Target Raises Guidance Again: Full 2Q26 Analysis and Brand Action Items

By Russ Dieringer // August 19, 2026 // Forecasts, Research

***TL;DR:** Target raised its outlook again after a strong 2Q (3.8% comp, margins up 70 bps), driven by store traffic and fast-moving category resets. Digital is the lone question mark: it's growing slower than rivals and contributing far less to total growth. Our action items: raise forecasts if you're in priority categories, engage on culturally relevant moments, expect bigger Roundel asks, and audit Circle funding carefully.*

7 minute read

Target released its second quarter in a row of positive results. New CEO Michael Fiddelke, along with his leadership team, has re-energized the organization, spurring it to move at an uncommon scale and speed across nearly the entire store.

The company highlighted major changes to food and beverage, beauty, and hardlines (aka Fun 101), seeing a nearly instant positive response from consumers. Even in its more challenging categories like apparel and home where it has to make substantially more changes, it has seen positive consumer responses to the changes it has made.

The net result of this momentum is continued increases to its top and bottom line outlook. Target's management team raised its sales outlook for the second quarter in a row, now projecting net sales to grow 5% this year (entering the year it guided to 2% growth, and exiting 1Q it guided for 4% Y/Y CY2026 growth). Adjusted operating margins are also projected to improve from 4.6% last year to approximately 5.1%.

The only question mark in our mind right now is eCommerce. This channel grew just 8.7% Y/Y this quarter (versus 8.9% Y/Y last quarter) and its digital share of growth was just 33% this quarter and 27% last quarter. For context, Walmart's U.S. eCommerce business grew 26% Y/Y, and all of its dollar growth is coming from online. Part of the explanation is simply Target's position at the moment, having lost share over the last several years and now gaining it back with stores (a precursor to digital success for an omnichannel retailer like Target). But how much opportunity cost is Target incurring at the moment from subdued digital growth, and can Target's management team apply its focus to the digital business like it has with stores so that it can benefit from the eCommerce tailwinds Walmart and Amazon are enjoying?

Read on for the full data and analysis of Target's 2Q results and our updated outlook.

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