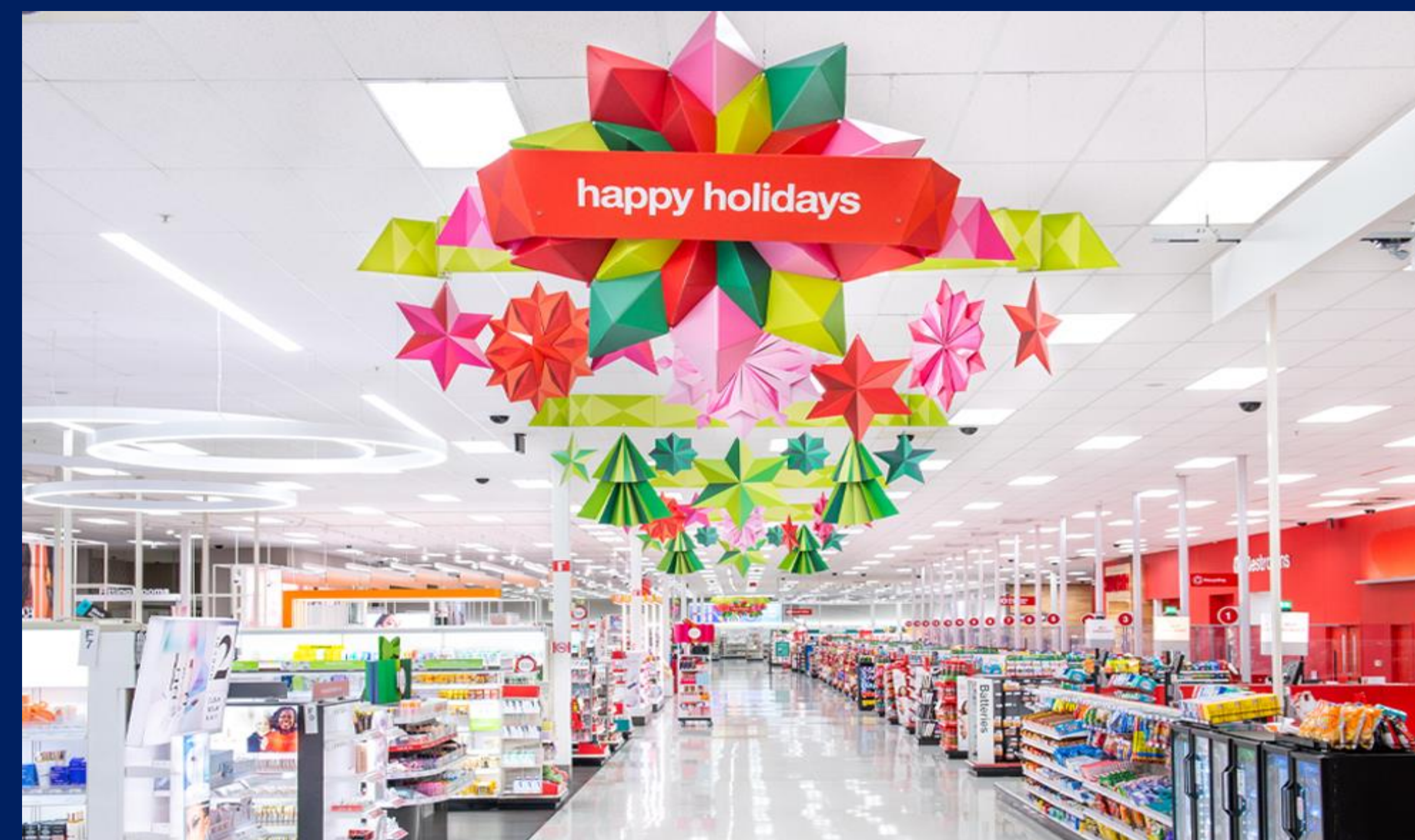


Background Information

Target Corporation is an American retail corporation founded in 1902 with approximately 1,956 stores across the nation. They provide an array of products such as groceries, clothing, technology, and more. In our research, we focused on their newest location in the Monmouth University proximity. The Target located at 56 NJ Route 36 in Eatontown, NJ. Seasonality plays a huge role in the sale of Target Corporation.



Cost Affected by Seasonality

Advertising Cost:

Advertising Cost would be affected by seasonality because of the effective marketing sales that can increase sales during the seasonality.

Freight-In (Receiving Shipments):

Freight-In Costs would be affecting by seasonality by the surge in demand during the holiday season. Henceforth, more shipments would be needed for more popular seasons.

Employees' Wages:

Seasonal period would cause a retail company to become busier than usual. Therefore, needing more employees to work more would cause the wages to go up.

Products Purchased for Sale:

The lifecycle of a product can impact through seasonality. Seasonal fluctuations affected the volume of products being sold at different rates.

Product or Period Cost

- | | |
|---|--------------|
| 1. Advertising Cost | Period Cost |
| 2. Social Security for Employees | Period Cost |
| 3. Freight-In Costs (Receiving Shipments) | Product Cost |
| 4. Electricity and Heat | Period Cost |
| 5. Employees' Wages | Period Cost |
| 6. Products Purchased to Sale | Product Cost |
| 7. Payroll | Period Cost |
| 8. Manager Salary | Period Cost |
| 9. Taxes for the Building | Period Cost |
| 10. Security System | Period Cost |

Techniques to Determine Cost Behavior

1. Variable costs fluctuate based on the level of production or sales.
2. Fixed costs are expenses that remain constant regardless of the level of production or sales volume.
3. By examining historical data and trends, businesses can identify peak seasons when sales are high and off-peak seasons when sales dip.
4. Some costs may not recur regularly but can significantly impact overall expenses during specific periods.
5. External factors like market trends, economic conditions, and industry-specific events can also affect costs and seasonality.

Fixed, Variable, or Mixed

- | | |
|--|----------|
| 1. Advertising Cost | Fixed |
| 2. Social Security for Employees | Fixed |
| 3. Freight-In Costs (Receiving Shipments) | Variable |
| 4. Electricity and Heat | Fixed |
| 5. Employees' Wages | Mixed |
| 6. Products Purchased for Sales | Variable |
| 7. Payroll | Fixed |
| 8. Salary Paid to the Manager of the Store | Fixed |
| 9. Property Taxes of the Building | Fixed |
| 10. Security System | Fixed |

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How can Target continue to succeed at cost behavior analysis in seasonality?

1. Historical Data Analysis: Analyzing the trends from previous years.
2. Inventory Management: Monitored the lifecycle of products and how seasonality affects it.
3. Price Optimization: Maximized the profits by increasing sales and keeping prices low.
4. Promotions and Markdown: Attract customers with deals during seasonality.
5. Advertising: Customer segment by targeting more groups of people.
6. Continue Monitoring: Continue analyzing trends to better predict future outcomes.