

Good case study on target is not mini-walmart

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Target's change in strategy was a fast response to the effects of the recession, causing high customer turnover. The recession affected people's consumption behavior to buying mostly what they couldn't do without therefore, Target's initial strategy of expanding their fashion activities futile after the recession. Walmart on the other hand was campaigning for its foods and beverages during the pre-recession period therefore, the recession played out to Walmart's favor. Target therefore, through price sensitivity, discounting and PFresh approaches was able to counter losing customers to other chain stores. Repetition leads to habits therefore, Target was losing guests fast and risked losing them permanently to rivals since it was no longer convenient to shop at their stores. With low prices and an increased assortment of fresh food and produce through PFresh, Target was able to attract guests to shop for fresh produce and this helped promote their items in their store as customers walk past their departments.

Target has maintained its strategy of being a medium-sized company with emphasis on specific activities like fashion or fresh food to instill customer loyalty, to maintain fixed sales and maintain steady growth. This was seen when the company's management preferred offering large dividends per share, instead of reinvesting the returns in expansion activities. Target instead, focused on increasing efficiencies of their present activities so as to stay competitive. Such efficiencies are part of Target's SCP model and include keeping fresh food appealing in terms of value and, a 5% discount for customers transacting with Target debit or credit cards.

Target's VIRO analysis reveals change strategies will only sustain the company's competitive edge for the short-run only because; effective

strategies will be emulated by larger competitors to beat them. Target should therefore seek other innovations to maintain their growth, these can include maintaining price leadership and promotion of luxury goods as the recession subsides.