out an outstanding value, continuous innovation, and exceptional guest experience.

#### - Financial status analysis:

As Exhibit 1 shown, the company has a large proportion of liabilities from 2013 to 2018, however, it is in a decreasing trend(stock-analysis-on.net). Furthermore, current liabilities are always lower than noncurrent liabilities. Since liabilities represents company's obligations from past events, the result will cause the company's entity outflow. It shows that Target has the ability to maintain liquidity, but its efficiency is dropping down.



- Competitor's marketing strategy:

Compared to Bed Bath & Beyond's marketing strategy, the strongest advantage for Target is the cheap price it offers to customers. However, Bed Bath & Beyond does not have an expensive price for customers to shop around. As one customer said online, she had a nice online shopping experience with Bed Bath & Beyond, but she knew that the delivery service of Target is poor and does not give customers an opportunity to save time on their way or return policy. This becomes a big problem for Target to develop from the long-term view.

- SWOT analysis

Strengths:

Target is more welcomed than Walmart or other stores; the company has a good word of mouth. As the vision statement of Target is "Guided commitments to great value, the community, diversity, and the environment"(pestleanalysis.com). Target has strong expertise in marketing. The company is targeting a high-end market, which is a huge strength to develop among middle-class shoppers. It stands out from other stores because of the strong attractiveness among the younger segment of customers.

Weaknesses:

Target's business strategy is a little out of date because it does not have many changes with the developing time. The business model of the company should be changed and adapt to keep pace with the fast life model. Lack of creativity and divisional service in different areas decrease the company's ability to compete.

Opportunities:

Target can enhance its reputation by improving its e-commerce channel and attracting more millennial shoppers since their lifestyles and shopping methods are more suitable for Target's long-term development.

Threats:

Since the company has a relatively low price for customers, and with its increasing sales rate and costs of goods sold growth, the company's profit margin is increasing. Though operating its online stores with a low price is a novel method for developing, the company cannot easily achieve success influenced by the existing online markets, such as Walmart, IKEA, etc.

### **Dormitory Decoration Competition**

The Dormitory Decoration Competition, as the name suggests, is a competition that people buy decorations from Target to decorate their rooms and put photos on Twitter or Instagram(it can be any social media), and the top three get rewards from Target and decorate their rooms for free. Voting will be done on social media. Besides, we can promote this event by collaborating with the school, and put advertising in stores near the school and in the social media of the Target.

#### **- Justification:**

The demand for dormitory supplies is very high, especially for freshmen who have just entered school. They need to buy a lot when they first enter college. According to the National Retail Federation (NRF) analysis, the world's largest trade association, it states the highest 3 sales were Electronics, clothing and dorm furnishings(nrf.com). Most students want their dormitories to be clean and tidy, especially girls. They hope to decorate their rooms well, and

many people will choose to find inspiration online. This competition provides an opportunity to showcase their rooms and inspire others to decorate.

The development of this strategy is based on our research on income, age, and gender. First of all, most customers of Target are middle-class income level because of target sales high-quality products and provides quality service. A lot of middle-class income level family will pay for their children in back to college (BTC) season shopping. The study of Deloitte shows that 82% of students' parents provide more than half of the funding for their students' shopping(retailldive.com). It is an opportunity to attract customer buying stuff from Target. Moreover, based on the analysis of the global content director Mark, the analysis divides main audiences of BTC shoppers into three ages levels and gender. It illustrates that for buying school supplies nearly 75% were female, and most of them are age around age 20-30 (crimsonhexagon.com). Therefore, we set our target consumers as female millennials. The analysis found out that there are more potential opportunities for millennials customers to increase sales rate both online and instore by giving them different experiences.

-Advantages and disadvantages:

The dormitory decoration competition strategy has great advantages on improving student's experience, competitive environment, store-reputation, social media effects, and finally lead to boost sales. Our strategy focuses on cooperating with university and to increase influences widespread around college and call on more students to join our competition by decorating with Target brand dorm furniture, accessories, and any other decorations. It will maximize the brand influences by giving opportunities on voting through social media participation. In addition, all the college students could go to the dorms to visit the actual

decoration by appointment or permission of the competitors. This dorm showing would dramatically attract more potential customers and join or buy Target products. Based on the above, we address our final goal that is providing an innovative way to maximize sales and great guest experience.

However, there will be some disadvantages. For example, the exact time period releases the Target competition, because it may affect the inventory preparations and supply chain management. According to the research, 77 percents BTC students would back to school 3 or 4 weeks earlier before the semester begin(nrf.com). At that time, most retailer stores like Amazon and Ikea will have great discounts on their BTC products, which will cause our loss in competitors sales if students buy our competitor's product first because their discounts are earlier than Target.

-Feasible solutions to overcome disadvantage:

Earlier discount to reduce competition is a feasible solution. Many parents like to start shopping about a month before the start of school. They have more time to prepare it. Lokesh Ohri, Deloitte Consulting LLP, said that 68% of parents plan to start their back-to-college shopping before August(retaildive.com). Even more pertinent to retailers, these early shoppers also plan to spend 35% more than shoppers who wait until August. This will give us a chance to overcome the discount disadvantage.

## References

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