

Target

Marketing Plan

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Executive Summary

Target provides basic necessities, and semi-luxury products as well. Their mission is to fulfill the needs and fuel the potential of guests. The expression “Expect More, Pay Less” has served to become one of the top retail stores in the nation. Target needs to diversify themselves more by trying new things, like new departments and targeting a younger demographic. With their prices already being affordable to customers, they want to take this to another level by giving college students a discount.

Some background information about the brand is that they strive on having the necessities that people need, or want. By implementing faster shipping they will be able to compete with online retailers like Amazon. Some conclusions to this mission include reaching an even broader audience by being more efficient, at a quicker pace, and maintaining customer relationships. Their brand completely fits with the current market and the way they are expanding to becoming the biggest corporation for common retail necessities.

To target a younger demographic Target can start giving college students a discount. This will give them a competitive edge over cheaper retail stores like Walmart. By giving a discount college students will prefer to shop at Target over other brands. The discount will also help younger demographics start a relationship that will grow into customer loyalty.

Current Market Situation

Target is an American retail corporation that is the eighth largest retailer in the United States. Target has a wide range of products and is a one-stop-shop for its consumers. Target is a major brand and can be found in all fifty states in the US with seventy-five percent of the US

population living within ten miles of a Target location. Target only continues to grow bigger and dominate major markets, but they are still in competition with other retail corporations.

They trail behind other retail corporations like Walmart (number 1) and Amazon (number 2). According to the National Retail Federation In 2018, Target had total sales of around 74 billion dollars which landed them at number 8 on the list. Target continually comes out with its own branded products which makes them a very innovative company that has been recognized nationally in the US. Target is not just one store it is a collaboration with other businesses to deliver products to consumers. Distribution is a critical factor of their market. Target “has 1868 stores and 41 distribution centers across the 50 US states.” They have to constantly keep growing to keep up with the demands of consumers.

Retail chains can be found everywhere in the United States and they all have similar company brands for giving good quality products at good prices. Like Target, their biggest competitors; Walmart, has the slogan “save money, live better”. Retail stores are always looking to find the best products but deliver them at fair prices. Target has to compete with Walmart because Walmart product’s prices are lower than Target’s.

The current market is very competitive and is dominated by only a few companies. Target is in an instore market, but it does have a growing presence of online shoppers. Online shopping has certainly seen an increase with the presence of technology in society and public health crises.

Market Description

Brick and Mortar businesses, like Target, have to worry about the presence of online retailers like Amazon. More people are shopping online compared to in-store and the trend only seems to increase. Brick and Mortar companies are constantly trying to come up with new ways to give

more convenience to their shoppers. They have come up with curbside deliveries, shipping, online availability and in-store pickup to deal with the presence of Amazon in the market.

In the midst of a global pandemic the market is changing and current trends are leading towards online shopping. According to the U.S. Department of Commerce “E-commerce sales in the third quarter of 2020 accounted for 13.5 percent of total [retail] sales” (U.S. Census Bureau News). E-commerce was an already increasing shopping experience that only became dramatically prevalent with the current state of the pandemic.

Now, retail stores are focusing on selling sustainable products that are eco friendly. Consumers are searching for eco friendly products with concerns of global issues like global warming. The Harvard Business Review stated that “Indeed, one recent report revealed that certain categories of products with sustainability claims showed twice the growth of their traditional counterparts.” The trend of retailers selling green products is only going to be increasingly sought out by millennial consumers.

Product Review

Target has received so many great reviews on their brand over the course of many years. They have stayed so consistent for their customers, employees, and brand image. They have been doing a fine job with shipping, but want to take that up a notch, but more importantly, making stores a more fun environment for people to shop at. If they incorporate different brands in stores and more interesting deals they will attract people to coming and buying something. Another review of the brand is the need of more experienced retail employees who really dedicate themselves to their department and know where everything is.

Competitive Review

In order for an organization to thrive in its market, it must recognize its competitors and strategize ways in which the organization can attract more consumers than your competitors. Target's competitors are Walmart, Costco, and Amazon. Walmart's system is very similar to Target; however, they offer lower prices. A person might choose Walmart over Target to save money as they offer very similar products. Costco's system is very similar to Target and Walmart; however, they offer higher bulks which result in lower prices by purchasing a larger quantity. A person might choose Costco over Target as they can buy in bulk to save money and lower the frequency of their shopping. Amazon greatly differs from Target. Amazon is an online-based company that offers two-day shipping with a Prime membership. Moreover, they offer a greater variety of products than Target. Someone might be more inclined to choose Amazon over Target due to the convenience of not leaving your house, but still receiving the order quickly. Furthermore, what a person would get from Target will most likely be on Amazon.

Channels and Logistics Review

In order for Target to receive their inventory, Target employs transportation services to deliver items to the store directly or to the warehouse. For items delivered to the warehouse, Target employs truck drivers to deliver those items to individual stores. Once a purchase is made online, Target uses UPS, FEDEX, USPS, or Shipt (same day orders) to deliver directly to the customer's business or home.

To cater to college students Target can create contracts with colleges to have students' orders delivered directly to campus. They can have the colleges, if available, use their own trucks to get products from the stores, or warehouse to the college. This would be a certain shipping method the student would have to check off. The college's trucks could go once a week to Target or their warehouses to get the orders.

SWOT Analysis

Target's Strengths, Weaknesses, Opportunities, and Threats	
<u>Strengths</u> Brand Recognition Same-Day Pickup	<u>Weaknesses</u> Prices
<u>Opportunities</u> Department Expansion College Student Discounts Faster Shipping	<u>Threats</u> Competitors Technology

Target's goal is to create a competitive advantage and bring in more consumers than its competitors. Their strategy is to offer more departments and a greater variety of products. Target's strengths are brand recognition and same-day pickup. Target has great brand recognition. Although prices tend to be higher than Walmart or Costco, Target has a better reputation for high-quality and unique offerings. Target's weaknesses are high prices. Although many people choose Target due to their better quality, many do not in response to lower prices offered elsewhere. Target's opportunities are department expansion, student discounts, and faster shipping to create a competitive edge. Target's threats are their competitors matching their department expansion, student discount, and fast shipping.

Objectives and Issues

Some issues with our plans moving forward include high costs, and if we are going to make our shipping faster then that is even more money. These plans moving forward are what is going to put Target on top of the map. Other objectives we have as a brand is doing more brand deals with Athletes and Actors because this brings in the younger demographic more. The only issue with this is the cost of it but it will pay off when it brings the revenue up. Another objective is to control the college student demographic because they have the most money for their age and are more inconsiderate with their money.

Marketing Strategy

For Target, the new marketing strategy will be mostly based on targeting college students. There are about 20 million college students in the US alone, so targeting them could prove to be a very wise financial decision. Not only would Target be able to make a profit off them while they are enrolled, these students have the possibility to turn into loyal, life-long customers. Students are also driven by material gain, this makes them easy targets. The cycle of college life can also be used to Target's advantage. Since Target is a staple for many people, this new demographic should be easy to reach. By using different plans like offering a student discount, creating a subscription service for college students, faster shipping, and expanding the departments in the store, Target will become very appealing to college students. Students don't have a lot of time to go shopping from store to store and they also usually do not have lots of money to spend.

Customer-Driven Marketing Strategy

One of the main things Target should do in beginning their marketing plan is to implement a college student discount. In doing this, they will be able to directly reach their target market. College students are typically on a very strict budget, and while Target already is not super expensive, it is more expensive than other alternatives. Having a student discount would help with Target sometimes being pricier than its competitors. Implementing a monthly subscription

service could help college students since they don't have lots of time to go shopping in between classes and other commitments. It could include a month's worth of supplies like toilet paper, dish soap, coffee, snacks, and other customizable items. This would cost a monthly fee, and would be shipped straight to the student. Faster shipping will also be very appealing to college students. Many do not have a car on campus, so they would have to ship things in. If Target had same-day shipping, then they could be competitive with Amazon. They could also offer a larger variety. All Targets could now include a full grocery section, this would make them more competitive with Wal-Mart. It would also make them more appealing to students so they could get all the things they need from one store.

Positioning

Target will be positioning itself as the cheap, one-stop shop for college students. They will have student discounts, same-day shipping, and have everything a college student may need. This would make them direct competition to Wal-Mart since they would have a grocery section along with lower prices, but it would still have the image of Target. Target is already seen as the upgrade of Wal-Mart. By targeting such a large market, sales will increase.

Pricing Strategies

By offering a student discount, Target would allow students to have a lower price for the goods they need. This would be a competitive pricing strategy since Wal-Mart is usually a good amount cheaper than Target. This would be beneficial in the long-run because there will always be an influx of college students, and this could train them at an early age to be loyal customers of Target. With the subscription box, Target would receive the monthly fee that students would pay to have the subscription.

Distribution Strategies

The strategy of distribution will be to immediately implement the student discount in all stores. This will make Target more appealing to all potential consumers in addition to college students. They would also make same-day shipping available for all their stores. Expanding the inventory of some stores may take a while, so focus just in college towns before expanding to all stores that do not have that already. Having a monthly subscription box tailored to college students would make it incredibly easy for the student since the box would be shipped straight to them. Improving their website and app would also help, since a lot of college students shop online. By using Instagram's new shopping tab, Target could sell to college students entirely through social media.

Marketing Communication

Since the target market is very tech-savvy, the main mode of advertising should be virtual. Social media ads will come in handy since college students rely more on social media than physical advertising. By using specific platforms like Instagram and Snapchat, they would quickly and effectively reach their target audience. Target could also pay different influencers to promote their new deals and features. Target can also partner with different schools to create Target Kiosks at bookstores or around campus to aid in convenience. This combination would be the best to reach the desired target audience.

Marketing Research Strategies

For research, a sample size of subscription boxes would be available for the next spring semester. These would be offered at a lower monthly price, but would require the student to fill out a feedback form before they could get their next month's box. The information from this would be taken into account, and the boxes would be altered as needed. These new strategies could be implemented in late summer through December at specific Targets in college towns. The number of people using the student discount could be monitored in addition to the overall

sales for this period. If there is an increase then this strategy could be expanded to more stores. If this does not bring in more sales then the strategy can be re-evaluated before the beginning of the new year.

Action Programs

The goal of this marketing plan is to expand Target's customer base by expanding departments to give more of a variety to customers. In order to expand the variety of products Target can sell from smaller more urban brands that are up and coming. Target will sell brands that are exclusively sold in its stores. In order to expand and not take up much space in the stores, Target can sell these exclusive brands for weeks, or months at a time in a certain aisle. This way Target is expanding their products without expanding the square footage of their stores. These cycling brands and products would start by 2022, so Target has ample time to find these brands and set up a calendar. This would serve as brand "pop up" shops.

Target will implement discounts available to college students on household items, food, and beverages. This will commence before the new fall term in September of 2022. Offering college students will also increase customers because sales from younger demographics will increase. This discount will be marketed to college students and their parents. To test how well the discounts bring in a younger demographic, these discounts will only be available in certain Target stores. The criteria for these stores would be; they are less than twenty minutes away from a University/college with more than five thousand students. These students would show their IDs and be eligible for the discount. Eventually, if the discount improves customer loyalty, it will be implemented in all Targets by the first semester of 2023.

Budget

Target's full-year comparable sales grew 3.4% in 2019 which reflects a comparable digit sales growth of 29%. The 3.4% is the increase to \$77.1 billion from 74.4 billion the previous year. Full-year revenue of \$78.1 billion grew 3.7% compared to the previous year. Due to department expansion, student discounts, and faster shipping, Target projects sales to continue to grow on this trend. Specifically, we predict that sales will increase the most in the third and fourth quarter as it is back to school season and the holidays.

Controls

We will adjust our plan if necessary. We will need to keep an eye on our marketing strategy, see how our customers react, and use that new research to target that niche group. We will be able to analyze website traffic and viewership ratings from our Social Media platforms advertisements to determine how effectively the products and discount is being communicated to audiences. As far as sales go, we will analyze the response rate by a post-purchase survey sent out to customers indicating how they feel about the additional departments and discount. We will look at the numbers from total sales and determine if the amount we invested in department expansion paid off in sales.

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