



# case study

*By participating in this activity/competition/etc. you are confirming understanding that this case study topic is a hypothetical situation that may or may not be part of Target's previous, current or future business endeavors. Your personal ideas, or those of your team are used for educational and developmental purposes surrounding this University project/activity. You are also confirming understanding that any similarities in Target's future business practices nationwide are purely coincidental.*

## Small Store Formats: Big Community Impact

### Situation Analysis:

*Target has identified a rapidly growing urban neighborhood as a potential site for a new small-format store. There is a need in the community for a retail store that is more affordable than the high-priced boutique stores going in under the new apartment complexes.*

You may have heard about our plans to move into more new neighborhoods with our small-formats, making shopping extra easy (and fun!) for guests in urban and suburban areas and near college campuses. We opened approximately 30 small-format stores in 2018, with plans to open dozens more a year over the next few years.

We first started testing urban-gearred formats back in 2012, and through the years, we've learned a lot and refined our approach. The format we use today was first introduced near the University of Minnesota in 2014, and we kept on making adjustments from there. All of our small format stores are different sizes, starting as small as 15,000 square feet or less, though the average small-format Target is around 40,000 square feet, about one-third the size of our full-size 130,000 square-foot store.

To bring these locally tailored stores to life, a lot of stakeholders are involved - including the neighborhoods that Target partners with and the communities they serve. It takes a tremendous amount of research, internal partners & external voices at the table to design, merchandise & create an experience that our guests love.





## The Company:

Target Corporation (NYSE:TGT) is an upscale discount retailer that provides high-quality, on-trend merchandise at attractive prices in clean, spacious and guest-friendly stores. With total 2017 sales of \$71.9 billion, Target has over 1,800 stores and 38 distribution centers in the United States, and over 320,000 team members worldwide. Its online business can be found at [www.target.com](http://www.target.com).

The first Target store opened in 1962 in the Minneapolis suburb of Roseville with a focus on convenient shopping at competitive discount prices. Target currently is the second largest general merchandise retailer in America, with Target.com consistently ranked as one of the most-visited retail websites. The company continues to deliver on its brand promise of “Expect More. Pay Less.”

Since 1946, established with the Dayton Company, Target has given five percent of its profit to communities, which today equals millions of dollars a week. Corporate Responsibility magazine has named Target on its “100 Best Corporate Citizens List.” Target teams give over one million volunteer hours in community service each year. Target seeks to leverage its influence to reduce disparities and champion the **equity** necessary for communities to thrive.

Target is a **purpose-driven** company. That purpose is to help all families discover the joy of everyday life. Each guest is meant to feel welcomed, inspired and rewarded. Target’s goal is to create an **inclusive** guest experience and work environment where all dimensions of difference are valued and represented, guests feel a sense of belonging, and all team members feel welcome and able to bring their authenticity and deliver results.

Target is recognized as a leader in **innovation** across the retail industry. To remain relevant to its guests over time, Target continually reinvents its stores, including layout, presentation and merchandise assortment, to create an engaging shopping experience and fulfill the Expect More. Pay Less.® brand promise.

For more information: <https://corporate.target.com/about/>

For information on Target’s recent small format openings:

- Here's What Makes Our Small Format Stores Stand Out in a Big Way - <https://corporate.target.com/article/2018/07/small-format-stores>
- Go Behind the Scenes at the Opening of a New Target Store - <https://corporate.target.com/article/2018/08/philadelphia-opening>
- Hello, Midtown Manhattan! Take the Grand (Video) Tour of Our New Herald Square Target Store - <https://corporate.target.com/article/2017/10/herald-square-opening>
- A Bigger Bite of the Big Apple: See What Target has in Store for New York - <https://corporate.target.com/article/2017/05/new-york-market>





## The Challenge Ahead:

*Choose a neighborhood & develop a strategy for the location, design, and merchandizing of the new small-format store, as well as address ways to help the community integrate Target into their neighborhood.*

Think about the key partners who make this successful as you are developing your strategy. Use the background information, as well as information about Target that has been provided. You may also use the internet or other sources to research information and solutions.

To be successful in designing this strategy, your team needs to address these topics:

- **Community Engagement:** *How will you integrate into the community? What are the anticipated challenges you will face?*
- **Localization Merchandising:** *How will you be inclusive of the local guest & what are the relevant product lines that would meet the needs of the community? How are we accounting for the needs of non-traditional guests?*
- **Marketing:** *How does the brand show up in the solution?*
- **Supply Chain:** *How will you get product into the store? How will you keep the shelves stocked?*
- **Delivery Options:** *In what ways can we get the product to the guest?*
- **Finance & Logistics:** *What operational constraints do we need to consider?*
- **Diversity & Inclusion:** *How does inclusion, parity, and equity show up in the problem and solution?*
- **Company Purpose:** *How are we helping families discover the joy of everyday life?*

