

Target Canada's Failure

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Introduction

Target is the second largest discount retailer in the U.S. Its CEO, Aaron Alt, made a bold decision to open 133 Target stores in Canada by January of 2015. Instead, by this date, Target Canada filed for bankruptcy, and all its locations were closed by April of that year. Despite this retail tragedy, Target stores in America continue to flourish – but why? What causes Target to be different in Canada? How can a corporation operate in two different countries, but only succeed in one? In this paper, I will uncover such questions. I argue that understanding economic success and failure goes beyond spreadsheets, CEO performance, and transactions. Instead, we can understand it as a cultural phenomenon that influences economic behaviour and outcomes. I argue that Target Canada failed because it did not meet the culturally constructed requirements of the average department store. Ultimately, this led to overall customer dissatisfaction.

Target Canada

When Target came to Canada, it purchased the leases of Zellars, which would close in March of 2013. These locations were not in areas of middle-class consumers, and Zellars was known as one of the cheaper, tackier department stores. Because Target took over these locations, customers associated it with a cheap, tacky, and dumpy style (Wahba, 2015). Additionally, Target Canada had organizational issues. Despite these problems, Target did not change the opening date because they were already paying rent for the leases they took over. Instead, Target quickly opened in many locations at once. This created chaos for employees

who had to enter high amounts of inventory into a brand-new software system. In effect, there were inaccurate computer entries and errors in data conversion. For example, employees struggled to convert the currency from American to Canadian (Castaldo). They also struggled to convert the language from English to French (Castaldo). These inaccurate entries caused a lack of physical inventory on the shelves. Empty shelves were unattractive to customers and discouraged them from shopping for products (Wahba, 2015). In addition, staff were undertrained and confused with the point of sales system. As a result, they were unable to provide the same U.S. experience of proper organization and good customer service (Castaldo). I have provided an objective account of the events that lead to Target Canada's failure. But, it does not explain *exactly* why customers were dissatisfied with these things. How did people come to believe that Target was a cheap, tacky, and disorganized department store that offered no incentive to shop?

Understanding Target's Failure

Culture consists of shared understandings, beliefs, and meanings which we attach to behaviours, objects, and practices. So, coordinating the economy depends on shared understandings that promote the goals of an economic phenomenon (Biggart, 1990). Using this approach, I argue that Target Canada was unsuccessful due to shared understandings of a good department store.

Firstly, customers gave meaning to Target Canada's location. Store image theories suggest that atmosphere and image of the people who shop at the store are rooted in retail location (Gomes & Paula, 2016). Additionally, self-congruence theory

states that part of consumer behaviour is determined by matching one's self-concept to the object's image (Gomes & Paula, 2016). In this case, the object is the store. Customers felt that Target Canada's image was tacky and 'low-class', so they had a lack of self-congruency with the store. As a result, they didn't want to shop there and put their self-image at risk. Ultimately, the unattractiveness of the store was not only physical, because the customer gave it a deeper meaning.

Next, Target implemented a new point of sales system, which led to the employees' confusion and poor customer service. Although technological upgrading seems like the best strategy to meet customer demands, it may not always result in increased sales. Parkan supports this idea in his study of computers and operations (2003). He concludes that one of the greatest benefits of a new point of sales system is its ability to replenish inventory efficiently (Parkan, 2003). Since Target Canada's system didn't achieve this, the shelves were left empty. This caused sales to decrease, because store layout has an impact on people's motivation to shop. Research on store environment and shopping behaviours by Rompay et al. stresses the importance of spatial control, and states that sometimes customers enter a store without a product in mind (2011). Within a capitalist culture, empty shelves will leave those types of shoppers without incentive to continue looking around the store.

Finally, customer service greatly differed between Target Canada and Target U.S., creating a completely different experience for shoppers. In such a competitive market, "salespeople performance is one of the most urgent tasks managers face" (Roman et al., 2002). Additionally, "training may increase salespeople performance"

(Roman et al., 2002). Thus, the undertraining of employees at Target Canada had a negative impact on their performance. It was specifically the lack of personal involvement with the customers which created a different experience. Personal involvement means identifying customer problems and helping them find products that will satisfy their needs (Roman et al., 2002). This type of behaviour creates a welcoming culture within the store, but cannot be done without sufficient training.

Conclusion

These three major issues with Target Canada were mainly about location and organization. However, the atmosphere and experience they created were culturally constructed. Customers relied on conventional understandings about shopping motivation, self image, and store image. As such, a successful business must have correspondence between organizational form and cultural meanings. This will allow them to meet subjective desires of customers (Biggart, 1990). It is not enough to expand a company's location, because other important aspects may be lost in the process. These things influence the customers' subjective meanings, determining overall satisfaction, sales, and company success.

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