

# STRATEGY FOR GROWTH

**TKMaxx**  
**(As part of TJX company)**

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hello my name is sally

today i will be presenting an analysis of the current strategy of TKMaxx and suggesting new strategies to implement going forward to grow and maintain sustainable profits and business operation.

# Mission Statement

**‘To deliver great value to our customers every day’ (TKMaxx.com, n.d)**

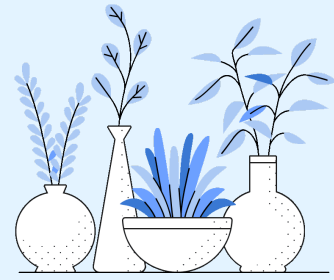


TKMaxx has the company mission statement "To deliver great value to our customers every day" (TJX, n.d)

This mission is achieved by “offering a rapidly changing assortment of quality, fashionable, brand name, and designer merchandise” listed for most commonly 20-60% below the RRP (TJX, n.d) to provide customers with a unique shopping experience for top brands at affordable prices.

On TKMaxx “how we do it” page on their website, they outline the strategy for sourcing merchandise. TKMaxx takes advantage of opportunities such as “department store cancellations, a brand owner making too much product, or a great deal when a vendor simply wants to clear merchandise” (TkMaxx.com, n.d) to stock its stores. TKMaxx also have products manufactured for the stores, collaborating with artisans in India, sourcing wool and cashmere from Italy, and designing soaps from Portugal and Australia. These are used more when there are less bargain deals in the market to source externally (TkMaxx.com, n.d)

## Strategic analysis - TKMaxx has a very sustainable business model



1. Environmental advantage of reducing landfill by selling unsold stock from other retailers

2. Low cost inventory and high perceived value from designer labels

3. 'Treasure' reward scheme to keep customers coming back



(TKMaxx.com . n.d)

This method of sourcing stock is highly sustainable both environmentally and as a business strategy. TKMaxx takes advantage of the need to quickly move stock, getting huge discounts while offering a valuable convenient service. This also prevents many high-quality items ending up in landfills or other disposals, an unfortunate consequence of many fast fashion trends.

From a stakeholder perspective

consumers remain highly engaged with the everchanging inventory and the rush of finding a great bargain deal

suppliers get money for otherwise unsold stock, reducing losses

managers and shareholders get good turnovers for cheap inventory, and as customers never get bored of the stock they keep coming back bringing more sales

TKMaxx has a rewards scheme called 'Treasure' which rewards customer loyalty with points for every purchase, redeemable for free gifts and prize draw entries



## Strategic Analysis - Porters 5 Forces

- **Competative Rivalry**
- **Supplier Power**
- **Buyer Power**
- **Threat of New Entry**
- **Threat of Substitution**

1. Innovative  
buisness  
model

2. High  
percieved  
value for  
customers

3. High buyer  
power, low  
supplier power



(MindTools, 2023)

### Porters 5 forces

Porters 5 forces is a framework created by Michael Porter and first published in 1978. The tool is used to help identify main competitive forces at work impacting the business. and make more informed decisions with future strategic planning. The five forces are: Competitive Rivalry, Supplier Power, Buyer Power, Threat of Substitution, and Threat of New Entry. (MindTools, 2023)

Competitive rivalry – Looks at the number and strength of competitors, such as quality of their products, and their market share. The board at TJX UK acknowledged in their annual 2023 report that the fashion and retail industry is highly competitive and always gaining new entrants into the market. TJX UK is in competition with “local, regional, national and international retailers” (TJX UK Annual Report, 2023, pp4) that sell similar merchandise. TJX UK states that they compete with a strong combination of factors which are “brand, fashion, price and quality as well as merchandise selection and freshness”(TJX UK Annual Report, 2023, pp4) These combine to put TKMaxx at a strong competitive advantage

Supplier power – The power held by suppliers to change prices or reduce quality. TkMaxx holds a lot of power with suppliers because they shop around and take whatever is the best deal for quality and price at any given time, with weekly deliveries from multiple retailers looking to clear their inventory. If one is too expensive, they find another. (TKMaxx.com, n.d)

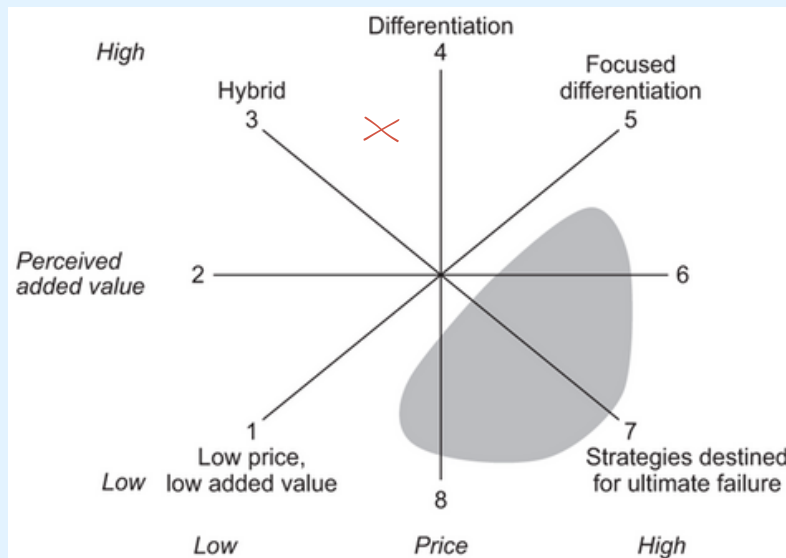
Buyer power – Looks at range of options available to buyers, and the opportunity to find cheaper alternatives. TKMaxx has a huge selling point of offering Luxury brands at 20-60% off the RRP,

and have a rewards scheme called 'treasure' where buyers can collect points for every purchase and get free gifts and rewards. One point per transaction, up to three points a day, and once you have six points, they can be redeemed for a gift or entry into a prize draw. Customers have 6 weeks to redeem points once they have collected a full set of 6 (TKMaxx.com n.d)

Threat of substitution – Looks at the likelihood of customers finding a way to have the same service cheaper, better, or both, such as cheaper product alternatives. TKMaxx offers such an eclectic, everchanging inventory that has a treasure hunt appeal, (Hua & Doherty, 2023) and customers never know what deals they will find week to week. No other retailers have the capacity to rotate stock so frequently aside from charity shops. TKMaxx, unlike charity shops, stock new, unused, and highly sought Luxury/designer brands at large discounts. Although you may get lucky and find designer items in charity shops, the chances are much lower, and they will likely be used and potentially have some typical ware-and-tear damage.

Threat of new entry – Likelihood of potential rivals entering the market and replicating your business model. TKMaxx has a large multinational brand recognition and strong supplier relationships. Although competitors could attempt to replicate the model, it would be hard to compete with such a well-established brand with strong customer rewards policy and brand recognition.

# Bowmans Clock

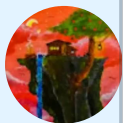


## Why not fully Differentiation?

Tkmaxx has the appeal of designer brands but customers are unwilling to pay full designer brand prices

## Why not fully Hybrid?

TKMaxx has low prices but doesn't alter the products and so there's no product differentiation beyond price. Products bought at TKmaxx are unchanged products from other retailers, just at a discounted price



TKMaxx = Hybrid / Differentiation

Sridharan, M. (2023, April 21)

## Bowman's clock

Bowman's clock is a tool used to evaluate and analyse its current strategy, and identify rooms for improvement, and areas of needs not being met. There are eight positions on the clock as shown below. These are;

1. Low Price and Low Value Added – The product or service is of low quality and the main selling point is it is cheap.
2. Low Price – products often mass produced to lower price per unit, and so are cheap but not necessarily low quality.
3. Hybrid (Moderate Price/Moderate Differentiation) – moderate prices but with product differentiations and added value, such as ethically produced, organic etc.
4. Differentiation – maximised perceived value for customers “High quality products and robust brand awareness are factors that lead to high prices and added-value” (Sridharan, 2023) Customers willing to pay more for a brand they recognise and assign value to.
5. Focused Differentiation – “Their products are high priced, and their target customers are willing to pay anywhere from 10 to 25 times more than their economy competitors” (Sridharan, 2023).
6. Risky High Margins – high priced products but no effort towards creating perceived value, often a temporary way to boost profits as customers soon find alternatives.
7. Monopoly Pricing – only one company is offering the product/service customers need and so the company determines pricing.
8. Loss of Market Share – Pricing an inferior product at a matched price to superior product offered by competitors. This tends to happen around booms in trending products where the demand is high, however is highly unsustainable as it eventually alienates customers and loses

market share (Sridharan, 2023)

I have placed TKMaxx on the diagram below as between 'Hybrid' and 'Differentiation.' This is because Tkmaxx has the appeal of designer brands but customers are unwilling to pay full designer brand prices. TKMaxx has low prices but doesn't alter the products and so there's no product differentiation beyond price. products bought at TkKaxx are unchanged from other retailers, just at a discounted price

## Strategic analysis - Potential weaknesses/ limitations



1. Very open plan layout with little attention to store aesthetics



2. 1 star rated app on apple appstore



3. No fixed stock so no consistency in shopping experience



(TKMaxx.com . n.d)

The potential weaknesses and limitations of Tkmaxx current strategy is the shop layout. It is very open plan with open racks of random items, although organised into vague categories such as t-shirts/ hoodies/ homewear etc. Given the business model this is difficult to avoid as there is no fixed stock to neatly categorise. However the general aesthetic of the shop is a little chaotic and may be offputting to some. Tkmaxx has put less focus on presentation and more emphasis on savings. TKMaxx would not stand the same way as a high end retailer, so investing heavily in presentation is unnecessary

The main limitation is the app which has a 1 star rating from an average of 84 ratings with comments like "worst store app in the world" on 12 december 2023 and the first 10 comments to come up, including on from 2nd jan 2024 complain about too many ads blocking the screen and ruining the experience of online shopping through the app. (Apple Appstore, visited 5 Jan, 2024)

# Strategic Plan Proposal - Fixing The App



Invest in app  
development



Encourage reviews  
on app following  
necessary  
updates to raise  
rating



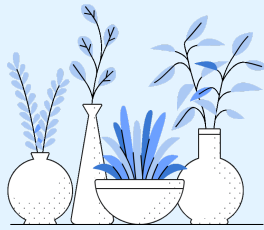
Review feedback in  
comments on app and  
adjust as suitable  
based on consumer  
feedback



Tkmaxx has a very strong strategy and seems to have worked to all its strengths with sourcing and pricing. The area in which its lacking is its app. Too many pop up adds making it almost impossibke to use the app, and very unpleasant experineece for shoppers. This will steer these customers elsewhere losing valuable sales.

Tkmaxx should invest into re programming the app to remove annoying pop up ads, making the interface more appealing and usable. with more and more people turing to online shopping as a preference, it is very important to have the means to support this trend, and a 1 star rated app gives a very poor impresson, the first 10 comments I read all listed popup ads as the reason for the bad review. this makes it very clear where the issue lies and can be addressed simply enough.  
this small change will have a big impact.





SlidesCarnival for the presentation template  
Pexels for the photos

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