

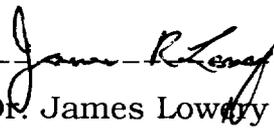
# Target Stores

An Honors Thesis

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# **TARGET STORES**

## **Mission and Objectives**

Dayton Hudson, Target's parent company, is committed to a leadership role in all aspects of business, to serving their customers better than the competition, to providing the people with excellent employment opportunities, and to playing an integrated role in the communities they serve through contribution of time and financial resources (1988 Annual Report, p. 3). Target Stores fit very well in the overall mission statement of Dayton Hudson. Target is an upscale discounter providing quality merchandise at attractive prices. Target serves its customers with clean, spacious, visually attractive stores. Target is a leader in the discount retailers, strives for customer satisfaction, has excellent employment opportunities, and plays an important role in its communities.

Target's mission statement is to please its customers (Guides for Growth, p. 7). Everything Target does, no matter what the job title is, must enhance the mission of pleasing the customers. They achieve their success, and will build on it, by pleasing their customers better than the competitors can. Target intends to perform their mission of pleasing customers so well that ever-increasing numbers of them make Target their favorite store.

When that happens Target is able to reach the following corporate objectives:

1. Increase their market share in each trade area every year;
2. Achieve an outstanding return on investment;
3. Keep the competition off-balance and on the defensive;
4. Be regarded by employees as an outstanding place to work;
5. Be an outstanding corporate citizen and an excellent neighbor in the communities (Guides for Growth, p. 7).

Target's stores objectives and goals all center around the customer and customer service in order to implement the corporate objectives. Target puts the customer above all other considerations. Customers should be able to find helpful informational signage, customer service telephones, in-stock merchandise, and above all friendly people. In 1988, one major goal was to reduce the time customers wait in checkout or service lines. The Target standard that was set is no more than three customers in any checkout lane and no longer than a three and a half minute wait in any customer service line.

Target has merchandising objectives that also relate to customer service. Target strives to have fully-stocked merchandise and to stay in-stock with the merchandise. Target strives for strong control of inventory and the reductions of markdowns. Target is going to initiate a quick response program to improve in-stocks. This is a current goal for the company.

Target also has advertising and promotional program goals. Target is communicating the value offered to customers through its advertising. Target is striving to make the circulars more pleasing to customers. In 1990, Target is using a newly designed, attention grabbing circular with a dash of extra excitement which is designed to reinforce the image as an upscale discounter. Target is striving for a bold new advertising and media strategy designed to pull customers into the stores throughout the week. Target is going to feature more broadcast media such as television and radio advertising. The use of celebrities will be used along with this strategy to add an extra spark to Target promotions.

The technical goals of Target also reflect the desire to serve and satisfy the customers. Target wants to implement new technological systems. There was a system-wide implementation of the bar code scanning which

improves customer service and inventory management across the entire chain. In the fall of 1989, the goal was to implement voice and data communications via satellite between headquarters, stores, and distribution centers nationally (Lisanti, p. 38). This goal has been achieved.

Target is a growth company and it intends to manage its growth. There is a sixty store expansion plan set for 1989 which includes the opening of thirty-one Target Stores in the Southeast region. Target also intends to have a total of eight regional distribution centers by mid-1990 which will process 85 percent of its merchandise (Lisanti, p. 38). Target is striving to achieve a strategy of uniformity in its operations. Target will refresh and maintain the present stores so they earn the customers continued patronage. Target also plans to add stores in areas where there are already Target stores, building back and filling in, so profits and market share are improved. There are also plans to grow into new markets (Guides for Growth, p. 35).

### **Strengths and Weaknesses**

Strengths. In 1988, Target achieved record sales and operating profit as it topped six billion in revenues and posted its fourteenth consecutive year of increased operating profit (Target 1988 Annual Report, p. 7). Target absorbed the largest number of new store openings in its history and gained significant market share as a result of its rapid growth. Target's growth is a strength because they can manage their growth efficiently and effectively. Target always remembers what got them to this level of success and who is responsible; the customers.

Another strength is that Target originated upscale discounting. Target's department store roots also helped in giving Target an upscale shift. Target stresses value and quality which is what the customer wants at prices that are reasonable in a place that is upscale in appearance. Target is the largest and most successful discounter of general merchandise in the United States (Guides for Growth, p. 6). Perhaps, this is why Target has succeeded in an area where few discounters can claim success. Target has an excellent soft goods selection, quality, and price.

Another strength that Target prides itself on is employee morale. Target has created an environment where the employee feels the store is above the competition which is considered to be lower class discount stores. The employees have pride and feel Target runs a classier operation. This pride makes for a better store and merchandise care as well as customer service.

In the Fall of 1989, the implementation of voice and data communications via satellite between headquarters, stores, and distribution centers was initiated. This new satellite system enables Target to transmit more information, improve two-way communication, and realize cost efficiencies. This is an opportunity because it has yet to be fully implemented. The strength is that Target will have quick access to communication which will lead to improved merchandise distribution and inventory control. This and their excellent trend merchandising will strengthen Target's position as the nation's leading upscale discounter.

Another strength is the focus on the customer. Target is here to satisfy the customer. This is why they have such a liberal return policy. Anything one buys at Target can be returned. This includes clearance merchandise, sale merchandise, even swimsuits, underwear, cologne and perfume, and makeup. This is what the customers want and Target gives it to them.

This focus makes the customers feel important and feel like they are number one. The customer, in turn, will make Target number one. To strive for constant customer satisfaction is a great strength.

Target, also has a centralized operation with money and operational decisions made at headquarters rather than individual stores. There is uniformity in its operations. This is a strength because it allows control over the operations with all policies the same in all the stores. There may be the risk of becoming too centralized and less flexible which would then become a weakness. However, this doesn't seem to be a major threat because of the concern for the customers satisfaction.

Weaknesses. As mentioned above, one weakness of Target could be the centralization of its buying activities. The reason that this is a weakness is because when buying is centralized, some parts of the country may be getting merchandise that is not needed or wanted in that particular area. This does happen and it leads to markdowns, especially clearance markdowns. In some cases, the merchandise is shipped again to another store where it will be sold. When the merchandise is shipped to another store, markdowns still occur because the merchandise is usually shipped at the end of the season. This is not the goal that Target wishes to achieve. The goal is to reduce the number of markdowns.

Target also has a few weaknesses regarding customer service. Target is currently trying to improve upon these problems. Customers feel that waiting is a major problem in Target stores. The customers are waiting too long in check out lines and at the service desk. The customers are having trouble finding assistance when needed and sometimes an employee can't answer the questions to their satisfaction. Another weakness is finding the prices for the merchandise. Customers feel that it is difficult to determine

the prices on items. Merchandise that is advertised is often not in-stock which creates a problem for the customer and another weakness for Target. This causes frustration for the customers and even a loss of sales for Target. These are areas that both the customer and the store executives feel needed improvement (Ulrich, p. 2).

## **Outside Environment**

Demographics. Who shops Target? According to independent research, that shopper is a “she” between the ages of twenty-five and forty-four. She is college educated, married, and often a mother. She is much more often found in the \$50,000 plus household income than other discount shoppers. She is a strategic shopper and she’s “savvy” about products and pricing. She is also more professional and upscale than her counterparts that shop the competition (Tiebreakers, p. 4).

In general, the customer characteristics of those who shop Target include the following:

1. They appreciate value and know quality and prices;
2. They are busy, time conscious, and want to be in control of the time they spend shopping;
3. They are more active;
4. They are confident about their own taste and are able to discriminate;
5. They are up on trends (Guides for Growth, p. 11).

The demographics that Target is interested in to patronize its stores are a little different from the research above. The household income of the shoppers that Target tends to attract is between \$30,000 and \$35,000; and the majority of the shoppers are from dual income households. Half of the

shoppers do have a college education (Target's Entry..., p. 42). More and more, Target is finding that people who shop this upscale discount store cut across all economic levels because everyone in this age of economic volatility wants to shop smart (Tiebreakers, p. 4).

Societal Changes. Media patterns are shifting rapidly in today's society. Mass market magazines have virtually disappeared and major metropolitan newspapers have dwindled in numbers. At the same time, there has been an explosion of special-interest publications and special-interest television. The video revolution and the growth of cable television have radically altered the makeup of American media.

Other societal changes include more women in the work force which also means later marriages. There is also a shift toward fewer people in each household as families get smaller and divorce rates and single parent families increase. The society is becoming more diet conscious and are more concerned with health and maintaining physical fitness.

These changes are important to Target and the retailing business as a whole. The merchandise the businesses carry will be affected by these societal changes as will the focus on customer service. It is important to pay close attention to the the societal changes.

Competition. From 1975 to 1987, the "big three" chains that have raced for dominance has been K mart, Target, and Wal-Mart. The 41.1 billion dollars that K mart, Wal-Mart, and Target generated in 1987 through their more than 3,000 discount department stores represented nearly half of the 1988 projected volume for the entire discount department stores industry (The Big Three..., p. 54). The nations three leading discount chains also

racked up an impressive 14 percent of aggregate U.S. general merchandise, apparel, and furniture sales in 1987 (The Big Three..., p. 54).

Samuel Moore Wilson opened his first Wal-Mart in 1962. Today, Wal-Mart has earned a reputation as "America's Opening Price Point" (The Big Three..., p.54). By 1991, the chain should be running neck-and-neck with K mart and could slip ahead in sales within five years. In 1986, Wal-Mart's discount stores have posted the industry's highest comparable store sales gains. Wal-Mart attracts the largest annual expenditures from its customer, averaging 347 dollars per year (The Big Three..., p.54).

Wal-Mart's philosophy is to offer the best price possible, day-in and day-out, not just during a sale. Wal-Mart advertises on a limited basis to keep expenses as low as possible and pass the savings on to the customer (Chains Themes..., p. 95).

Mr. Roger Symms, store manager of Muncie Target, feels that Target's current major competitor is Wal-Mart (Symms). Wal-Mart, according to Mr. Symms, has "reached a peak (Symms)." With data at hand, Mr. Symms stated that Wal-Mart's last wave of openings did not result in the expected sales generation. He also said that Target Stores in these areas have not been affected like they were three or four years ago.

K mart is the only discounter with almost universal store penetration (The Big Three..., p. 54). It operates in all 48 contiguous U.S. States plus Puerto Rico. Geographically at least, K mart is overwhelmingly dominant with a penetration rate slightly higher than Sears (The Big Three..., p. 54). In the race for dominance, K mart is doing the following:

- accelerating an ambitious store refurbishing program;
- making rapid strides in technology with new point-of-sale and telecommunication capabilities;
- hastening to develop its own hypermarket concept;
- quickening its expansion pace (The Big Three..., p. 54).

In spite of all of this, K mart will be hard pressed to hold its lead over Wal-Mart. K mart also has its sights set on being the largest retailer. Mr. Symms feels that K mart has a long way to go in revamping its image to an upscale discounter. Mr. Symms said that one of K mart's problem is that they are very centrally controlled and lack the flexibility to adapt quickly.

### **Opportunities and Threats**

Opportunities. "Mainstream America," the broad-based melting pot, has been recognized for what it truly is, a diverse group of distinct market segments (Tiebreakers, p. 8). These segments are also known as niche markets. Niche markets have become increasingly targeted by marketers eager to seize the opportunities offered by changing technologies and social dynamics (Tiebreakers, p. 8). These changes have presented enormous marketing opportunities. Target Stores market a specific product or service to a specific customer through the major media.

Another opportunity in niche marketing is the Hispanic market. Hispanics are more brand loyal and have more people in the average household. The twenty-four million Latinos in the United States represent ten percent of the total population. The Hispanic population in the United States is growing fast at forty-three percent per annum as compared to approximately seven percent for other groups (Tiebreakers, p. 8). This is an opportunity for established Target Stores in the Southwest regions.

There are other opportunities in niche marketing such as ways to attract more male customers. Also, the opportunity to attract music and

video shoppers may be marketed through video musical channels like MTV. Other cable channels such as Nickelodeon could also represent opportunities for Target.

Another opportunity is Target's use of satellite networks for transmission of sales information and management inventory functions, maintaining a direct link between headquarters, stores, and distribution centers. The network consists of a hub station at headquarters and personal earth stations which employ "very small aperture terminals and related equipment at stores and distribution centers (Ames, Target..., p. 2). This will aid in the retailer's inventory management and improve its communications.

**Threats.** One threat relates to a consumer survey conducted for the Discount Store News by Leo Shapiro and Associates revealed that shoppers at Wal-Mart are more satisfied with the store than the shoppers at K mart or Target (Innovation Propels..., p. 135). They have a higher opinion of the merchandise, are more confident of finding what they want, and feel the employees are more helpful.

Another threat that Target may be facing is that the corporation is not entirely environmentally conscious. Many other retailers have been stressing the environment and possible solutions to the waste that these retailers have. Target has currently started to recycle various items, but this is just one step. Target tends to be behind other retailers in taking these measures. Target needs to be more conscious about the environment in the near future because this is an issue of public concern.

Another threat that Target may face in the future is stagnation. Can Target continue to grow without expansion. This is an issue that many retailers are facing. Target is currently growing through the expansion

method. Once these markets are saturated and stagnation is the result, Target needs to be able to manage its operations. If a company can not manage its growth, it may face serious problems.

### **Marketing Mix**

Product. Target is a full-line upscale discount store that carries a broad assortment, which in scope but not in price, resembles that of a traditional department store. Target features popular brands of good quality merchandise at competitive price. They also have their own well-advertised brands such as Honors and Greatland in the apparel lines.

Target sells first-quality merchandise with no irregulars or seconds. Target believes national brands are important. Good values on recognized brands help distinguish Target from other mass merchants and discounters who often depend on private label or unknown brands of uncertain quality. According to Target, national brands indicate to consumers, "If quality is important to you, you have come to the right store (Guides for Growth, p. 17)." Target tests much of their merchandise, such as private labels, advertised items, direct imports, and all toys to ensure that they are delivering on the promise to the customers. Target is also proud of its name and of the other labels it has developed, such as Honors. Target labels are used only on important merchandise, high quality merchandise, and only when they meet the dual test of making sense to customers and to Target (Guides for Growth, p. 17).

Target has positioned itself as the leading fashion-oriented discounter. This fashion orientation carries over into domestics, where Target gets high marks for its display techniques, coordinated looks and up-to-date assortments. Target carries more fashion forward apparel and other

sophisticated soft goods than other discounters. Target strives to be as fashion-timely as possible because the customer is aware of the latest trends in soft as well as hard goods. In apparel, Target has two big private label programs. One is Favorites which opens at the price-point basics and the other is Honors which is a higher price-point fashion. These two labels appear throughout women's, men's, boys', and girls' departments. The Favorite label can also be found on diapers and other non-apparel items. Target also has an new label, Sostanza, which focuses on women's wear and accessories. Another private label is Greatland which focuses more in men's and boys' departments. Target has a much stronger emphasis on fashion than its competition. Target emphasizes the fashion forward look in soft goods and there is less emphasis in hard goods and national brands.

The newer prototype stores revolves around three newly segment world groupings. The Fashion World includes the apparel departments, baby furniture, accessories, jewelry, and cosmetics. The Home World coordinates ten home goods classifications which includes cookware and kitchen supplies, textile related areas, and small electronics to name a few. Basic and Leisure World is highlighted by an expanded and upgraded consumer electronics department as well as toys, automotive, and seasonal items.

In 1986, Target closed 193 tire, battery, and auto accessories (TBA's) departments. "TBA operations are the kind that are very specialized and require a good deal of local adaptation in different markets," states George Hite (Harnett, p. 1). This philosophy runs contrary to Target's strategy of uniformity in its operations. Target constantly is evaluating and monitoring its products to meet its goals and objectives adding or deleting lines as needed.

Service is obviously important to Target. Target stresses pleasing the customers to all of its associates (employees). The customer must come

first. Target trains its employees through training manual and tests, videos, and basic on-the-job experience. The hourly associates who work on the sales floor are required to wear red smocks or red vests that are provided by Target. This is so the customer can easily identify the associates if they need help. There are also customer service phones located throughout the stores. These phones are for both the customer and the associates. The associates use the phones as a paging system and to contact other associates throughout the store by phone. This is for faster service of the customers. The customers can use these phones to call the operator. The customer uses the phone if he or she needs help in finding merchandise and an associate is not readily available or if he or she needs help in carrying merchandise to the front of the store or out of the store. Any questions that the customer may have could be answered by using this phone if an associate is not readily available.

Place. Target's first store opened in Roseville, Minnesota in 1962. This store is now remodeled and has all of the merchandising freshness and flexibility of the newest stores. There is a sixty store expansion plan for 1989. Target has opened twenty-five new stores in both existing markets and the Pacific Northwest. Target also purchased thirty-one stores located in Southeastern markets. By the year-end 1989, Target will have brought its total to 401 stores. Target could have well over 500 stores and sales of ten billion dollars by 1992, according to analysts projections (Lisanti, p. 38). Target's new momentum resulted in the discounter expanding from the upper Midwest to the South and then the West coast in the span of a decade. This growth was augmented by three key acquisitions. This included the forty unit Ayr-Way chain in 1979, two years later thirty-three former

Fedmarts in Southern California , and finally about fifty Gemcos in California and the Southwest (Department Store..., p. 71).

Target is primarily located in large metropolitan markets. Target is strongest among big city and metropolitan area households which combined represent approximately seventy-five percent of the U.S. population (Wal-Mart, Target..., p. 107). Target has a presence in one-third of big city markets and thirty percent of metro-markets (Wal-Mart, Target..., p. 107).

A new store prototype was developed in 1988 to allocate more space to fast growing merchandise categories. The new prototype has wider aisles and stronger merchandise impact making it easier for customers to shop. The new store design includes hypermarket-style features that produce an airy and open look for Target. The prototype offers wider aisles, new color scheme, lighted graphics and directional signage, and less distance from aisles to walls. It was created to improve both flow and merchandising flexibility by running main aisles side-to-side (Target Steps Up..., p. 62). This prototype is called the P88 format.

Target currently has six distribution centers with fifty percent of that distribution space less than two years old (Target 1988 Annual Report, p. 7). Target's six distribution centers are located in Sacramento and Fontana (outside Los Angeles), California, Minneapolis, Indianapolis, Little Rock, and Pueblo. There is also an expansion plan for the distribution centers which would bring the total to eight regional distribution centers by mid-1990 which will process 85 percent of its merchandise. This includes the opening of a new distribution center in Tifton, Georgia in 1990, and the expansion of facilities in Los Angeles and Little Rock.

The distribution centers of Target are non-sale centers. This means that each Target store in a certain region is responsible for a percentage of monetary support for that region's distribution center. All of the

distribution centers are located twelve hours from the Target stores in that district. This reduces transportation costs for the company. Very few of the distribution centers are over twelve hours away from the regional stores. These are usually stores that are located in states with sparse populations.

The chain has also instituted a "Rapid Replenishment" program designed to improve stock levels on advertised products. This system would allow Target to monitor sales of hot selling items in the Sunday circular and automatically trigger backup shipments to restock stores. They will be able to enhance inventory turns and back room congestion. This is part of the Target Distribution Strategy as is the objective to process 85 percent of all the store's product through the distribution centers. During the 1989 Fall season, Target processed over 80 percent of all the product the stores received. The very efficient performance resulted in lower stock shortage, impressive increases in productivity, and a favorable performance against budget for 1989 (Butzer, p. 25).

Price. Target wants customers to be confident that their everyday prices are a good value. They also want customers to be confident that when Target says, "Sale," they mean it. No retailer can have the lowest price everyday on every item that it offers. However, Target intends to have consistently low everyday prices relative to meaningful competition. Target also expects that customers will find their ad prices as low as or lower than competition. They won't be beat on ad price. While there may be occasional exceptions, this is the general pricing stance of Target across the broad range of merchandise (Guides for Growth, p16).

The upscale discounter has recently tested a strategy of "everyday low pricing." It is a move that is supposed to help improve profits and sharply lower the number of reduced-price sales. According to George Hite, a vice

president of Target, "Lifestyles have changed, and people don't have time to chase after sales (Weiner, p.123)." Target is testing the Low Price strategy at two stores in Knoxville, Tennessee. Target store manager Chris Livingood said, "We're finding good customer acceptance of our pricing structure (Kreiner, p. 7)." Target opted to try this everyday low pricing approach because the sales volume in these two stores were disappointing. Target is also testing the concept in its two stores in Albuquerque, New Mexico. The concept will also be in the opening of the stores in the Southeastern regions as part of the test markets. However, there is no immediate plan to adopt the policy chainwide.

Target mainly uses the bar code system for scanning the price on most items. There are very few exceptions. There are also department and item numbers that are used to gather the pricing information as well. The softline goods are generally marked with a Target ticket containing the department and item numbers as well as a UPC code and the price. However, hardline goods are not usually ticketed. The UPC is used for scanning the price. The prices are listed on the shelves directly below the merchandise. This is for the customers use and also the employees use. Customers can easily identify the price of the product on the shelf. Employees use it in order to tell where to stock the merchandise, and how many rows or fronts there are for the products. All sale items are identified by sale signs located on the shelves or clothing racks. There are both big signs and smaller signs used for identification purposes. Clearance items are also identified by signs and the merchandise is identified as clearance through the use of a ticket marked clearance.

Promotion. In 1989, Target published over one billion circulars. If you stack all those circulars one on top of the other, you'd end up with a

newspaper almost 500 miles high (On Target, p. 5). Target's main advertising vehicle is still the weekly circular. However, the circular competes with a deluge of other promotional materials in Sunday papers. Target is now one of twenty-two circulars found in the average Sunday paper compared with being only one in four in 1970 (Tiebreakers, p. 3). In order to break through the growing clutter, Target is boasting a newly-designed, attention grabbing circular that is designed to reinforce their image as an upscale discounter. The new design features bold graphics and the Target logo prominently displayed on the cover. The circular is now a full inch-and-a-half taller which offers a more eye-catching vertical format (Tiebreakers, p. 3). This special shape requires unique printing cylinders in which Target has exclusive rights to this printing process for at least one year. Because it is a magazine shape, readers find it easier to read and Target is able to give more impact to their products.

Target has also initiated a bold new advertising and media strategy designed to pull customers into the stores throughout the week. The advertising theme, "Right. On the Money." is featured in both print and broadcast media as an ongoing campaign featuring hot "price/item" merchandise (Tiebreakers, p. 4). According to Bob Thacker, Target's vice president of marketing, the campaign has taken on a significance that exceeds its original intent. He says, "It's more than just a campaign of items and prices. It's a statement, a credo, of what Target is -- and what it's always been (Tiebreakers, p. 4)."

Since the 1988 holiday campaign, Target has been teaming with carefully chosen top celebrities to mesh with Target's image and upscale market. Target's 1988 holiday campaign featured the "Queen of Soul," Aretha Franklin. This successful network and broadcast campaign led to a series of celebrities promotions in 1989. Country music performers The

Judds, actress Angela Lansbury, World Series MVP Frank Viola, and pop/gospel singer Amy Grant are just a few of the many celebrities associated with Target. These celebrities have helped build name recognition for Target in new markets, reinforced Target's support for wholesome, family values, and positioned Target among the advertisers as a major media contender. Target's status as one of the nation's largest sellers of music and movies gives them an advantage in negotiating contracts with many major stars (Tiebreakers, p. 4). During the promotion, "Face with a Future Sweepstakes," featuring ventriloquist Shari Lewis and her new puppet, Baby, Target's sales volume increased twenty-five percent while sales in the industry fell eleven percent (Tiebreakers, p. 4). Target also co-sponsored the Will Steger's 1990 expedition to the Antarctic. Target featured the name of the Antarctic explorer on a signature line of winter sports gear.

This is the kind of promotional image John Pellegrine, Sr. Vice President of Marketing, has been stamping on Target. He states, "At Target, we're experimenting with different possibilities. We're looking for better ways to reach today's customer and to bring that customer into our store. And it's working. When I see what a great job Target is doing, I know we can't miss (Tiebreakers, p. 4)." Mr. Pellegrine also created a brand new position in Target's advertising department titled Director of Special Events and Publicity. There are many more events planned for the 1990's.

In the Spring 1990, Squiggles the Easter Bunny will make its home at Target. Target will also be featured in the movie "Career Opportunities" starring John Candy. The comedy will give nationwide moviegoers a taste of Target. Target will play a prominent role in the 10th Annual U.S. Olympic Festival, America's largest and most prestigious multi-sport event. Target and Dayton Hudson will be co-sponsoring the Opening Ceremonies of the

festival. Later in the Fall, Target will welcome Alvin and the Chipmunks and the Chipettes. There will be many other celebrity promotions throughout the year as well.

### **Special Topics**

Computers. In 1988, Target became the first major national discounter to institute electronic bar code scanning in all of its stores. This resulted in improved merchandise flow and customer service. Scanning captures important information about merchandise sales and inventories. This helps keep shelves stocked with merchandise that is wanted most. It also improves service by speeding up the checkout process.

Target Stores ordering is 98 percent computer generated (Symms). This means that the computer actually writes the order. Of course, in the buying division there are merchandise technicians that review what the computer has ordered. This computer looks strictly at the number of units and has nothing to do with the dollar amounts or financial aspects. Another computer deals with this area. There is also a "direct shop" to suppliers using the computer. In this instance, the order goes directly over a fax called "tele-tax" to the supplier (Symms). Another computer takes the sales from the store and uses it at the distribution center where the computer is located. At the distribution center, the computer breaks down the order by store and then sends it to the store. Over 80 percent of the merchandise is handled in this manner. It must remember the original order to be able to do this. This is illustrated in the following simplistic

example:

Muncie Target need 50 pairs of red socks.  
Indianapolis Target A needs 85 pairs of red socks.  
Indianapolis Target B needs 70 pairs of red socks.  
Bloomington Target needs 65 pairs of red socks.

The shipment to the distribution center is 270 pairs of red socks. The computer will recall the original order (listed above), break it down by store, and send it to the store.

There is also store ordering by the stores. This is for items such as candy, video game centers (Nintendo), vendor items, and fishing supplies.

Community Involvement. The corporate office is responsible for allocating money to each of the stores for the surrounding communities and charities. The corporate office is also responsible for the five percent community service funds. At this level, the fund is decided solely by the corporate office. However, each district does have its own budget. Each store manager is responsible for getting his or her store money and grants from this fund. There are five funds or budgets that the store manager can use. One is the Discretionary Budget which is used for such programs as Big Brothers/Big Sisters, Hospitality House, and grants for universities, such as Ball State Theater. Each store manager must submit his or her request for approval to the corporate office. There is also the District Discretionary Fund which is used for such events as community walk-a-thons. The third type is the Volunteer Involvement Program (VIP). This is for employees that are soliciting money for their volunteer work with a program. The Community Discretionary Grant is used for funding of groups/clubs such as the Lions' Club and Parent/Teacher Associations. Target also has a Goodwill box located on the loading dock of each of its stores. The store donates any good but not salable merchandise. Each store manager is responsible for

getting his or her Target store involved with the community. Target is always willing to lend a hand for the community (Symms).

Customer Service. Target also has a new "Out Front" program that makes checkout service even faster. Cashiers are to come out in front of their registers when they are not busy to signal customers over to their lane. Another program is the "Code One." Target trains employees doing other jobs to be backup cashiers. The backups are called to open additional lanes during peak times. This becomes important when one considers that Target attracted 240 million customers in 1989. That more people than attended all the games in the NFL, Major League Baseball, and the NBA combined over a three year period (On Target, p. 5).

Recycling. Recycling is another issue that is important to Target. During 1989, Target recycled about 15,500 trash truckfulls. Lined up end-to-end, that's 100 miles of trucks or enough waste to fill a football field to a pile height of 186 feet which is the height of an 18-story building (On Target, p. 5).

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