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Target Hasn't Won Over Canadian Shoppers, Poll Shows

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Target Corp. TGT +0.21% is struggling to win the affections of Canadian shoppers despite much fanfare surrounding the U.S. discount retailer's Canadian launch in March.

The Minneapolis-based retailer arrived in Canada this spring, raising expectations of a new shopping experience here: access to chic fashions at un-chic prices.

However, a new customer satisfaction survey suggests Canadians are less than impressed, underscoring a shortage of inventory at some of the retailer's Canadian stores and disappointment over its pricing since the launch.

Target ranked at the bottom among its major competitors based on a public opinion poll conducted by Forum Research Inc. on Aug. 14. The Toronto-based market research firm randomly surveyed 1,578 Canadians, ages 18 years and older and found only 27% of Target customers were "very satisfied".

Costco Wholesale Corp. COST +0.90% topped the poll's rankings with 62% of respondents indicating they were very satisfied with their shopping experience at its outlets. Wal-Mart Stores Inc. ranked second, followed by Hudson's Bay Co. to round out the top three, according to the poll.

Target is undeterred by the findings. "In terms of this particular survey, we are not surprised as our early research indicated that new entrants often have low customer satisfaction survey scores as they ramp up," a Target spokeswoman said in an e-mail. "It is very early days still – we have only had stores open for about five months and in only five provinces- so we continue to fine tune and make enhancements," she said.

Results based on the total sample are considered accurate plus or minus 3%, 19 times out of 20, Forum Research said.

Potentially more worrisome for Target is that its latest customer satisfaction score was down from a poll held in the spring, Forum said in a release.

Target launched its first stores in Ontario in March and plans to open 124 across the country this year. At the outset, people camped out overnight to be the first to explore their neighborhood Target store. But the enthusiastic greeting seemed to catch the retailer off guard. Strong demand sapped supplies in some locations, prompting some shoppers to complain of empty shelves.

The Forum poll didn't provide reasons behind Target's relatively poor ranking, but pricing could be a factor. Canadians have often been frustrated by retailers charging higher prices in Canada than they do in the U.S. for the same goods. Shoppers hoped Target's pricing here would replicate that of its U.S. outlets, but that's only happened for certain items and not others.

Like other retailers, Target blames transportation and higher labor costs for the need to price items higher in Canada.