Parisa Kamali Moghaddam

101218548

Target Co. is one of the United States ' major retail outlets with cheap for chic vision in the US Market but its arrival in the Canadian market faced with a huge failure.

According to PESTEL analysis the three main elements that lead to Target’s failure in the Canadian market are as follows:

1. Economical factor:

One of the most reasons for Target's failure was the high price of the goods in Canada’s store compare to the US and due to this fact that Canadian dollars are less than the US dollar, therefore Canadians buy goods more expensively than Americans relative to US dollars. Consumers are aware of the prices of the United States and since they are always searching for the best deals for their every good they did not want to buy from Target. On the other hand, Competitors such as Wal-Mart regularly equal costs and decrease prices. The target must monitor costs in order to remain competitive and satisfy fluctuating demands.

Moreover, the cost of the labour and stores of Target were too high compared to Walmart but the customers were so less and could not compensate for the massive money that spent in Target which leads to the failure of it.

1. Social/Cultural factor:

Canada has one-tenth of the population of America but is more widespread and more difficult to match the products with all type and styles, and since they bought Zellers stores which were dumpy, poorly configured for Target's big-box layout and were in the area not frequently checked by the middle-class customers, so they diminished people's image of what Target was. Due to this fact that multicultural society sees things differently and had huge expectations from Target, and also dysfunctional supply chain and in-store merchandise management system that left shelves bare, customers were deeply disappointed.

1. Technological factor:

Target also ran into a wall of competitors in Canada that had been sharpening the anticipation of Target’s arrival in the Canadian Market. Target competitors such as Walmart did a brilliant defensive job and worked on its online system and shoppings with great deals for online customers and mobile app that makes everything more convenient and friendly use and fast for ordering the products, so Walmart could have the market attention and win the market compare to Target.