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Target Corporation

Target is a U.S. general-merchandise and grocery retailer: it buys national brands and its own owned brands (about 30% of merchandise sales), and sells them through 1,995 stores that double as fulfillment hubs for Drive Up, Order Pickup and same-day delivery. Around that store sale it earns a growing set of extras — Roundel ads, a profit share on the TD-funded Target Circle credit card, Target Circle 360 memberships and the Target Plus marketplace. FY2025 (52 weeks ended Jan 31, 2026) net sales were \$104.8B (−1.7%) and net earnings \$3.71B (−9.4%).

BUSINESS MODEL CANVAS

Target Corporation

Research date: Oct 13, 2026

Evidence-backed · sources in companion brief

KEY PARTNERS

- National-brand vendors pay rebates and allowances (FACT).
- Overseas factories; ~half of goods imported (FACT).
- TD Bank funds and owns Target Circle Card loans (FACT).
- CVS pharmacies under a perpetual agreement (FACT).
- Starbucks, Target Optical, Apple, Levi's in-store (FACT).
- Ulta Beauty shop-in-shops end Aug 2026 (FACT).

KEY ACTIVITIES

- Merchandising and owned-brand design (FACT).
- Global sourcing from 13 countries (FACT).
- Distribution through 70 supply chain facilities (FACT).
- Store-based fulfillment of digital orders (FACT).
- Running Roundel ads and Target Plus (FACT).
- 2025 business transformation, \$250M costs (FACT).

KEY RESOURCES

- 1,995 stores; 1,546 owned buildings (FACT).
- Property & equipment \$33.7B, Jan 2026 (FACT).
- 40+ owned brands, ~30% of merchandise sales (FACT).
- ~415,000 team members (FACT).
- Target Circle loyalty data (FACT).
- Inventory \$12.3B; cash \$5.5B (FACT).

VALUE PROPOSITIONS

- Owned brands only at Target (FACT).
- Groceries + essentials + style in one trip (FACT).
- Drive Up, Order Pickup, same-day delivery (FACT).
- **Target Circle Card** — 5% off nearly all purchases (FACT).
- Price cuts on 10,000+ items, 2025–26 (FACT).
- **Shop-in-shops** — Apple, Levi's, Starbucks (FACT).

CUSTOMER RELATIONSHIPS

- **Free Target Circle** — deals and rewards (FACT).
- **Target Circle Card** — 5% off, free shipping (FACT).
- **Paid Target Circle 360** — unlimited same-day delivery (FACT).
- Q4 membership revenue more than doubled (FACT).
- Self-service stores with team-member help (INFERENCE).
- 5% of profit given to communities since 1946 (FACT).

CHANNELS

- 1,995 stores in all 50 states + DC (FACT).
- Stores-originated 79.4% of FY25 sales (FACT).
- Digitally originated 20.6% (FACT).
- Order Pickup, Drive Up, same-day delivery (FACT).
- Target Plus third-party marketplace (FACT).
- Ad spend \$1.5B in FY2025 (FACT).

CUSTOMER SEGMENTS

- U.S. households; nearly all sales in the U.S. (FACT).
- Families are the stated focus (FACT).
- Food & beverage \$24.1B, largest category (FACT).
- **Discretionary** — apparel, home, hardlines, beauty (FACT).
- Vendors and sellers buy Roundel ads (FACT).
- Third-party sellers on Target Plus (FACT).

COST STRUCTURE

- Cost of sales \$75.5B, 72.1% of sales (FACT).
- SG&A \$21.5B, 20.6% of sales (FACT).
- Workforce is largest operating expense (FACT).
- Advertising costs \$1.5B (FACT).
- D&A (outside COGS) \$2.6B; capex \$3.7B (FACT).
- Net interest expense \$445M (FACT).

REVENUE STREAMS

- FY2025 net sales \$104.8B, −1.7% (FACT).
- Merchandise sales \$102.7B (FACT).
- Advertising \$915M, up from \$649M (FACT).
- Credit card profit sharing \$522M (FACT).
- Other incl. memberships \$626M (FACT).
- FY2025 net earnings \$3.71B, −9.4% (FACT).