

# Pestle analysis of target

Business



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Target Co. is one of the leading retail department stores in the United States. They're believed to treat their staff favorably — compared to other department stores — and provide a unique catalog of products to purchase. But Target has seen their fair share of loss.

Previously, we conducted a SWOT Analysis of Target, showcasing the company's strengths, weaknesses, opportunities, and threats.

This time we're doing a PESTLE analysis of Target: examining the political, economical, social, technological, legal and environmental factors which affect how Target conducts business.

#### Political Factors: Ties to China

Target Co. must have a strong working relationship with China since the majority of their products come from Chinese markets. If a conflict between China and the United States arises, it can negatively affect Target's operations.

Additionally, Target's Policy Committee is behind the decision-making for political activities the company participates in. This committee oversees TargetCitizens PAC, which is funded by team members. The Policy Committee decides the use of corporate funds to support business interests.

Target joins associations and contributes to corporations on a state and national level. The company is affected by taxation, tariffs, costs, trade restrictions — particularly when expanding outside of the United States.

#### Economic Factors: Billions in loss

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Consumers are hunting; they're after the best deals for every product. Competitors, like Wal-Mart, consistently price match and lower product prices. To keep up with the fluctuating demands, Target must analyze prices to stay competitive.

The American economy affects Target, but the company is still a major shopping choice in the United States. Unfortunately, Target didn't fair as well during its northern expansion.

Target opened 133 stores in Canada beginning in 2013. But in 2015, Target decided to close the doors of all its Canadian stores, taking a \$5.4 billion quarterly loss. Over 17,000 employees were left jobless.

While it was a smart choice to shut down the operation rather than tossing money into a sinking ship, the closures hit Target hard.

Social Factors: Community outreach

Target Co. prides itself on fostering a positive company culture especially since other stores lack in this department. Target also extends its hand to the community by supplying a percentage back to the people. This is one of the reasons shoppers support Target; the way they treat their employees and community rests well for consumers.

Target offers a variety of services. On top of their website giving consumers online access to their catalog, they also offer Target Financial Services (for credit cards) and Super Target.

Their products are diverse for many ethnicities. People adore their selection of hair styling products, which provide a diverse selection for African American hair.

Target eliminates pain so customers have a positive shopping experience.

Technological Factors: Internet savvy

Target strives to be technologically and social media savvy. They talk to consumers through social media platforms like Twitter, Facebook, Instagram, LinkedIn, and Tumblr. They have several Twitter and Facebook accounts for news, trends, and guest services.

User content — reviews and product images — are social proof showcasing the quality of Target's products. And they offer exclusive deals to consumers through print, website, and email.

Target is a great example of a retail chain using the internet to connect with users where they hang out online.

Legal Factors: Contamination

Target may suffer from product recalls and liabilities as they are safety concerns for consumers. They also must be adamant about reducing food and drug contamination from their produce and pharmacy.

Additionally, Target must abide by several laws to conduct business correctly. Such as:

- Environmental laws

- Labor laws
- Privacy and security laws
- Employment laws

#### Environmental Factors: Eco-Friendly everywhere

Target offers organic and fresh produce for the health conscious consumers. It requires their manufacturers to follow specific standards to prevent contamination.

Target is determined to reduce its waste — electrical, merchandise, and materials. They dedicated resources to cut their operating waste by 15% at the end of 2015. Now they're setting out to put 500 solar panels on buildings by 2020. Currently, 15-20% of energy that Target uses is solar powered.

Target has also decreased its water usage by up to 30%. The company set forth to reduce its overall water use by 10% by the end of 2015.

In conclusion...

Target uses a Policy Committee for political decision making. It's backed by team members who help decide which funds to support for conducive business. The state of the economy and consumer demands for inexpensive products determines Target's success. The company has branched outside the U. S, towards Canada, but suffered billion dollar losses for the move.

But they reach out to consumers through various social media channels to provide deals, news, trends, and updates. They meet their customers where they exist online. They also give back to the community and dedicate many resources to cutting waste and being an eco-friendly business.

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