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TARGET CORPORATION: THE GROCERY BUSINESS IN THE BULL'S EYE[1]

David Robinson wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

In May 2016, Brian Cornell, chief executive officer (CEO) of Target Corporation (Target), gave a modest forecast for growth in sales of the company's retail stores. The stock market responded with disappointment, wiping US$10 billion[2] in valuation from the company and leaving it with a market capitalization of $39.21 billion.[3] With 1,792 stores, Target was one of the largest chain store retailers in the United States, and with annual sales of $73 billion,[4] it ranked 38th on Fortune 500's list of the largest U.S. publicly traded companies.[5] However, it faced an increasingly competitive environment with aggressive challengers for each of its lines of business: housewares, clothing, and groceries.

The grocery business was highly competitive and well known for miniscule returns on sales. Stock market analysts who followed the company suggested that it might be time for Target to get out of the grocery business,[6] or at least re-evaluate its grocery strategy.[7] Getting out of the grocery business had its attractions: it would free up more store space for higher-margin merchandise, and would eliminate a costly supply chain for perishable goods. There was a precedent for such a radical move because Target had recently outsourced its pharmacy business to CVS Pharmacy,[8] and had previously eliminated the outdoor and garden category[9] in response to intense competition from big box home improvement stores such as Home Depot and Lowe's.

THE U.S. GROCERY BUSINESS

Grocery retailing in the United States was highly competitive. Families could buy their food and household supplies from many different stores with different selling formats. Convenience stores had very little selling space (often less than 93 square metres), but were located close to residential areas; they had a very limited selection of frequently consumed goods, such as bread, milk, and snacks. Because of the convenience of these stores, for which they were aptly named, they charged comparatively high prices for their goods compared to other types of stores. A typical supermarket of 2,800 square metres carried more than 60,000 stock keeping units (SKUs), and most had service meat counters, delis, and bakeries within each store. There were dozens of regional chains of supermarkets and a few large national chains: Kroger ($109 billion sales in 2015, from 2,774 stores), Albertson's-Safeway ($58 billion from 2,205 stores), and Publix ($33 billion from about 1,100 stores), all of which used several different store names in local markets.[10]

Bigger than any supermarket chain in terms of sales of groceries, discount retailer Walmart[11] operated more than 4,500 stores in the United States, of which 3,465 were supercentres (very large stores)[12] that carried groceries as well as general merchandise.[13] By 2015, 56 per cent of Walmart's $288 billion in U.S. store revenues came from the sale of groceries.[14]

Warehouse club stores were significant sources of competition for conventional supermarkets. These enormous stores[15] sold groceries in large packages at greatly discounted prices compared to supermarkets. Most of the stores were located far away from residential districts. Although they typically had meat counters, bakeries, and some meal services, they carried a much smaller number of SKUs than supermarkets[16] did; for example, Costco stores carried about 1,000 SKUs. There were three dominant chains of warehouse club stores: Walmart's subsidiary, Sam's Club, had 655 U.S. stores, and in 2015, it had sales of $56.8 billion, of which 59 per cent were groceries; Costco had 480 U.S. stores and U.S. 2015 annual sales of $84 billion, of which 57 per cent were groceries.[17] The privately held BJ's (found along the Eastern Seaboard of the United States) had 210 stores[18] and an estimated $12 billion in sales in 2015.[19]

Grocery stores were expensive to operate because they required large numbers of staff to stock and remove perished merchandise. Additionally, out-of-date goods also had to be discarded without a profit. Even a well-run, large supermarket chain such as Kroger earned a before-tax profit of just 2.8 per cent of sales.[20] Long known as a business of pennies,[21] a typical grocery store earned a return on sales that was about half the return achieved by clothing retailers and department stores (see Exhibit 1).

DISCOUNT RETAIL STORES IN THE UNITED STATES

The terms "discount store," "mass merchandiser," and "general merchandise retailer" had been used somewhat interchangeably during the history of retail stores, and each of these terms had been applied to Target's business at one point or another. They were all terms that applied to chains of stores that carried a broad range of goods but were distinct from traditional department stores.

The classic U.S. department store flourished from the 1890s onwards. These stores offered a broad selection of goods from what was typically a central location within cities. In a classic department store, floor space was divided into separate departments (e.g., household appliances or women's fashions), each of which had their own staff of buyers, sales assistants, and cashiers. By the mid-1950s, department stores made themselves more available to their customers by opening branches in the newly built suburbs of their cities. These branches maintained the high-service, high-price strategy of the central stores. Stores could achieve dominance in their respective geographical regions; this was demonstrated by stores such as Filene's Basement in Boston (Massachusetts), Macy's in New York City, and the May Department Stores Company in St. Louis, Missouri. Throughout the 1950s, with substantial buying power and no direct local competition, these department stores were able to keep their prices high.

From the early 1960s, a new type of store concept emerged. Discount stores challenged the high-price department store model by offering a similar range of clothing and household goods, but through a low-service model.[22] While merchandise was still arranged by categories, the discount stores were presented as single, large, open spaces. They relied on customer self-service, and all items were rung up at cash registers at the front of the store, rather than in the respective departments. After a few successful start-ups of this type, three major players emerged within this retail concept: Kresge Stores' K-Mart,[23] Walmart, and Dayton-Hudson's Target division.

By 2009, the term "discount store" usually applied to off-price retailers (e.g., T.J. Maxx and Marshalls, Inc.) that sold brand name clothing at substantially lower prices than department stores.[24] To that end, these stores often sold last season's hot fashion lines because the manufacturer had overestimated demand and needed to clear out inventory quickly before the next selling season began. While discount stores appealed to consumers with limited budgets, these stores were also heavily advertised to price-conscious fashionistas (consumers who were interested in adopting the very latest fashion trends) who liked to search for bargains.

The term "mass merchandiser" applied to stores that sold products in large quantities to a broad range of customers. However, the term was somewhat misleading: All "mass merchandisers" had loyal customers and did not sell to everyone ("mass"). There were some segments of customers who preferred to shop at Target, while others had loyalty to other retailers, such as J. C. Penney.

Target was a general merchandise retailer. While Target's stores had separate areas for men's and women's clothing, housewares, and so on, Target was not a true department store, given that there were very few sales assistants on the selling floor, and all transactions were conducted at checkout stations at the front of the store. Target also carried groceries in its stores, similar to Walmart.

TARGET CORPORATION

Goodfellow Dry Goods launched in 1902 as a family-owned Minneapolis department store that was renamed Dayton Dry Goods (Dayton) a year later. The firm expanded and added various other chains, such as a bookstore and a jewellery store. Dayton's eventually merged with a Detroit department store, Hudson's, becoming the Dayton-Hudson Company (Dayton-Hudson) in 1971.[25]

Dayton-Hudson opened its first Target store in 1962, as an experiment with the discount store concept, which involved customer self-service and checkout registers at the front of the store. The Target stores were a great success; as a result of national expansion there were 500 Target stores by 1992, and 1,000 by 2001. As the firm gradually pruned other store concepts, it formally changed the corporate name from Dayton-Hudson to Target in 2000.[26]

For the first 10 years of the Target concept, Dayton-Hudson's discount stores were chaotic displays of attractively priced merchandise in unattractive settings. While department stores offered uniformed doormen and piano players in their lobbies, discount stores used their austere environments to signal that they were offering goods at the lowest price possible.

In the 1970s, Target underwent a remarkable transformation in its stores. The company made use of its red and white bull's eye logo and redecorated its store in a matching colour scheme.[27] Aisles were widened, lighting was brightened, and graphics on signs clearly showed where each category of goods could be found. By 2012, Target was regularly ranked at the very top of the world's most admired companies in the general merchandise retail category.[28]

Target also stocked some flagship merchandise that may not have necessarily sold in large quantities, but which served as a signalling function to position the store as being stylish in addition to affordable. The most famous of these was a partnership with the architect and industrial designer Michael Graves; his iconic tea kettle was an example of the stylish merchandise that Target carried.[29] Not every household needed a fancy tea kettle, but by carrying this type of designer merchandise, Target differentiated itself from its competitors. Target carried its own brands of clothing and engaged in occasional partnerships with well-known designers to attract new customers to the stores.[30] The distinctive design philosophy of bright, clear graphics was applied throughout the store, and was demonstrated by a functional redesign of its pharmacy dispensing bottles—the upside-down square shape allowed for large, clearly readable labels, and the colour-coded rings helped customers with multiple medications to identify them more easily than standard round bottles.[31] By 1975, Target managed to position itself as a store with good value that was "a cut above Walmart and K-Mart."[32]

A REVERSAL OF FORTUNE

Even in its largest stores, Target's grocery offerings were initially limited to staples such as milk, bread, and laundry detergent. Over time, the company added frozen foods and perishables such as fruit and vegetables. Target developed its own brand name grocery goods as well. After the 2008 financial crisis hit the United States, Target attempted to continue to drive traffic to its stores by gradually increasing the floor space allocated to groceries[33] in a possible effort to increase the number of times that loyal Target shoppers would visit the store per month (and in the hope that they would spend a little extra money on clothing or household items while they were picking up groceries).[34] Over 10 years, the merchandise mix changed from 32 per cent to 47 per cent of sales coming from groceries (see Exhibit 2).

While Target emerged from the 2008 recession in better position than some of its rivals, the shift in merchandise mix to more groceries had a damaging effect on the firm's profitability (see Exhibit 3). The firm's return on sales, which had been 7.5 per cent[35] in the mid-2000s, dropped to 6.7 per cent or less; Target had become less of a cash-generating source for its stockholders.

Just as Target began to enjoy a more positive retail climate when the United States emerged from recession in 2009, the company suffered two blows—one of which was self-inflicted.

In December 2013, Target discovered that a nefarious computer code installed by hackers had been installed on an unknown number of its point-of-sale terminals. As many as 40 million customers might have had their credit card information stolen. The names and address information for a further 30 million customers were also thought to have been compromised.[36] In addition to the approximately $100 million in direct expenses to fix the security breach, the company also had to acknowledge the breach of trust: "We know our guests' confidence in Target, and the broader U.S. payment system, has been shaken."[37] Target was criticized for failing to detect the problem sooner, and for showing a slow response to ameliorate the issue once it was discovered.[38]

Much worse for Target's finances was its disastrous foray into the Canadian retail market in January 2011. Many Canadians shopped in Target stores when visiting the United States, and the company enjoyed a 90 per cent name recognition with Canadians.[39] Target had acquired 120 stores from a Canadian chain, Zellers (a subsidiary of the Hudson's Bay Company), and created additional stores for a total of 133 Target stores. Yet Target Canada Co. performed poorly. Consumers were turned off by unattractive pricing and multiple stock-outs where they could not find goods on the shelf.[40] The failure of Target in Canada resulted in a full-year loss for Target in 2014 (see Exhibit 3). In May 2014, the board fired CEO Gregg Steinhafel, who had led the company since 2008. He was replaced in August 2014, by Brian Cornell, who had substantial retail experience, including as chief marketing officer at Safeway and as the CEO of Walmart's Sam's Club division. In January 2015, Cornell cut Target's losses and closed its entire Canadian operation.

THE DECISION

Cornell was faced with several strategic options for Target's grocery business and its merchandise mix overall.

One option was just to do nothing. By continuing to compete in the grocery category, Target could take advantage of the private label brands (e.g., Market Pantry and Archer Farms) and supply chains it had developed. Moreover, this approach would give loyal customers a consistent shopping experience. On the other hand, low-margin groceries represented a highly competitive category, and did not leave much room for other categories with higher margins, where a broader selection might have been a distinct competitive advantage.

The next possibility was to scale back groceries to mainly non-perishable staples and convenience items.[41] With this option, Target would incur remodelling costs of about $1 million per store,[42] and would reduce the square footage allocated to groceries—from about 20 to 25 per cent of selling space to just 10 per cent of sales floor space.[43] This decision might have kept loyal customers coming into the store on a frequent basis, and may allow Target to continue to develop its own brand labels. However, this option could backfire if consumers saw it as a confusing format change, or if the amount of floor space released for general merchandise was insufficient to make a real strategic difference.

After the successful outsourcing of Target's pharmacy business to CVS Pharmacy, a third option was to take a similar approach with the company's grocery section, and seek a partner to outsource to. The advantages of this move were that Target would no longer have to worry about the difficult perishable food supply chain, where it already lacked scale and competitive advantage. At least some of its well-developed house brand names could be continued, and loyal customers would find the variety of grocery products unchanged, or, if they were changed, improved. Target would either charge rent for a store-within-a-store, run by another firm, or make a profit-sharing agreement with the partner that would supply and run the grocery aspect of the business. While this option had merit, there would be scant profits to share in the low-margin grocery category. Additionally, the most efficient supermarket chains may be reluctant to work with Target in geographic areas where they had their own competing stores. Furthermore, this option would not alleviate the reduced floor space available for general merchandise categories.

The final option was for Target to abandon the grocery category. Doing so would be expensive, requiring remodelling costs of up to $3 million per store,[44] and additional write-off costs for inventory and supply chain contracts. Loyal customers may leave Target entirely if they felt the stores no longer provided one-stop convenience. Such a complete change in strategy might be disruptive to staff as well as customers. Target would not receive any return for the brand equity it had developed in its own product lines. The positive side to this strategy was that it would free up large amounts of sales floor space for the company to strengthen its market position in home goods and clothing—both higher-margin categories that did not suffer from perishability. This option would take Target out of direct competition with numerous, much larger food retailers.

What should Cornell do?

EXHIBIT 1: INDUSTRY PROFIT AVERAGES AS A PERCENTAGE OF SALES

		Clothing Stores			Department
	Supermarkets	**Family**	**Men's**	**Women's**	**Stores***
Gross profit	29.9	45.0	48.3	48.0	36.6
Profit before taxes	1.7	4.7	3.8	3.3	4.6

Note: * Conventional department stores, excluding discounters.
Source: "RMA Industry Averages," OneSource, accessed June 15, 2016.

EXHIBIT 2: TARGET CORPORATION SEGMENT INFORMATION AS A PERCENTAGE OF SALES

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Household essentials*			22	23	24	25	25	25	25	26
Food and pet supplies**			15	16	17	19	20	21	21	21
Consumables and commodities***	32	34								
Hardlines†	23	22	22	22	20	19	18	18	18	17
Apparel and accessories††	22	22	20	20	20	19	19	19	19	19
Home furnishings and décor‡	23	22	21	19	19	18	18	17	17	17

Notes: * Pharmacy, beauty, personal care, cleaning, and paper products; pharmacy was 5 per cent in 2015, 6 per cent in 2014, and 6 per cent of sales in 2015.
** Grocery items and pet food.
*** Before 2008, household essentials, food, and pet supplies were reported as a single category.
† Electronics, sporting goods, and toys.
†† Shoes, clothing, and jewellery for men, women, and children; ‡Small appliances, furniture, kitchenware, bedroom linens, and bathroom linens.
Source: Data simplified by case writer, based on information from Target Corporation, *Annual Reports*, 2006–2015, accessed June 6, 2016, http://investors.target.com/phoenix.zhtml?c=65828&p=irol-reportsAnnual.

EXHIBIT 3: TARGET CORPORATION FINANCIAL STATEMENTS AND PERFORMANCE (US$ MILLIONS)

Fiscal Year	January 28	February 2	February 1	January 31	January 30
Balance Sheet	**2012**	**2013**	**2014**	**2015**	**2016**
Assets					
Cash and cash equivalents	794	784	695	2,210	4,046
Inventory	7,918	7,903	8,766	8,282	8,601
Other current*	7,737	7,701	2,115	3,132	1,483
Total current assets	16,449	16,388	11,576	13,624	14,130
Property and equipment, net	29,149	30,653	31,378	25,952	25,217
Total assets**	46,630	48,163	44,553	41,172	40,262
Liabilities					
Accounts payable	6,857	7,056	7,683	7,759	7,418
Accrued liabilities	3,644	3,981	3,934	3,783	4,236
Other current liabilities	968	194	1,160	2,994	3,786
Total current liabilities	14,287	14,031	12,777	11,736	12,622
Long-term debt	13,447	14,654	12,622	12,634	11,945
Other non-current liabilities	3,075	2,920	2,923	2,805	2,738
Total non-current liabilities	16,522	17,574	15,545	15,439	14,683
Shareholders' equity	15,821	16,558	16,231	13,997	12,957
Total liabilities and shareholder equity	46,630	48,163	44,553	41,172	40,262
Income Statement					
	2011	**2012**	**2013**	**2014**	**2015**
Merchandise sales	68,466	71,960	71,297	72,618	73,785
Credit card revenue***	1,399	1,341			
Cost of goods sold	47,860	50,568	50,039	51,278	51,997
Selling, general and administrative	14,106	14,914	14,465	14,676	14,665
Interest, depreciation and other†	3,443	3,210	3,395	7,096	2,200
Earnings before taxes (loss)	4,456	4,609	3,398	(432)	4,923
Performance Measures					
Gross margins per cent	30.1	29.7	29.8	29.4	29.5
Profit before taxes per cent	6.5	6.4	4.8	-0.6	6.7

Notes: * in 2012 and 2013, credit card balances included.
** Total does not equal sum of above due to adjustments primarily discontinued operations.
*** In March, 2013, credit card operations were sold to TD Bank Group.
† Includes write-offs for closing Canadian operations.
Source: Case writer edits and redactions from Target Corporation, *Annual Reports*, 2012–2016, accessed June 16, 2016, http://investors.target.com/phoenix.zhtml?c=65828&p=irol-reportsAnnual.

ENDNOTES

[1] This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Target Corporation or any of its employees.
[2] All currency amounts are in US$ unless otherwise specified.
[3] Khadeeja Safdar and Lisa Beilfuss, "Target Points to Weakening Sales," *The Wall Street Journal*, May 19, 2016, B8.
[4] Trailing 12 months through April 2016.
[5] "Fortune 500 for 2015," *Fortune Magazine*, accessed June 8, 2016, http://fortune.com/fortune500/list/filtered?industry=General %20Merchandisers.
[6] Tamara Walsh, "Will Target Corporation Sell Its Grocery Business Next? Target Is Looking to Improve Its Grocery Business. However, Selling it Outright—Similar to Its Recent Pharmacy Deal with CVS—Could Be the Big Box Store's Best Bet," The Motley Fool, July 3, 2015, accessed June 6, 2016, www.fool.com/investing/general/2015/07/03/will-target-corporation-sell-its-grocery-business.aspx.
[7] "Why Target Lost Its Aim: A Discount-Store Chain Which Forgot Its Formula for Success," *The Economist,* February 28, 2015, accessed June 6, 2016, www.economist.com/news/business/21645218-discount-store-chain-which-forgot-its-formula-success-why-target-lost-its-aim?zid=293&ah=e50f636873b42369614615ba3c16df4a.
[8] Paul Zibo, "CVS to Buy Target's Pharmacy Business for $1.9 Billion: Deal Includes about 1,700 Pharmacies within Target Stores," *The Wall Street Journal,* June 15, 2015, accessed June 8, 2016, www.wsj.com/articles/cvs-to-buy-targets-pharmacy-business-for-1-9-billion-1434367874.
[9] Sandra Medicine, "Target Ups Groceries; Eliminates Gardening: Several Other Changes Planned in $1 Billion Remodel of 340 Stores," *The Orlando Sentinel,* July 3, 2010, accessed June 17, 2016, www.knoxnews.com/business/target-ups-groceries-eliminates-gardening-ep-408143334-358650701.html.
[10] Fortune Magazine, op. cit.; "America's Largest Private Companies, 2015: Albertson's," Forbes, 2016, accessed June 8, 2016, www.forbes.com/companies/albertsons.
[11] The corporate name was "Wal-Mart Stores Incorporated," but it traded as "Walmart."
[12] Supercentres averaged about 18,000 square feet, about three times the size of a typical U.S. supermarket.
[13] Statistical, "Total Number of Walmart Stores in the United States from 2012 to 2016, by Type," 2016, accessed June 14, 2016, www.statista.com/statistics/269425/total-number-of-walmart-stores-in-the-united-states-by-type/.
[14] Wal-Mart Stores Inc., "Form 10-K: For the Fiscal Year ended January 31, 2016," EDGAR Online, accessed June 14, 2016.
[15] A typical warehouse store was over 12,000 square metres (133,000 square feet), nearly five times the size of a typical U.S. supermarket.
[16]Costco Wholesale, "About us: Be Valued. We Promote from Within," 1998–2016, accessed June 14, 2016, www.costco.com/about.html.
[17] Costco Inc., "Form 10-K: For the Fiscal Year Ended August 30, 2015," EDGAR Online, accessed June 14, 2016.
[18] "BJ's at a Glance: Company Background," BJ's Warehouse Club, Inc., 1997–2016, accessed June 14, 2016, www.bjs.com/company-background.content.about_background.A.about.
[19] "BJ's Wholesale Club, Inc.: About BJ's Wholesale Club, Inc.," Vault Rankings & Reviews, 2016, accessed June 14, 2016, www.vault.com/company-profiles/retail/bjs-wholesale-club,-inc/company-overview.aspx; BJ's Wholesale Club Supermarket News Rankings, accessed September 4, 2016, http://supermarketnews.com/bj-s-wholesale-club-2015.
[20] Kroger, Inc., "Form 10-K: For the Fiscal Year Ended January 30, 2016," EDGAR Online, accessed June 16, 2016.
[21] See for example, Kroger Doing Business, "Kroger Earns Typically Just Pennies on the Dollar," accessed September 3, 2016, www.thekrogerco.com/vendors-suppliers/supplier-diversity/doing-business; and Food Marketing Institute, Competition and Profit, "Net Profit Less than Two Pennies on Each Dollar of Food Sales," accessed September 4, 2016, www.fmi.org/docs/facts-figures/competitionandprofit.pdf?sfvrsn=2.
[22] Laura Rowley, *On Target: How the World's Hottest Retailer Hit a Bull's-Eye* (Hoboken, NJ: Wiley, 2003).
[23] By 2016, K-Mart was part of publicly traded Sears Holdings, but was in great decline.
[24] Jayne O'Donnell, "Discount Retailers Benefit from Recessionary Shoppers" ABC News, accessed September 4, 2016, http://abcnews.go.com/Business/story?id=6952892.
[25] Rowley, op.cit., 191–193.
[26] "Target Through the Years: 2000," Target Brands, Inc., 2016, accessed June 16, 2016, https://corporate.target.com /about/history/Target-through-the-years.
[27] Ibid., 155.
[28] Fortune Magazine, "World's Most Admired Companies, General Merchandisers," 2012, accessed June 15, 2016, http://archive.fortune.com/magazines/fortune/most-admired/2012/industries/22.html.
[29] Diane Brady, "Designer Michael Graves on Moving to J.C. Penney: The Architect and Industrial Designer on Ending His Partnership with Target and Jumping to J.C. Penney," *Bloomberg News*, March 28, 2013, accessed June 9, 2016, www.bloomberg.com/news/articles/2013-03-28/designer-michael-graves-on-moving-to-j-dot-c-dot-penney; The tea kettle had actually been designed for Italian kitchen goods firm Alessi before Graves partnered with Target; he later became disenchanted with the firm and followed his former Target sponsor, Ron Johnson, to J.C. Penney.
[30] Rowley, op. cit., 35.
[31] The Associated Press, "Target Turns Old Pill Bottle Design on Its Head: Company Hopes New Container Will Grab Customers' Attention," NBC News, April 26, 2005, accessed August 22, 2016, www.nbcnews.com/id/7634269/ns/health-health_care/t/target-turns-old-pill-bottle-design-its-head/#.V7sxS_krJhE.
[32] Ibid., 158.

[33] To about 25 per cent of selling space (case writer observation).
[34] "Why Target Lost Its Aim," *The Economist*, February 28th, 2015, accessed October 4, 2016, www.economist.com/news/business/21645218-discount-store-chain-which-forgot-its-formula-success-why-target-lost-its-aim.
[35] Target Corporation, *Annual Reports*, 2007, 2008, accessed June 16, 2016, http://investors.target.com/phoenix.zhtml?c=65828&p=irol-reportsAnnual; case writer calculations for 2005–2007.
[36] Robin Sidel, Danny Yadron, and Sara Germano, "Target Hit by Credit-Card Breach: Customers' Info May Have Been Stolen Over Black Friday Weekend," *The Wall Street Journal*, December 19, 2013, accessed June 6, 2016 www.wsj.com/articles/SB10001424052702304773104579266743230242538.
[37] Target Corporation, *Annual Reports,* 2013, 18, accessed June 16, 2016, http://investors.target.com/phoenix.zhtml?c=65828&p=irol-reportsAnnual.
[38] Paul Ziobro and Serena Ng, "Retailer Target Lost Its Way Under Ousted CEO Gregg Steinhafel: Chain Had Problems Long Before Data Breach and Money-Losing Expansion in Canada," *The Wall Street Journal*, June 23, 2014, accessed June 8, 2016, www.wsj.com/articles/retailer-target-lost-its-way-under-ousted-ceo-gregg-steinhafel-1403577233.
[39] Schumpeter: Business and Management, "Retail in Canada: Off Target," *The Economist*, blog, May 22, 2014, accessed June 8, 2016, www.economist.com/blogs/schumpeter?page=6.
[40] Paul Ziobro and Rita Trichur, "Target to Exit Canada after Failed Expansion: Retailer Says Couldn't See Profits There Until 2021; CEO 'Gave It Every Chance,'" *The Wall Street Journal*, January 15, 2015, accessed June 8, 2016 www.wsj.com/articles/target-to-exit-canada-1421328919.
[41] For example, offer milk and bread, but no longer stock fruits and vegetables.
[42] Case writer's estimate.
[43] Ibid.
[44] First Research, "Grocery Industry," February 11, 2015, Thomson ONE, accessed June 10, 2016.