Target's management under fire as investors agitate for change

By **Siddharth Cavale**

February 27, 2026 10:03 AM CST · Updated 59 mins ago

Aa

People exit a Target store on Black Friday in Brooklyn, New York, U.S., November 29, 2024. REUTERS/Brendan McDermid Purchase Licensing Rights

Summary Companies

One investor group pushing for answers on reputational harm

Another investor group pushing for independent board chair

Target has faced backlash over DEI initiatives and political controversies

Full-year results expected on March 3

NEW YORK, Feb 27 (Reuters) - Over the last three years, retailer Target (TGT.N) has weathered intense criticism from consumers who have questioned its merchandise choices and policy decisions.

Now it has another unhappy group to deal with: shareholders who are questioning management's decisions on everything from executive leadership to its plans to rebuild its reputation with the broader public.

While big-box retailers like Walmart (WMT.O) and Costco (COST.O) have taken advantage of Americans' cost-conscious shopping, Target has struggled. Profit has dropped 14% over the last five years. Its shift away from diversity, equity and inclusion initiatives in the wake of Donald Trump's return to the White House angered part of its consumer base and many long-time merchants.

The DEI rollback prompted a boycott that hurt sales, then CEO Brian Cornell admitted.

The company's market value is now $52 billion, about half of what it was in 2021, while Costco's value has risen to more than $430 billion, and Walmart's market cap has surpassed $1 trillion.

Against that backdrop, several groups of Target investors are agitating for change. Major New York and California pension funds are supporting a proposal that would ensure independent board chairs after Cornell was elevated to board chair. Another investor group is pushing for answers to what it sees as missteps that have harmed its reputation with customers and cut into sales.

"We are concerned that a series of recent public-facing decisions and communications by the company may have introduced reputational, operational, and financial risks at a moment when Target is already navigating a challenging competitive and macroeconomic environment," a group of 27 investors wrote in a Friday letter to the company's board and executive leadership, seen exclusively by Reuters. The investors did not propose specific fixes.

It adds up to a challenging road for CEO Michael Fiddelke, who officially took the helm on February 1. He is expected to discuss his priorities for the year when the company reports results on March 3, which he has stated include the need to improve merchandise quality, value and style; ensure a consistent shopper experience; and expand technology use across operations.

Target did not immediately respond to a request for comment. The company is expected to report a 2.65% decline in same-store sales for 2025, according to LSEG data.

Since Fiddelke was named the next CEO in August 2025, he has cut 1,800 corporate roles and announced $1 billion in store investments. He later elevated two veteran merchandising executives to chief operating officer and chief merchandising officer and named two new board directors.

"We believe the refresh of C-suite roles meaningfully improves execution potential and injects renewed strategic momentum into the organization," said Corey Tarlowe, Jefferies analyst, saying it "reinforces our view that TGT is taking deliberate steps to position the company for its next chapter of growth."

Target's stock has sharply underperformed peers over the past decade

Michael Fiddelke took over as Target's CEO on Feb. 1, 2026, replacing Brian Cornell who led the retailer since 2014

Note: Stock performance comparisons shows how much investors would stand to make if they started from $0 on 24 Feb 2016.

Source: LSEG Data | Siddharth Cavale

Line chart showing the stock performance of Target vs Amazon, Walmart and Costco

HEIGHTENED COMPETITION

Target's merchandise was once a competitive advantage, earning it the playful name "Tar-zhay" for its cheap-chic apparel, but it has lost ground as competition from Walmart, Amazon (AMZN.O) and Costco intensifies. Shoppers have complained about out-of-stock issues and long checkout lines.

"The strategy needs correction and execution needs improvement," Gerald Storch, Target's vice chairman between 1993 and 2005, told Reuters. "You see long lines, hyper-promotional deals, and a loss of focus on value," Storch said, pointing to the mix of buy-one-get-one offers and perks that contrast with everyday low prices at Walmart and Costco.

The 27 investors asked how the retailer is evaluating reputational risks, including customer boycotts, and its plan to avoid letting external pressures undermine efforts to rebuild trust, increase traffic and stabilize earnings. Those investors collectively manage $150.5 billion in assets, and are led by Trillium Asset Management and Mercy Investment Services.

Their letter added that "backlash from recent strategic adjustments" had affected "customer loyalty and foot traffic." According to a source familiar with the letter, this was a reference to Target's decision to back away from DEI, and its silence before speaking out about raids conducted by U.S. Immigration and Customs Enforcement officers at stores in the Minneapolis area, where the company is based.

QUESTIONS ABOUT STRUCTURE

Other shareholders are upset with Target's decision to elevate longtime CEO Cornell to executive chairman, a position that continues to have operational oversight over Fiddelke. At least six investors that collectively own $500 million in Target shares, including the New York State Comptroller’s Office, the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS), are in support of a push from shareholder advocacy group The Accountability Board that would make future board chairs independent.

The proposal will be put to a non-binding vote at Target's annual meeting in June.

Target's independent board members did not respond to multiple calls and emails seeking comment on the investors' corporate governance concerns.

Officials at the New York State Comptroller's Office, which holds roughly $50 million in shares, told Reuters that they want Cornell to relinquish his board seat, citing disappointment with Target's retreat from diversity initiatives and the level of oversight surrounding these changes.

Six similar proposals since 2014 at Target have failed, with support peaking in 2014 at 45.8%. Matt Prescott, president of The Accountability Board, believes the campaign has more momentum this year with the arrival of an activist investor.

Activist investor Toms Capital Investment Management took a 0.6% stake as of December 31, seeking to turn around Target's grocery business among other priorities, according to a source familiar with its thinking.

TCIM declined comment; co-founder Ben Pass did not respond to multiple requests for comment.

After Reuters asked Target about investor concerns related to its governance structure, the company added a statement to its website emphasizing that all board members except Cornell and Fiddelke are independent under New York Stock Exchange standards, and that no other directors are current or former employees. The website now includes a table listing directors’ affiliations with other corporate boards.

Reporting by Siddharth Cavale in New York, Editing by Lisa Jucca, David Gaffen and Matthew Lewis

Our Standards: **The Thomson Reuters Trust Principles.**