

Target case study

Education



Case Study: Target Adriana Gonzalez Principles of Marketing Statement of the Problem(s) In this particular case, there is one major dilemma and all other problems seemed to have risen from this one. For the past few years there has been a recession globally. In the year 2008, the recession was at its peak and all industries suffer tremendously. For many years Target grew at a much faster pace than Wal-Mart, but the economy made a radical turn affecting everyone. Target rapidly started to experience low sales as the time pass.

As a result, the most important shareholder, William Ackman, demanded a rapid and effective strategy to bring Target's sales up once again (Armstrong & Kotler, 2012). Summary of the Facts * Target is known for its products in style and fashion. * Numerous designer product lines. * Customers view Target as a retail store with higher prices * Target's customers went for the lower prices at its competitors retail store * Wal-Mart changed its mission statement to " Save money. Live better. " it mimics Target's mission statement (Armstrong & Kotler, 2012). While Target's image of higher quality products remained, Wal-Mart use " rollbacks" to attract customers. * Target started to greet customers with value messages and big signs promoting sale products (Armstrong & Kotler, 2012). Target's mission statement has been, " Expect More. Pay Less. " After the recession the company focused on the " Pay Less" part of their slogan. At the middle of the year 2008, Target had experienced three quarters of same-store sales growth (Armstrong & Kotler, 2012). Customers did not respond as rapidly as the company hoped.

They seemed to be more interested in low prices than quality. Wal-Mart took over Target's customers during the recession. Analysis The CEO, Gregg

Steinhafel, came up with a strategy to help the business. Using the same mission statement, they focused on the “ Pay Less” part of it. On the other hand, Wal-Mart’s new mission statement seemed to fit perfectly with customers during this difficult economy crisis. Target’s competitor closed its quarterly sale-store sales with an increase of five percent during 2008, while Target had no increases (Armstrong & Kotler, 2012).

After months of urging the new strategy the company finally got results. New advertising help the company move forward in the industry. Target launched a new brand named “ up & up,” which was a thirty percent lower than comparable brand names. The company also decided to introduce fresh foods that were not as expensive as its competitors. Target’s stock went up twenty-seven percent since 2010, when they introduced fresh foods (Young, 2012). Now customers could do all their shopping at Target without hesitating to make another stop at the grocery store.

For the past five years Target and Wal-Mart have been the strongest competitors in the retail industry. Target suffered the first couple of years, but has climbed up to its competitor’s level. The company was in critical condition when the most important shareholder, William Ackman, demanded effective results. Ackman stated, “ It should be a business that does well, even in tough economic times” (Armstrong & Kotler, 2012). After Ackman’s statement the CEO, Steinhafel, sharpened its strategy by advertising new television commercials with catchy music.

Promoting new ads and adding a Target brand helped Target to raise its sales to five percent with profits of fifty-four percent increase (Armstrong & Kotler, 2012). Meanwhile, Wal-Mart focused on low price strategy to save

people money. Target on the other hand commits to a higher marketing expenditure and considers its customers guests (Wal-Mart and Target, 2011). After all, many customers continue to shop at Target because of its higher quality products. Recommendations Target is not the only business that was harmed due to the recession. On the contrary, it was one of the businesses that survived those tough years.

There were losses in the company, not just financially, it also lost many customers. There were obviously changes that needed to be made quickly and intelligently. The CEO, Steinhafel, made a wise decision when it came to emphasizing differently the current slogan. Customers might have had a different perspective of the store and its products. They may not recognize Target as a high quality and fashionable retail store, but as a retail store that lost its faith in its mission statement. “ Expect More,” is the most important part of the mission statement because customers expect more when they shop at Target.

Target’s customers still had that image of better quality but now at lower prices. When it comes to promotion and advertising, the company could have done more on this portion. As the company started to advertise more television commercials and weekly newspaper circulars, the customers soon responded to them. Customers liked the idea of ads showing ordinary people consuming Target’s products (Armstrong & Kotler, 2012). After eighteen long months of pushing forward the strategy Target finally got results. Customers would have responded positively if these promotions were at their reach months earlier.

The company's number one priority needs to be our customers' demands, wants, and needs. Target's strategies need to focus around our customers in order to maintain sales and profits. The shortages of concentration on promotion lead to a longer crisis for Target. By researching our customers wants and needs the company can accomplish greater profits. The company cannot set aside the importance of marketing process and marketing mix. Managers have to motivate everyone in the organization to help built customer relationships. Target's success lies on strong customer-focused and heavily committed to marketing.

References Armstrong, G. , & Kotler, P. (2012). Principles of Marketing (pp. 94-95). Upper Saddle River, New Jersey: Prentice Hall. Wal-Mart and Target: Strategic Differences. (2011). Retrieved February 19, 2013, from <http://www.ftsmodule.com/public/texts/valuationtutor/VTehn3/tonic8/tonic8htm>. Young, A. (2012 August, 23). Target Vs. Wal-Mart: Target Wins on Pricing, Barely, And Probably Not for Long. Retrieved February 19, 2013, from http://ibtimes.com/target_vs_wal-mart_target_wins_prining_barely_and_probably_not_long_hm.