1. Visiting Walmart and Target were two very different experiences for me recently. Walking into Target, I noticed a lot of construction; fancy light fixtures resembling the Target brand were being installed, wallpaper was being updated, and the self-service checkout area was being upgraded with new displays and cameras. Walking into Walmart on the other hand, I noticed outdated, warehouse-like light fixtures, aisles of closely packed bargain merchandise, and other features reminiscent of older, non-remodeled Target stores. These clashing experiences highlight two different approaches of lowering cost to yield competitive advantage. Walmart's strategy is to lower cost by utilizing older infrastructure, leveraging long-term supply chain networks, delaying expensive system upgrades, and offering the lowest price possible. Target, on the other hand, lowers its costs through technology and infrastructure upgrades which enable novel, cost-efficient approaches to its store operations and supply chain management [corporate strategy framework]. Walmart has a tech presence through eCommerce, but it is far less family friendly and geared toward larger purchasers such as small business owners and wholesales; this is especially the case with its membership club, Sam's Club.

2. a. By investing in physical stores during the eCommerce race, Target's CEO and executive team probably assumed that physical stores would complement its tech systems in terms of its supply-chain and customer experience (e.g. believing that physical retail presence could drive both physical and online sales), helping increase revenue and cut costs to strengthen its competitive advantage. They also probably assumed that having stores in strategic locations such as college campuses would capture more market share and increase sales relative to their rivals, and that having a physical store presence remained critical to capturing a significant market share and providing an effective omnichannel shopping experience to its customers.

2. b. After learning about Target's physical store initiative, equity analysts and investors probably assumed Target was too far behind its eCommerce competitors in the digitalizing retail landscape to sustain and grow its competitive advantage. Given trends of lowered revenue, they also probably assumed Target was attempting to distract investors from more pressing issues impacting their bottom line, such as supply chain inefficiencies. Finally, they were probably skeptical of how these physical store investments were going to integrate with technology; Target was the first retailer of its size taking this hybrid approach, so there was a high level of risk involved.

3. For Target to be successful with its investment in physical stores, it should begin with personalization. Target should improve the shopping experience of each customer by reducing cluttered shelves, updating old infrastructure, integrating technology, and displaying curated products. By improving the shopping experience, Target is likely to gain new customers through sustained competitive advantage as it is offering a more valuable, personalized customer experience than its competitors like Walmart; displaying a rare brand image supported by a design language through its stores; marketing a less inimitable customer experience integrated between physical stores and technology; and organizing its physical and digital infrastructure to complement one another and capture value [VRIO framework]. Thereafter Target should leverage technology like data analytics and artificial intelligence to determine the optimal locations to expand with high demand and few retail options. For example, college campuses in dense cities provide a great opportunity for students to purchase cost-effective goods, establish brand loyalty in younger adults, and expand Target's market share. Finally, Target should optimize its supply chain through eCommerce integration with its network of physical stores. Hybrid shipping options like pickup and drive by should be offered to reduce delivery time (e.g.

same day hybrid delivery) and grow its storage space beyond backstock. This will increase customer satisfaction and lower costs, contributing to Target's competitive advantage.

4. By pursuing its investment in physical stores, Target takes on a number of risks beginning with threat of digitalized entrants. With consumer trends siding with eCommerce, Target may be building its own bottleneck by investing in physical stores rather than an eCommerce-based customer experience to compete with rivals like Amazon. For example, the ease of delivery may decrease buyer's willingness to pay for a physical store equivalent, because customers will need to travel, expend gas and depreciation on their car, and spend additional time, resulting in a decreased ability for Target to create and capture economic value [economic value creation-capture framework]. Target also takes on the risk of a novel hybrid implementation of physical and digital retail experiences. This requires a high upfront investment which sacrifices short-term profitability for long-term profitability, adding to the risk; this is especially true for urban markets Target is breaking into such as college campuses. The implementation cost of an unsuccessful Target is far greater than the average renovation cost. Finally, from a technology standpoint there is the risk of integration. Target is incorporating eCommerce processes and systems into physical retail. With software projects being notorious for unanticipated delays, especially integration software projects, there is a risk of delayed timelines therefore long-term profits to this strategic approach.