Strategic management: target marketing

Pay Less. ” While the retail Industry Is less competitive In Canada, It does not guarantee success for Target despite their recognizable brand image. This report coves a comprehensive analysis of Target, Corp.. ‘ s position and performance in Canada, thus far, relative to the united States. Several market and demographic factors (internal and external) were taken into account and closely evaluated to present a clear picture of this new environment and its current state of performance and competition.

Evaluations of demographics and population statistics from the most cent Canadian census show that Target’s ideal customer in America is well represented in Canada, too. Marketing strategies would need to still be primarily focused on women In their sis to see optimal results but, there are segments not yet captured that can easily be marketed to In our proposed strategy. These untapped segments Include men In age groups 18-35 as well as 65+ whose interests fall In line with mainstream Canadian sports and culture. A consumer profile has been generated around these similar yet unique groups to define this focus.

Based on our staple of Canada. Our primary intent is to increase overall brand awareness in the Canadian market by showing that while Target may be from the US, they still strive to assimilate into Canadian culture through introduction of a previously unrepresented product assortment of general hockey goods and equipment. We want to convey an understanding and appreciation of the intricacies of a new market place and an overall commitment to becoming a staple in Canadian consumer’s shopping habits through genuine interactions and understanding the importance of Canadian brands and lifestyles.

The inclusion off hockey equipment product line and some officially sciences NIL products is aimed at creating additional value to the customer who is already familiar with Target with the overall goal of increasing total basket count(s) of those shopping in store. The strategies we outline in this report have been devised to meet specific objectives to improve Target's position in the Canadian retail scene. This marketing strategy aims to accomplish the following.

The goods primarily affected include various household items and furniture as well as select groceries. Prices over the last decade have been higher on average in Canada compared to the US and as a result, many Canadian consumers drive over the border for US prices and brands. According to Julian Filtrate's article, summarizing the Canadian Federal Budget hearing in 2013, from The Canadian Press, " The Canadian government is ' graduating 72 countries previously classified as developing to full developed status for the purpose of tariffs" (Belgrade, Julian).

The resulting price increases from this reclassification will, in effect, negate the savings from the price drop created from eliminating tariffs on hockey equipment and baby clothes. A less likely but looming threat to a significant portion of Target's success in Canada relies on the political and social status of Quebec. Quebec is the only territory in Canada that is predominantly French speaking. Separatist parties have attempted to pass reforms that would allow Quebec to secede from the rest of Canada and become an independent country on more than one occasion since 1970 (" 2013 Canadian Retail Outlook").

Target is scheduled to open 24 of their 124 Canadian locations in Quebec and if they were to secede and establish their own government, Target could face heavy restrictions or bans due to their " outsider" status. Economic The discount department store industry as a whole is in the mature stage of its life cycle but sales remain relatively high for slowing growth. Canada's retail environment is less competitive than the U. S. With lower per capita square footage, but there are still many Canadian based options for shoppers to choose from as well as rival American competitors.

Canadian economists predict a growth of 2. 7% for the retail industry in 2013(" 2013 Canadian Retail Outlook). Sales are expected to be low at the beginning of the year but pick up fast towards the end of the year. Experts and government officials have also advised consumers to be cautious when buying on credit and to avoid when possible due to a relatively slow economic time that normally follows the holiday seasons. Social people with the average age being about 41 years old and slightly more than 50% of the population is female.

Of the roughly 9. 4 million census families (2 people min. , married), around 3. 7 million have children (Canada Census Bureau). These statistics fall favorably in line with Target's ideal customer profile of a woman in her forties with at least one child. Canada's population is heavily concentrated in multiple Census Metropolitan Areas most of which are within 100 miles of the US border (Canada Census Bureau). It is important for Target to avoid placing US and Canadian actions too close to the border in order to prevent possible centralization.

With the impending increase in tariffs for imported goods, Canadians will be even more willing to drive across the border to obtain cheaper US prices. This may not hurt Target, Corp.. As a whole but could severely impact the success of Target Canada and its initiatives. Technological Target's cost structure and subsequent pricing structure in Canada will be different than its American stores due primarily to the tariffs mentioned previously as well as the significantly reduced economies of scale resulting from the highly supersede yet concentrated population of Canada.

Several American retailers have faced the same problems upon entering the Canadian market and have struggled as a result. Target will not be able to compete directly with IDLE (Every Day Low Price) strategies used by competitors. Canadian consumers are less likely to use coupons and more likely to seek out already discounted prices and lower costs (Belgrade, Julian). The growing usage of the Internet among Canadian consumers for purchases and the online retail market as a whole provides a segment worth dedicating more attention and effort to.

Target can reduce overhead costs for themselves allowing prices to be lowered and these savings passed along to the consumer. While it may impact the sales of the physical locations, it may be a necessary sacrifice in order to minimize cross-border shopping until Target is able to establish a stronger foothold in the Canadian market and brand loyalty among new consumers. Competition The competitive rivalry among discount department stores is a lot less competitive in Canada than it is in the United States, but it is still competitive enough to sway consumer decisions.

Wall-Mart, Sears, Canadian Tire, and Lobar would be the key layers in Targets expansion into Canada (Freeman, Sunny). Currently, Wall-Mart is the leading retailer in the industry due to their ability to offer the lowest prices and are preparing for Targets movement into the country by lower prices even more. Sears is also a main player within the industry because seventy percent of their merchandise overlaps with that of Targets. Sears plans on renovating current locations and slashing prices as well. Although Canadian Tire is an automotive based retail store, they also offer a wide variety of household items.

Some of their sales in souse ware, apparel, and seasonal merchandise should see a decline due to Targets entrance. Despite Lobar being a supermarket, they have made their way into the industry with the unveiling of their new clothing line, Joe Fresh (Freeman, Sunny). They are looking to compete with Target in the discount chic clothing space. The competitive landscape in this Canadian industry is very unique in comparison to the United States, but the most unique thing about each and every one of the themselves.

Wall-Mart strives to provide the lowest prices possible and that is how they are preparing for Targets movement. They plan on cutting prices even more. Target should not be affected by their transition because Wall-Mart’s brand image in not viewed as having the same quality. Target strives more on adding value to the customer by adding an exceptional shopping experience instead of offering a low price tactic. Although Sears is looking to restructure their image in Canada with renovations and price cuts, they are more focused on helping rebuild their stores located in the United States.

With that being said, Sears is going to be putting more effort in the U. S. Rather than in Canada. Canadian Tire is currently working on a new fermentation strategy which will feature an automotive-centric store format to improve customer experience. Automotive care is not in Targets current strategy and would probably not be in their best interest due to the fact that Canadian Tire has a very loyal customer base. Lastly, despite Lobar being a supermarket, they are looking to fulfill a niche strategy based on a new clothing line called Joe Fresh.

With all that being stated, the industry is capitalizing on a differentiation strategy, which is why we recommend Target do the same thing. We suggest Target capitalize on taping onto the hearts of Canadians through Hockey. This strategic group map shows the relative position of Target in comparison to some of the major competitors in the Canadian discount department store industry. Target is scheduled to open 124 stores, the fewest of the large retailers shown.

Canadian Tire, boasts close to 500 locations throughout Canada but is still unable to match the to try and create a level of loyalty among Canadian consumers in order to compete in this new market. Sears provides a primary example of an American company diving head on into a relatively misunderstood market with the expectations of immediate success. Sears has been unable to capture the necessary market share to operate a high volume of locations and has begun to reduce their efforts in Canada to shift focus back to their now failing American stores.

Target's biggest competitor stands to be Wall-Mart as it is in the US due to Canadian Tire's relatively high pricing. However if Target is unable to overcompensate their pricing to consumers with the quality and selection of brands they carry, they may not be able to convince the consumers to abandon Canadian Tire. Customers As unique as Target stores are, their customers are Just a unique. These guests eave a median age of 46 which ranks them as attracting the youngest among major retailers (Target's Unique Guests). Forty-three percent of Target guests have a college degree and have a median household income of $55, 000.

Over half of these guests are employed in professional or managerial positions (Target's Unique Guests). This shows that Targets brand image among department store shoppers is seen in higher regard than their competitors. Another interesting fact about Target and their customers is that eighty to ninety percent of them are women, with thirty-eight percent of them having children (Target's Unique Guests). We believe this is a very valuable statistic when determining our strategic recommendation. Price sensitivity is another important aspect of Targets guests.

With the competitive nature of the discount department store industry, customers have the purchasing power. They are able to hold off on purchases in search of a better price, but these customers understand the difference between price and value. Making best of their time and money is essential to these customers. It is important to have a variety of options for their customers because they like having options. Target does a very good Job of offering a wide variety of options at competitive prices. Guests also like incentive programs, such as that of the Target Redcap.

Knowing that they can donate one percent of their in-store or online purchase to organizations in need might influence purchasing. We believe adding Canadian Youth Hockey Leagues to the list of organizations would be a great way to appeal to the hearts of Canadians. There are currently over 500, 000 children who play youth hockey in Canada, and another 500, 000 can’t play because of funding (Lund). As far as sports go, it doesn’t get much more expensive that hockey. Being able to donate money to hockey leagues could help lower this number. Another key aspect of Target guests is that they value community outreach.

Target currently gives back five percent of their revenue back to the community, equating to 3 million dollars each week (Corporate Responsibility). Despite the recent expansion across Canadian boarders, ninety-two percent of Canadians were already aware of the Target brand (The Globe and Mail). A significant number of them were willing to cross the border to shop in the U. S. Target stores. It Company Ranked as the second leading discount department store behind Wall-Mart, Target offers a wide variety of products at competitive prices (Target Corporation Company Profile).

Target currently has 1, 778 stores in the United States and will have 124 stores in Canada by the end of the year (Target Corporation Form 10-K). The company brought in $73. 3 billion dollars in 2012 and has roughly 361, 000 employees (Target Corporation Form 10-K). Target is known for its high quality stores that emphasize design, creativity, and great customer service. Target sells a wide variety of products such as household items, entertainment products, apparel and accessories, food and et supplies, and home furnishings and dcord (Target Corporation Form 10-K).

Giving back to the community has been a cornerstone of their business and has contributed to their current position within the industry. They currently give back five percent of their revenue to the community, which ultimately equates to around 3 million dollars each week (Corporate Responsibility). On top of giving money back to those in need, Target also offers volunteer opportunities for employees. Target believes that donating time, talent, and resources is equally important as the income that they vie.

This is not only a great way for Target to show appreciation to those that have built the company to who they are today, it also is a way to market themselves. Knowing that their customers value community outreach, having volunteers go out into the community representing Target will go a long way with customers. On top of giving back to the community in the form of funding, Target really strives to better the community in regards to the environment. They center their commitment around sustainable living, sustainable products, smart development, and efficient operations.

Target puts a lot of pride into using resources responsibly, eliminating waste and minimizing their carbon footprint. With their renovations of Sellers in Canada, they are looking to seeking Leadership in Energy and Environmental Design (LED) certification for each of its 124 stores (Bam). Collaborators Currently, Target Canada has a social media presence consisting of Faceable, Twitter, and Youth (Target Corporation). These channels have been used to advertise up and coming product lines as well as promotional campaigns.

An example of this would be a picture of a hand holding a Cutbacks coffee cup and the there hand pushing a Target shopping cart telling customers to “ Practice the one- handed cart push” (Target Corporation).. Here they are sending a message to guests that their Target stores will feature Cutbacks coffee shops inside. Target also has a Youth account designated specifically for the Canadian demographic. Commercials were made before Targets actually movement into the country to create a buzz about the brand in unfamiliar territories.

This tactic worked out very well because Target sent a message that they love Canada and that they are happy to be their “ New Neighbor” (Target Corporation).. Target is also working closely with community. Canadians are very loyal to their country and offering Canadian based products will entice more shoppers. Ottawa gave Target the green light to open stores after the chain promised to sell Canadian books and other cultural items (Shaw). Target is proving their dedication to the Canadian culture while trying to tap into the hearts of the locals.

SOOT In order to effectively evaluate Target Corporation, an analysis of the company externally and internally was conducted to find out what makes the company so successful and what the company could possibly capitalize on. This analysis revealed some opportunities Target can take advantage of that they currently are not pursuing. In this analysis two frameworks were utilized, SOOT analysis and Porter’s Five Forces. Starting out with SOOT analysis, an analysis of Target as a company, internally and externally, can be revealed.

Target has many strengths as a company, which include high customer loyalty and brand awareness. Including in this are their logo and colors that are easily identified and heavily known. Consumer's know a target employee by how they are dressed and can easily pick out a target commercial based on its colors and modern look. When a consumer see the logo, there is no confusion as to its meaning. Target also places their stores in numerous cities that are in favorable locations. Their stores provide customers with a one stop shopping experience where the customers can buy a large variety of products.

Target's merchandise and store layout is always consistent at each location which makes it easier for customers to find what they are looking for. Most importantly, Target already has Canadian shoppers that cross the border in order to shop at Target stores. If consumers are already willing to cross the border, then clearly Target has a throng and favorable position when locating in Canada. Unfortunately, with strengths also come weaknesses. Target's employee turnover rate has been high the past couple of years due to wage rates and the amount of part-time employees they hire.

When a company hires mostly part-time employees, they will experience a high employee turnover rate. Another weakness is their price compared to Wall-Mart, their biggest competitor. Target is priced slightly higher than Wall-Mart and this does lead to some loss of sales, especially in tough economic times. Lastly, their more specialized segments do not have the brand awareness that heir main products do. Specifically, their grocery, pharmacy, and cosmetic segments, which do not receive as much awareness as their counterparts do.

Some consumers did not even know Target had a pharmacy or a grocery section in Target (Shaw). The company as a whole does not advertise these segments enough to get the attention they deserve. As strengths and weaknesses are internal to the company, opportunities and threats are external. Target has an abundance of opportunities they could be reaching for, however, there are threats that get in the way. Some of their biggest opportunities lie within private labels. If Target expanded their private label across all departments they could reach a far larger customer base.

Target also needs to where consumers can get fresh groceries and products. If Target really wants to compete as a one-stop shop, they need to introduce grocery sections into all stores. They should also target new trends and markets that they are currently not pursuing. A huge market would be the " Green Programs" initiated in Canada. This is a huge segment Target has not tapped into yet, and it is a very profitable segment if approached correctly. Target also has huge opportunities with expanding internationally since the company has only be located in the United States until this year.

Moving into Canada does come with large threats though. Costs being higher in Canada could lead to increases in prices to make up for the cost differences in labor, taxes, and operating costs. This would then make American stores more appealing and could lead to consumers crossing borders to shop at American Target stores instead. Other threats to Target are the intense competition within the industry they are in. Every company has competition within its industry but Target is competing tit the largest retailer in the nation, Wall-Mart.

Any move Wall-Mart makes to differentiate themselves in the market is a threat to Target. One last threat that Target could face is switching costs due to low customer income due to a downward turn in the economy. If customers have low disposable income then they will spend less in general. This may also cause customers to switch to even lower priced retailers like Wall-Mart, thus effecting Target’s sales. Porter’s Five Forces The second tool used, Porter’s Five Forces, looks at the external environment in the industry as a whole. This tool determines whether or not the industry is attractive.

In the analysis it was discovered that for those competitors already in the industry it is attractive, but for those who are trying to enter it is unattractive. One force, Competitive Rivalry is considered very high. There are many competitors in the industry, which offer a similar array of products and services. Companies in the discount department store industry have to compete within their general category as well as with specialty stores and super centers. There are countless retailers, which sell similar products that Target sells.

Due to this intense competition Target has had to really capitalize on their value rather than their price. Their strong position lies in their ability to communicate value to their customers through positive customer service and a quality assortment of goods. A second force, threat of new entrants, is considered low. Some of the factors that contribute to this low threat are the large amount of capital needed to enter, high startup costs, and few favorable locations available. If a company cannot obtain the capital needed and the funds needed to cover startup costs, they will not be able to succeed or be profitable in the industry.

More importantly, location is key when deciding where to place a store. In general, there are not a lot of convenient, easily accessible locations available. Competition then ensues in trying to find suitable locations to construct stores. Third, the threat of substitute products is considered high in this category. This a wide variety of products allows you to have a bigger market share but also makes you susceptible to more competition. Stores like Kohl’s, Best Buy, and Pallets are considered specialty stores and discount retailers so they have products that Target sells.

Any customer could go to these stores over Target in order to purchase products. Wall-Mart and Cost are considered Target’s two largest competitors within regards to a super store. They offer almost everything that Target does and again customers could choose these stores over Target. The fourth force, power of suppliers, is considered low, as target does not allow any one supplier to provide majority of the products. Target also sells their own private label brands, which are very successful and provide a large number of sales.

These two strategies make sure no one supplier can control the price of the goods hat are purchased. There are also a large number of suppliers that are competing for Targets business so it gives them little room to haggle for price since Target could easily pick another supplier. Target also purchases large quantities of products, which is another reason suppliers are competing to get Target's business. Lastly, the power of buyers is also low. Consumer spending is strongly correlated with disposable income so depending on the amount consumers have to spend they can either shop for luxuries or necessities.

Target covers both of these areas and allows the consumers to be able to spend more when they can afford luxuries and less when they can only buy necessities. Target also offers store brand and name brand so customers have their preference when it comes to tastes and disposable income. When the economy is bad, consumers can buy cheaper store brands and when the economy is better the customers can buy more expensive name brands. Buyers also have low power considering most purchases are small compared to the company's sales as a whole. There will always be a large supply of potential buyers, which makes purchasing power small for them.

Target has taken great advantage of this making sure to market to a variety of consumers. Survey Results To better understand the Canadian audience, a survey was created and submitted to current Canadian residents to complete (see exhibit G). Thirteen questions were asked to gather information about demographics, geographies, shopping habits, knowledge about Target, and their opinions on hockey. Sixty consumers responded to the survey. The respondents were predominantly male, making up 90% of the total. Their age ranged between 17 and 44, with the majority falling between 18-24 and 25-34 year olds.

The respondents largely live in the province of Ontario, in the cities of Toronto and Ottawa. Almost all of the respondents have heard of Target, with a single person having not heard of the store. This is attributed to word of mouth and visits, advertising on American channels in Canada, and visits to the United States. However, because Target has not been in Canada up to this year, only about half have ever actually been in a store. Most have shopped at an American retail store. The most popular American chain was Wall-Mart, which presents a problem as they are Target’s biggest competition. When asked about their preferred brands, most