

Introducing Target into Singapore

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Abstract

The global business trends point to international expansions with corporations increasingly turning to emerging markets for new opportunities to grow and create new sources of revenues. While the BRIC countries including Brazil, Russia, India, and China remain at the center of attention from global industries, the surrounding countries in Asia including Japan, South Korea, Malaysia, and Singapore emerge as potential markets because although smaller in size, the surrounding countries with fast growing economy and consumer demand for foreign goods suggest large profit potentials. Considering the increasing trend of going abroad in the retail industry (S&P, 2013), the paper is an analysis of the potential of Singapore as a desirable market for U.S. retail industry by conducting a feasibility analysis of implementing the Target store brand into Singapore. The analysis includes cultural analysis, economic analysis, and market audit as well as competitive market analysis which will, in turn, provide deeper understanding of the existing markets in Singapore; therefore, provided basis for potential market expansion of other domestic business into Singapore.

Introducing Target into Singapore

The global trend for international expansion in the retail industry continues as domestic markets become increasingly crowded with intensified competition (Standard & Poor's, 2013). Market leaders are no longer satisfied with being the domestic market leader because international expansion presents opportunities for company growth and potential acquisition of new sources of revenues. The constant technological advancement, coupled with rapid integration of the internet into newly developed business strategies, and the growing trend of online shopping also present opportunities for global expansion for ambitious companies.

Company Overview

Target is the second largest discount retailer in the United States. Founded in 1902 in Minneapolis, Minnesota, the company currently operates 1,870 stores, including 1,788 stores in the United States and 82 stores in Canada (Yahoo Finance, 2013). Furthermore, Target provides general merchandise through its Website, Target.com, as well as a branded proprietary Target Debit Card. With "Expect More. Pay Less" as their brand promise to the consumers, Target strives to provide exceptional customer experience to become the preferred shopping destination for middle and upper income consumers in the U.S. and Canada.

Target holds a strong market position in the domestic retail industry as the second largest retailer in the U.S. (Fortune 500, 2013). Furthermore, the company has successfully differentiated itself from competitors in its coherent competitive approach of offering best-cost products with a heavy focus on style and design. According to the press release *Target's Unique Guests* by Target Corporation, Target's shoppers are studied to

have a median age of 46—youngest among major retailers, trend savvy and conscientious about price as well as corporate social role in the community (2006). Target continues to offer quality products through partnering with leading designers to offer exclusive product lines at discount prices meeting the identified consumer segment taste and preferences in fashion and trend.

On the other hand, intense competition with market giants such as Wal-Mart and Costco poses severe limitations on the company's future growth. Furthermore, rapidly growing dollar stores threaten big-box retailers by offering convenient shopping experience with smaller store size along with highly competitive low cost, attracting more consumers away from the market giants during economic recession. According to Standard & Poor's (2013), under pressure from intense competition and crowded domestic market, "department store operators...re now beginning to take an interest in expanding their customer base to countries outside the US" (2013, p. 8). The general movement in the retail, especially department store operations, industry thus point to international market penetrations for future strategic management with Singapore emerging as a potential profitable location for business.

Cultural Analysis

Location and Climate

Business operations implemented into Singapore are expected to have a strategically advantageous location, enabling future expansion into other surrounding countries less challenging. Singapore is an island country located near the southern end of the Malay Peninsula in Southeast Asia. Its strategic location on major sea lanes enabled the Port of Singapore to develop into one of the busiest point of business transaction in

the world, handling 130,000 vessels a year at its various terminals. Furthermore, Singapore's close proximity with most of its surrounding countries such as Malaysia, key islands of Riau Archipelago of Indonesia, Thailand and Philippines, made the country a gateway to Southeast Asia.

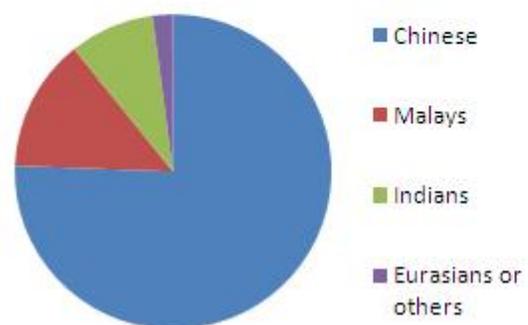
International business often involves global logistics with various resources transported among countries. Besides having an efficient transportation system, having a stable and safe environmental condition is essential for smooth logistics and to prevent uncontrollable damages as potential result of frequent natural disasters. Because of Singapore's unique location in proximity to the sea as the gateway to Asia while having few natural disasters in history, the country is characterized as a safe location for active business transactions including imports and exports. According to the EM-DAT (2010), an international disaster database, Asia-Pacific region alone has recorded 70 per cent of the world's earthquakes over the past decades. Moreover, other natural disasters such as typhoons, volcanoes, and tsunami continue to threaten Japan, Indonesia and the Philippines. On the other hand, according to the EM-DAT (2010), Singapore has very few to no natural disasters with only occasional floods occur in low lying areas when there is excessive rainfall. Furthermore, epidemic of hand, foot and mouth disease (HFMD) has been the only natural disaster in Singapore from 1980 to 2010, which resulted in the deaths of 36 people during the past 30 years. Such environmental condition of relatively safe geography from unavoidable natural disasters distinguishes Singapore from other countries as a desirable location for business, free from fear of incurring unexpected damages.

Demographic

Demographic represent characteristics of a human population; therefore, understanding of given demographics in the target market is essential for the success of Target. In Singapore, traditional Chinese and Indian immigrants make up most of Singapore's population. The majority of them favor the extended family structure, with close relatives living nearby or together. Nevertheless, the country currently consists of mainly nuclear families with only parents and children living together as a result of limited space available in Singapore as an island country with housing arrangements preferring smaller family units. Such a smaller family unit structure led consumers to prefer more frequent purchase of smaller units of goods instead of buying groceries in large amount (Warc, 2012). Therefore, retailers offering smaller size of goods are more desirable than supermarkets which make sales in bulks.

Singapore has a relatively well-educated population with 96.1% of literacy rate among the entire population 15 years and older ("Singstat,"2010). Furthermore, among resident non-students over 25 years old, 66.6% have either received secondary or higher education with female and male ratio of education differing only by one percent (2010). The well-educated population thus represents a strong local workforce.

Figure 1 **Singapore's population composition**



Singapore is an ethnically diversified country with the majority of population consisting of Chinese followed by Malay and Indian (Figure 1). There are four national languages including Mandarin, Malay, Tamil and English while English is the common language used for business, government, and medium of instruction in schools. The absence of language barrier, in turn, represents smoother market penetration process when introducing a U.S. firm into the country, making Singapore a desirable potential market. On the other hand, Singapore, like most other Asian countries, has a very collectivistic culture with a strong focus on family and close friends who are treated as family members. Unity, loyalty and respect for the elderly is highly valued and enforced. The focus on every member of the family prefers family-friendly stores meeting the needs of different members in the family, and thus favors retailers who offer variety of products for different age groups.

Most Singaporeans have a high standard of living with GDP per capita reaching \$60,900 in 2012 ranked 6 in the world by CIA World Factbook (2013), indicating

GDP Per Capita Ranking

2010		\$US	2050		\$US
1	Singapore	56,532	1	Singapore	137,710
2	Norway	51,226	2	Hong Kong	116,639
3	US	45,511	3	Taiwan	114,093
4	Hong Kong	45,301	4	South Korea	107,752
5	Switzerland	42,470	5	US	100,802
6	Netherlands	40,736	6	Saudi Arabia	98,311
7	Australia	40,525	7	Canada	96,375
8	Austria	39,073	8	UK	91,130
9	Canada	38,640	9	Switzerland	90,956
10	Sweden	36,438	10	Austria	90,158

2010 PPP US\$

Figure 2. GDP per Capita Ranking (2013). Source: cia.gov.

existing large consumer base of middle and upper income households who usually demand high quality products and services. With Target stores' competitive approach in best cost with its offer of reasonable price for high quality products, the implementation of Target is expected to satisfy the increasingly price-conscious consumers in Singapore.

Shopping continues to remain as key aspect of Singaporean lifestyle. The urbanized country provides citizens with convenient access to varieties of shopping destinations with a centralized location of an entire street, the Orchard Road, dedicated for shopping and dining. With the highly commercialized culture providing ample entertainment and food varieties, shopping occupies large portion of Singaporeans life style. According to the Harris Interactive, shopping habits indicated that 70% of Singaporeans are shopaholics as defined by the frequency of store visitation along with purchasing decisions made in the past four weeks (Singapore Business Review, 2011). The frequent shopping habits of Singaporeans, in turn, increases the chance of success of introducing a retail business such as Target while also indicates existing intense competition in the market with the need to remain differentiated by company's unique competitive approach.

Legal and Political

Singapore's well-established legal system along with political structure enables the country to maintain its governmental stability which, in turn, boosts investor confidence in foreign investments to such a more stable and predictable area. Singapore has a republic parliamentary system of government with a highly centralized power structure. Its political authority lies with the prime minister and the cabinet with most offices chosen through appointments instead of election. On the other hand, the president

is elected and exercises powers over legislative appointments, government financial affairs as well as internal security issues. The ruling political party in Singapore continues to be the People's Action Party (PAP) now as the sole representative party. With the major political party continue to be in power, Singapore continues to have a stable political system and governmental structure. The governmental stability enables the currently active international business transactions to continue to operate smoothly without fear of political turbulence negatively impacting the business, making Singapore a desirable place to conduct global business.

Singaporean legal system follows the English common law with the Constitution of Singapore as the supreme law of the nation. The Constitution thus lays down the foundational principles and framework for the three organs of the state: the Executive, the Legislative, and the Judiciary. Along with well-organized legal system and centralized political structure, Singapore demonstrates a stable government and steady economic growth providing a corruption-free market economy for the global business community. Singapore is not only a member of the United Nations but also plays an active role in ASEAN as well as the Asia Pacific Economic Cooperation (APEC) forum. The country's global presence in major international organizations not only boosts investor confidence in the growing position Singapore holds in the world, but its membership position in key business organizations provide various benefits in conducting business with the participating nations.

Relatively stable and average tax rate continue to present Singapore as a desirable market for foreign corporations including Target. Singapore's corporate and individual taxation is at a moderate level with a maximum rate for individuals at 20% and

corporate taxes of 18%. Goods and Services tax is currently at 7% in 2008. With Singaporean government actively encouraging foreign direct investments on top of the highly attractive business environment, the nation continues to attract investment funds on a large scale despite its relative expensive operating environment (Gloaledge, 2012). The on-going, well-established trading relationship with Singaporean government is expected to support the implementation of Target into the country.

Business Culture

Cultural diversity influences business practices from etiquettes, working styles, employee relationships to decision-making process. Therefore, while conducting international business, it is essential to recognize not only the significance of culture differences, but also understand and accommodate appropriate cultural conducts to meet business culture expectations. Singapore, like most other Asian countries, scores high on the power distance factor (Clearly Cultural, 2013), drawing a clear line of authority between employers and employees. In Singapore, employers are expected to take control and give orders. Power is centralized with managers who operate the company by relying on bosses' orders and adhering to the rules. Employees are expected to follow instructions from employers, and the attitude is formal to people in higher positions within the organization. Furthermore, communication between employees and employers are indirect and careful in the words spoken. The different business culture and management style require attention and modification in the process of Target implementation. Corporate expectation should be clearly communicated to employees along with a code of conduct appropriate to the culture to enable successful co-operation among U.S. and local employees.

Admittedly, cultural differences between collectivistic and individualistic Singapore and the U.S. could pose certain challenges while local employees work with U.S. employees. Nevertheless, the absence of language barriers with Singapore's official language as English along with Target's diverse workforce is expected to enable smooth adaptation to Singapore's culture. Target was ranked 20 in the DiversityInc Top 50 List among a total of 893 participating companies rated by four key areas of diversity management: talent pipeline, equitable talent development, CEO/leadership commitment and supplier diversity (DiversityInc, 2013). The existing diverse workforce including partnership with diverse suppliers is expected to function as a foundation for Target's future collaborations with foreign workers as well as international firms in the foreign markets.

When conducting business in Singapore, it is essential to recognize certain differences in cultural practices. A handshake is regarded as the most common form of greeting in Singapore; nevertheless, one should not shake hands with a Malay woman unless she extends her hand first because physical touch between opposite sexes is rather uncommon in the Muslim culture. Furthermore, people in Singapore are very cautious when doing business, and trust must be established first before going into any business deals; thus it is important for working partners to share certain information about themselves which is considered more private in western culture (Government, 2007). Therefore, hiring locals who are immersed in the culture is expected to provide valuable insights to Target in its venture into Singapore while at the same time avoid offending local customs in business practices.

Economic Analysis

Singapore has a well-developed and successful free-market economy. It provides businesses with a corruption-free environment, stable prices, and GDP of \$314.9 billion (CIA, 2012) surpassing that of most developed countries in the world along with a real growth rate of 4.9%. Furthermore, the GDP per capita of \$ 59,700 not only ranks the top globally, but also suggests Singaporean citizens' ability to afford expensive goods. As Figure 2 indicates, in 2010, Singapore ranked number one in its Purchasing Power Parity compared to other countries globally and according to the World's Wealth Report by Knight Frank Research will maintain its crown position through 2050 (CIA, 2012). The distribution of wealth in the country seems to be fairly well-spread with the majority of the population able to afford comfortable life styles with virtually no one living below poverty line.

Population

Singapore has a population similar to Target's U.S. consumer base, presenting greater chance of success and large profit potential when implemented successfully. Singapore is ranked as 114th in its population size with 5,353,494 people (Globoledge, 2012). Age distribution is mainly focused on the middle age sector defined as people between the age of 15 and 64 accounts for 78.3% of the entire population (2012). The median age of the population is 33.5 years, and population growth rate accounts for 1.993% ranking number 55 in comparison to 257 other countries in the world (CIA, 2012). Considering the fact that Target's consumer median age is 40 (Target Brands, Inc., 2013), Singapore appears to have a large potential customer base for Target with the product lines offered most likely identify with customer interest due to similarity in age.

On the other hand, the addition of younger crowd, with the 6.5 years younger median age, differing from Target's U.S. consumer segment will require more aggressive efforts in the company's current strategy of being on trend. Private designer brands for young adults should be expanded especially in the clothing, accessories and shoe lines where preferences variation by age appears to be most significant.

Singapore has a birth rate of 7.72 births per a thousand people, and 3.41 deaths per a thousand people ranked in the lower percentile among 257 countries, indicating slower population growth rate (2012). The population gender ratio is mostly even with the statistics indicating males to females ratio as 0.96 for the total population similar to the U.S having gender ratio of 1. The normal distribution of genders similar to that of U.S. indicates possible conclusion of similar purchasing behavior based on genders in both countries; therefore, indicating not a significant alteration is required in the product lines offered in Target due to gender.

Singapore is considered as a city-state with an entire population regarded as urban (Encyclopedia, 2007), defined as people living in urban areas by national statistical offices. Considering the fact that Target's U.S. customer base consists of largely urban consumers who are fashion savvy, focused on product design and branded goods (Target Corporation, 2006), such unique characteristics of population thus propose the entire country as potential consumer markets for Target. Singaporean consumers are sensitive to trend, innovation, and brand names. Furthermore, the entirely urban population with 2% unemployment rate (Singstat, 2010), Singaporean population consists of working professionals in busy schedules. Therefore, introduction of a fashion-driven one-stop

shop with U.S. brand is expected to influence the entire population's shopping habits by offering a variety of goods within the same store to save time and remain on top of trend.

Major Businesses Activities

Manufacturing and services are the two main engines of the Singapore economy which each respectively accounted for 26.7% and 65.7% of Singapore's GDP in 2010, indicating existing strong manufacturing and service sectors in Singapore. This indicates the existence of various active brands in manufacturing and service industry which are potential partners of Target stores as the retailer. Within the manufacturing industries, the electronics and biomedical production take the lead each with 31.3% and 19.6% of manufacturing output in 2010. With Target's product portfolio carrying both consumer electronics as well as pharmaceuticals in store, it will be essential for Target to properly identify market leaders in the two business segments in Singapore to carry those brands in store. On the other hand, in an attempt to further boost the blooming economy in the area of tourism, the Singaporean government approved the development of two casinos in April 2005. Increasing number of tourists thus are expected which will expand Target's consumer markets at the same time.

Singapore's primary imports include aircraft, crude oil, consumer electronics, food and beverages, and iron and steel (Globoledge, 2012). Target, as a U.S.-based department store carrying consumer electronics, food and beverages, could potentially lead to increasing imports from international brands that Target currently partners in the U.S. or Canada markets. On the other hand, with Singaporean government's full support in foreign direct investments, wide opportunities for businesses in service and manufacturing industries appear to be available in a variety of categories including

consumer electronics, vehicles, petroleum products, as well as food and beverages providing Target with higher chance of successful market penetration.

Employment

With Singapore's economic interests pointing to advanced technology and consumer electronics, the demand for highly skilled and well-trained workforce has never been higher. On the other hand, the government is also actively supporting educational systems within the country to meet the demand for a top quality labor force in the market. The well-developed and funded educational system, along with high literacy of Singaporeans reaching 96.1% of the entire population, Singapore can be considered to have a relatively well-rounded workforce that reached a total labor force of about 3.1 million. Nevertheless, the continuously growing economy in Singapore with expanding domestic as well as foreign businesses demand more skilled workers with increasing employment opportunities. According to *Bloomberg Businessweek*, there is a global shortage of skilled workers "even as economists and politicians fret about the problem of global unemployment, those with the right resumes are in hot demand" (Roberts, 2012) indicating a global shortage of talents. Because of such labor shortage, there has been a fluctuation of foreign workers looking for jobs in Singapore who are mostly unskilled laborers concentrated in the service and construction sectors. While the shortage of workers is expected to push employment wages upward, the cost of human resources management for Target's operation in Singapore is also expected to become higher. On the other hand, higher wages refer to increasing income for employees who are potential consumers thus could eventually lead to increase in consumer purchasing power.

Employee Benefits

The average earnings in Singapore increased from annual income of \$3,977 in 2008 to currently \$4,089 in 2012. Employees in Singapore receive state and mandatory benefits called the Central Provident Fund (CPF) which is a mandatory contribution savings plan for citizens and permanent residents. The CPF includes retirement benefits and members may also use part of the account for housing, medical expenses as well as investments in approved schemes. The plan is enforced through 15.5% of monthly earnings of employers and 20% from employees up to age 50. After reaching the age of 50, contribution rates are significantly reduced to respectively 6% and 5% at age 65.

Transportation

In Singapore, well-organized public transportation makes transition from one part of Singapore to another highly convenient. The three most widely used public transportations are respectively buses, Mass Rapid Transit (MRT) and taxies. The public bus system is the most cost-effective and widely used method of transportation in Singapore. Singaporean bus system covers even rural areas of Singapore thus is still the most commonly used daily transportation service despite MRT offering much faster transition time. Moreover, MRT is highly effective to enable passengers to bypass busy interchanges like City Hall and Raffle Places to reach downtown areas such as Orchard Road or the Central Business District. Furthermore, with the efforts to expand the train stations and set up separate lines called Light Rapid Transit (LRT) which is an intra-town loop service to reach other parts of towns, the train service is expected to continue to improve while maintaining the currently clean and well-managed train services. The highly convenient and well-managed public transportation system will enable consumers

from various regions to access Target regardless of the initial location of Target stores, making selection of store location more flexible. As a retail business offering food, clothing, consumer electronics, and various categories of products; efficient and fast logistics in connection with different suppliers is an essential factor of success. Therefore, smooth transportation operation that further indicates smoother logistics is expected to support the success of the implementation of Target as part of a new retail business.

Besides having inexpensive modes of public transportations, Singapore has an award-winning airport Changi International Airport (World Airport Awards, 2013). Moreover, the Port of Singapore by the country's coast lines has become a business necessity not only because of its strategic location in connection with 600 ports globally, but also as the world's busiest transshipment hub handling about one-seventh of the world's total container transshipment (PSA Singapore, 2010). The well-established global transportations allows large number of tourists to visit from all over the world, According to Singapore Tourism Board, international visitors this year totaled 10,506,000 by August of 2013, with approximately 400,000 tourists from Americas (2013). With increasing number of U.S. tourists visiting Singapore, presence of Target store in the country is also expected to attract the domestic consumers who found familiar domestic brand abroad.

Communication

Telephone services are widely used in Singapore along with mobile phone users reaching 7.8 million in 2011. The telephone system indicates a density of more than 180 telephones per 100 persons with fixed-line and mobile-cellular usage combined.

Furthermore, high-speed internet connectivity is offered through multiple providers while

the government project of developing an island-wide high-speed fiber-optic broadband network is near completion. Singapore as of 2012 has 1.96 million internet hosts and 3.235 million internet users (“Singapore takes,” 2009). Furthermore, Singapore earned the name as the most wired country in the world as its broadband penetration reached 99.9% in the city-state at the end of December 2008 (2009). On the other hand, despite having seven domestic TV stations and 18 radio stations within the island country, Singapore’s broadcast media are largely controlled by the state with all seven TV stations operated by a state investment company called MediaCorp that also controls more than a dozen radio stations. The remaining radio stations are also known to be closely connected to the ruling party or controlled by the Singapore Armed Forces Reservists (CIA, 2012).

Governmental Supports for Economic Growth

To further boost the economy and maintain the country’s competitive position in the global market, Singapore government has taken cost-cutting measures such as tax cuts and wage and rent reductions to further reduce the cost of conducting business in Singapore. Furthermore, while currently actively negotiating eight free trade agreements (FTAs) with emerging marketplaces around the world, Singapore already finalized 18 FTAs with various key trading partners including the United States. Singapore is not only a member of the Association of Southeast Asian Nations (ASEAN), but also successfully joined the ASEAN Free Trade Area (AFTA) in agreement with China, Korea, Japan, and India as well as having a joint agreement with New Zealand and Australia. Such well-developed global partnerships greatly reduced trade restrictions in Singapore including embargoes, quotas, and various taxes such as tariffs and further enhances Singapore’s image as one of the easiest and most attractive place to conduct business.

Singapore's current imports mainly consisted of consumer goods, food, and mineral fuels, making implementation of Target desirable as potential gateway to the introduction of other consumer goods partnering with Target in the well-established domestic U.S. markets. The Singapore dollar (SGD) exchange rate has been on the trend of appreciation against major global currencies since 1981 (Monetary Authority of Singapore, 2001). Singapore's monetary policy follows a multiple exchange rate system placing varying importance or weights on different currencies determined based on the trade dependence with the particular country. The current exchange rate between Singapore and the United States is 1.22 Singapore dollars to one U.S. dollar. The Monetary Authority of Singapore (MAS) in charge of currency is expected to support the steady appreciation of the Singapore dollar for the purpose of counteracting imported inflationary pressures ("Singapore: Currency Forecast", 2012).

Industry Outlook

The general outlook for retail industry remains relatively neutral as the global economic recession continues to influence all aspects of business transactions negative; nevertheless, the slow yet steady growth of consumer disposable income is expected to boost sales in the retail industry (Standard & Poor, 2013). On the other hand, economic growth is expected to continue in Singapore after the exceptional rebound in 2010 due to vigorous domestic demand. As presented in Figure 3, consumer spending displays a constantly rising trend supporting the more positive outlook for retail industry within Singapore. Furthermore, retail sales are expected to remain vigorous due to the resilience of household consumption and low unemployment of 3% in the country (Gloaledge, 2013).

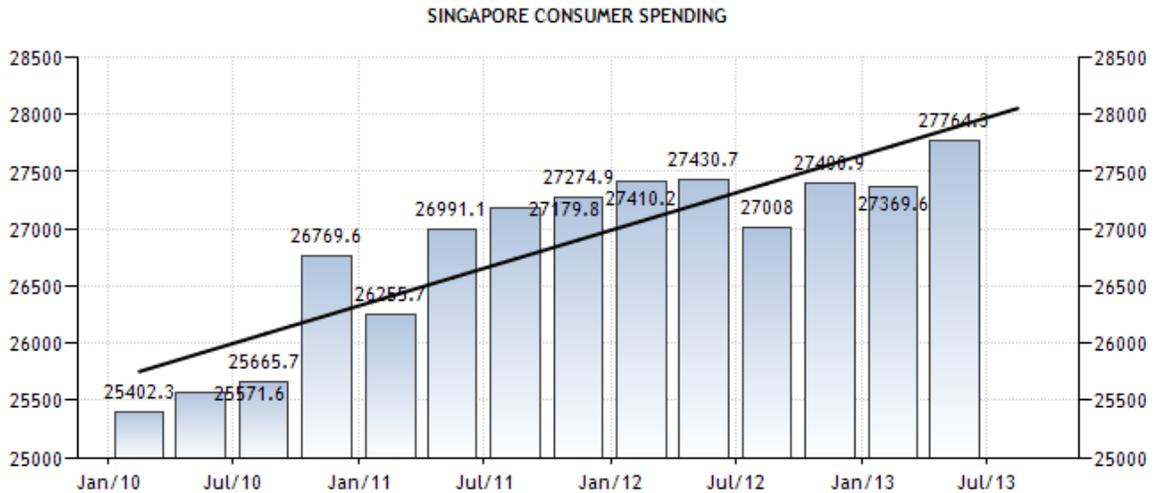


Figure 3. Singapore Consumer Spending (2013). Source: tradingeconomics.com

According to the Euromonitor International, an international strategy research firm for consumer markets, retail industry in Singapore is moving toward the suburbs with intensive competition in the marketplace driving retailers to engage consumers closer to their homes (Euromonitor, 2013). The growing middle class residing in the suburban areas is expected to become the major driving force for sales growth in the industry. Furthermore, following the rapidly developing technology and increasing internet usage, online retailing business is growing in popularity. While the product price inflation in retail stores are pushing shoppers to prefer online purchases, the improved security system for online transactions as well as discounted shipping arrangements offered by various retailers further encourage Singaporean consumers to embrace online shopping.

Lastly, despite the fact that global economic recession turned consumers to become more selective in their expenses, the grocery retailers expect positive outcomes as the Singaporean population is constantly growing. The average higher-standards of

local residents indicate consumer demand for high quality grocery products for family members which are expected to assist growth in the constant value sales. In addition, strong tourism industry is expected to support growth and positive outlook in sales in the non-grocery retail industry (Euromonitor, 2013).

Market Audit and Competitive Market Analysis

In Singapore, shopping is readily available to consumers with various giant malls and department stores clustered in the busy street of Orchard Road where most of the shopping takes place. With increased popularity in tourism, Singapore has become an essential destination for any foreigners visiting Southeast Asia. In most regions in Asia including Singapore, shopping locations are largely divided into two categories with grocery shopping and shopping for other consumer goods conducted separately in different types of stores. Most shopping malls and department stores do not carry grocery shopping sections. On the other hand, most definitely no grocery stores sell clothing, furniture, consumer electronics or cosmetics not to mention jewelries. Considering such a clear distinction drawn between two types of shopping activities, the introduction of Target which is an integration of both as a new style of retail store to Singapore potentially places the company in an competitively advantageous position in terms of the uniqueness of the business positioning.

As previously discussed, Singaporeans have a highly collectivistic culture with a heavy focus on family. Nevertheless, the increasing trend of family structures changing from the traditional extended family structure to the modern nuclear family consisting of only parents and children further alters Singaporean consumers' shopping habits. Consumers have begun to favor more frequent visits to stores while spending less on each

trip especially on groceries. Therefore, introduction of Target stores in the size of smaller than giant malls but larger than convenience stores in offering variety of products is expected to successfully satisfy consumer demand for diverse goods and quick, frequent store visits. Despite being highly cost-conscious, Singaporean consumers continue to demand high quality products. Therefore, the introduction of Target and its variety of products that follow the brand mantra of “Expect More, Pay Less,” is expected to meet both the Singaporean consumers’ demand for reasonable cost and high quality products.

The introduction of a retail store, that sells a wide range of products not usually sold together in Singapore requires marketing efforts to increase compatibility of the relatively new concepts to the consumers. The company is thus advised to target three different consumer segments: the younger generation, the tourists, and the middle-income class. The younger generation largely consists of college students who are not only curious but also quick to adapt to changes and creating new trends. A research conducted on the *Consumer Decision-Making Styles for Singaporean College Consumers* indicated that family members as well as friends pose significant influence on the purchasing decisions of Singaporean college students especially for females (Bae, Sungwon, 2010, p. 71). The study further indicated Singaporean college consumers as highly influenced by advertising, along with the younger consumers’ tendency to pursue brands marketed by their favorite idols (p. 73). The introduction of Target as the one-stop shop will meet the needs of college students who have both limited budget and time, thus provide a place to satisfy both the need for grocery shopping and wants for consumer electronics, clothing and other branded goods, the store is expected to generate consumer interests.

Powered by well-established transportation systems, along with globally recognized Changi International Airports, Singapore has become a travel destination for tourists visiting Southeast Asia. Considering the large flow of travelers reaching 10,506,000 by August of 2013, with approximately 400,000 tourists from Americas (2013); carrying international merchandise in store will enable Target to reach out to the travelers who are interested in foreign goods but at the same time excited at the sight of familiar home brands.

Nevertheless, considering the fact that college students have limited budgets and that travelers are temporary visitors, it is essential for Target to focus on middle-income Singapore residents. Singapore is influenced by both Western and Eastern culture; therefore, brands carried in Target stores require careful monitoring and selection while maintaining a balance between local as well as international products. Singaporean people prefer high-quality products despite being cost conscious; therefore, Target will maintain and uphold the competitive approach of best cost in offering consumers quality product and services for reasonable price. On the other hand, modifications to the retail brands carried by Target should be implemented to accommodate Singaporean consumers' shopping habits and meet their needs, wants, and desires.

With English as one of Singapore's primary language, communication of Target's goals, visions and functions is not expected to create misunderstandings or confusions. However, it is essential for the company to ensure effective presentation of Target as the one-stop shop for various high-quality products to avoid unnecessary confusion.

Target, as a retail store, does not rate well on trialability—"the extent to which a product can be tried and tested by the consumer," defined by Raynet Marketing

Dictionary (n.d.). The trial for a retail store will not be a cost-effective option, considering the cost of setting up a new store overseas. In order to reduce risk and ensure higher chance of long-term success of Target as it expands to greater Asia region through Singapore, opening up first Target store in Singapore is considered to be the best option to properly identify consumer reaction to the concept of one-stop shop. However, the eye-catching brand color and character along with the introduction of a new concept of one-stop shop to Singapore definitely has high observability though marketing efforts are required to ensure success. The trial is expected to in turn provide valuable insight for Target to identify consumer taste and preference in the Singapore retail market.

Although Orchard Road is not only the retail and entertainment hub of Singapore, it is a major tourist attraction in addition to being the most popular shopping district in the city-state. However, it is not recommended for Target to pursue setting up a store in this location. Orchard Road as a business district is currently crowded with a large number of stores. The development of Target stores in the overly crowded region could potentially disrupt proper marketing of the Target brand by surrounding distractions and intense competition.

On the other hand, the Woodlands area in the northern part of Singapore is the proposed location for the first Target store because although this area is relatively distant from the busiest central district of Singapore, the region is serviced by MRT and buses for convenient transportation. Furthermore, the Woodlands Singapore is a popular rental choice among the western expatriates especially the Americans because of the presence of an American high school. Moreover, due to the location's close distance from Malaysia, people often drive across for purchasing household supplies at a more

affordable price. As a retail store, it would be essential for Target to set up near the residential area to increase exposure to the consumers and allow convenient access from target markets. Considering the high purchasing power parity and continuously growing economy of Singapore, price adjustment seems unnecessary, and the price point is recommended to set approximately at the same price range that Target has in the United States by offering slightly higher price but with products with higher quality. On the other hand, coupons and various discounts in the form of membership, e-mails, newsletters, and mail should be incorporated, considering Singapore people's love for shopping as well as their even greater passion for discounts.

The main competitor of Target will be the hypermarket brand Giant. Giant is a supermarket and retail chain store located in Singapore, Malaysia, and other Southeast Asia regions. Giant offers wide categories of consumer goods from groceries to kitchenware and home furnishings to sporting goods similar to Sam's club in the United States. The store also offers customers free parking as well as home delivery service with purchases over \$200. There are currently two Giant stores located in Singapore. Giant offers consumers with cheaper price points through wholesale of large amount of consumer goods thus competing on price point will be difficult; therefore, Target will have to win the customers over with quality of the product offered, presenting the brand promise of "Expect More. Pay Less."

Conclusion

Feasibility of Introducing Target into Singapore

Research indicates a trend for retail industry to participate in international market penetration (Standard & Poor's, 2013). As one of the market leaders in the consumer

goods retail industry, penetrating a global market appears to be a desirable move. Furthermore, Singapore's political stability, strong financial position, as well as positive governmental attitude for foreign direct investments support the market penetration strategy. Nevertheless, it is essential for the Target Corporation to consider the cultural differences in preferences as well as consumer behaviors in Singapore such as the fact that Singaporean consumers are used to the divided department store structures between grocery and non-grocery merchandise. On the other hand, the distinctive characteristic of Target as a one-stop shop could potentially become its competitive advantage in the Singaporean retail market and attract greater public interests if its purpose is clearly communicated.

Singapore Market

Ten years after the concept of BRIC was first introduced, the four leaders are performing "not nearly as well as the recent past, but not at all badly" (Ryland, 2013). Nevertheless, instead of attempting to conquer the countries without any experience, testing the market with the much smaller in size and less economically diversified population—mostly living above the poverty line and concentrated on middle class—appears to be a wise investment. Therefore, it is not only desirable but also feasible for the Target Corporation under cultural modification of the brands it carries to be introduced to Singapore. At the same time, the country in general appears to possess ideal characteristics for a foreign firm to venture into considering its cultural, economic, as well as political and legal support for foreign direct investments for various industries.

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