

Justification for e-commerce shopping platform



Rationale

I propose that The TJX Companies, Inc. create an all-inclusive e-commerce shopping platform to include all of the TJX Family stores as I strongly believe this intrapreneurial opportunity has the potential to provide increased financial benefits to the already distinguished and reputable TJX Companies, Inc. brand name. Since 2014, the e-commerce retail industry has experienced an exponential boom and in 2018 represented 14.3% of total retail sales, which was a 15% increase from the prior year (Ali & Tong, 2019). Given the growth of the e-commerce sector as well as total sales within the retail industry, there are currently no indications of reduced growth in the near future.

In order to keep up with modern society's shifts of digital adoption, The TJX Companies, Inc. is presented an opportunity to make their one of a kind, 'treasure hunt' shopping experience accessible to loyal customers, labeled by the coined term 'Maxxinistas', all over the world. The notorious TJX Brand has established itself as a leader within the fashion and home décor industry through its key core competencies of opportunistic buying, aggressive inventory management, and high-value, off-price merchandise. An e-commerce shopping platform will capitalize on and align with today's fashion consumer trends (Sullivan, 2018).

Problem or Opportunity

In recent years, e-commerce has proven to become the most powerful engine for growth across all industries. Miva (2017) states, "With social media and mobile commerce growing exponentially in recent years, the

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conversation between businesses and consumers has become more engaging, making it easier for transactional exchanges to happen online.” (para#26) The loyal customers of The TJX Family stores have undoubtedly fueled the e-commerce boom, specifically the retail sector, in one way or another.

The e-commerce boom itself has created an opportunity for the TJX Family however, consumer’s involvement and recent adaptations have created a problem with the organization’s lack of e-commerce presence. In order to remain competitive and retain the loyalty of its customers, The TJX Companies, Inc. is faced with the problem of whether an e-commerce platform aligns with the organization’s operations and strategic goals rather than just with modern trends. I believe the latter to be true based on the company’s unified family of stores, branded element of surprise within the consumer’s shopping experience, current physical footprint, and customer loyalty.

The stores that fall within the TJX Family are not simply stores owned by one company, but rather a family of stores that operate as, ‘ One TJX’, yet offer different assortments of products in each unique store brand. This idea leverages a global presence including talent, infrastructure, ideas, and expertise across all geographies (The TJX Companies, Inc. 2018 Annual Report, 2019). For example, gift cards are universally sold and accepted across all stores, each store front is designed with an open layout concept: no walls, minimal displays and décor, and simply organized into major sections, and in some cases, the store fronts are combined to offer a more convenient, expanded shopping experiences to customers (i. e. T. J. Maxx & <https://assignbuster.com/justification-for-e-commerce-shopping-platform/>

Homegoods where T. J. Maxx offers family apparel and accessories, and Homegoods home décor and furnishings). An all-inclusive e-commerce platform will further unify the idea of a family of stores and a global presence (Company, n. d.) (Sullivan, 2018)

A unified e-commerce shopping experience hosting a family of stores will also enhance the TJX Family's important, branded element of surprise. " Eclecticism, combined with unpredictability and cut-rate prices, provides an ambience of surprise on each shopping visit; it also a provides a sense of urgency to commit and purchase, rather than simply browse." (Sharma, 2018, para# 4). For example, if the website sporadically offered reduced sale prices according to an internal schedule, it would provide customers with the same experience they are drawn to in a TJX Family store. This also is a cost savings opportunity for The TJX Companies, Inc. as it is much less labor intensive to publish an online savings than it is to individually mark tags in a store (Burns, n. d.) (Sullivan, 2018).

Based on the 2018 annual report, The TJX Companies, Inc. operates 4, 070 physical store fronts, which equates to approximately 110, 000, 000 square feet. It was also planned in 2019 to expand this physical foot print to 4, 306 stores across all the TJX Family brands. In addition, they either own or lease approximately 38, 000, 000 square feet of warehouse and distribution centers across the globe (2018 Annual Report, 2019). A combination of the element of surprise that requires extremely high inventory turnover and the large, worldwide, physical footprint are essential assets to an e-commerce expansion. The TJX family already has resources to facilitate the posing

challenge of continuously housing and flushing inventory required with an e-commerce platform (Burns, n. d.) (Sullivan, 2018).

The TJX brand has proven to be successful by measuring customer loyalty. Loyal TJX Family customers are provided a consistent and familiar shopping experience and continually drawn by the treasure hunt atmosphere that enhances each future visit. In addition, customers are drawn to the brand's authenticity and reciprocal loyalty to employees and customers within the surrounding community (Grillo, 2017) The overall purpose of a universal e-commerce platform is not a necessary means to seek new or maintain current customer loyalty, but rather a response to the shift in the retail market that will in turn generate a new type of loyalty to the same brand (Burns, n. d.) (Sullivan, 2018).

Market

Demographically, the target market for the TJX Brand and family of stores is women between the ages of 20 and 39 who are single, married and/or with children. These women ideally at a minimum hold an associate's degree and a part-time job contributing to their individual or combined household annual income between \$30, 000 and \$350, 000, which is considered middle to upper middle class (Alhanati, 2018) (Serafino, 2018). Psychographically, the women described above should have interests in the trends of the rapidly evolving fashion industry, a healthy and active lifestyle, seasonal shifts, modern home designs, simplicity, and value their money and the meaning of savings (Wallace, 2018) (Sullivan, 2018).

The current population of the United States is 325, 719, 178 people. Based on the criteria of the target market described above, 27% of the population fall within the age range, 51% are female, 20. 7% meet the education requirements, and 75. 3% fall within the household income. Although we cannot quantify the psychographics of the target market, the demographics suggest the TJX Family will be catering the new all-inclusive web platform to 6, 991, 052 people within the United States, in addition to all of those worldwide who also fit the same profile (U. S. Census Bureau, 2017).

Although the target market is outlined above, The TJX takes pride in the ability of their focused efforts to reach beyond their target at a wider market, including men, women and children of all ages and demographics.

The TJX Companies, Inc. operates as the top competitor of 25, 045 businesses within the Family Clothing Stores sector of the fashion industry, holding a 15% share of the approximately \$112 billion industry (O’Conner, 2019). Currently, given the two TJX Family online platforms, e-commerce sales account for 2% of overall sales and revenue, or \$320 million of \$16 billion (The TJX Companies, Inc. 2018 Annual Report, 2019). The goal of an all-inclusive platform that provides more opportunities for the organization’s target market is to initially increase e-commerce sales to 15-20% of overall sales in addition to their current growth forecast, approximately \$2. 4 billion to \$3. 2 billion if based on 2018 revenues.

The e-commerce and online auctions industry currently has 230, 000 businesses, generating \$560 billion in 2018. The clothing, footwear and accessories sector holds 16. 8% of the industry, or \$94 billion (Spitzer, 2019). Given this data, the TJX Family’s market for their new all-inclusive e-

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commerce shopping platform will be 2. 4% of the family clothing stores sector of the fashion industry, 2. 9% of the clothing, footwear and accessories sector of the e-commerce and online auctions industry, and . 5% of the overall e-commerce and online auctions industry.

Competition

The four key features of an e-commerce shopping platform that satisfy current customer needs include: the ability to control inventory, maintain a loyal customer base, quickly adapt to new technology, and offer superior after-sale services (Spitzer, 2019).

Inventory

The TJX Family manages and controls their inventory much unlike any fashion retailer as described above with the, ' treasure hunt' effect. Not only does its uniqueness entice consumers, there are means and methods to control the process proving consumers with the off-price value they are promised. The TJX Companies, Inc.'s inventory is globally sourced from over 21, 000 vendors in more than 100 countries. The company utilizes their resources to buy close to the need of timely fashion trends and brand emersions, and offer limited sizing and quantities (The TJX Companies, Inc. 2018 Annual Report, 2019) (Sullivan, 2018). This model is more efficient for the TJX Family's operations of an e-commerce site while still satisfying consumer demands.

Loyal Customer Base

As described above, The TJX Family has proven to have an expansive loyal customer base, which began during the Great Recession of 2008 where per capita disposable income plummeted and customers found joy and comfort in the company's shopping experience that offered familiar brand name merchandise at a discounted price. Since the TJX Family's rise to fame, the company was recently ranked #16 on the National Retail Federation's list of top U. S. retailers. Also, after surveying more than 77, 000 U. S. consumers and measuring familiarity, quality and purchase consideration, T. J. Maxx was voted Brand of the Year in the off-price retailer category by the Harris Poll (Serving Our Customers, n. d.).

New Technology

Modern consumers are most interested in the usability, personalization and privacy of an e-commerce shopping platform, which requires the TJX Family utilize and continually improve with new technologies.

Usability . is the most important part of an overall online shopping experience as it is expected to be instant and convenient. If the website is not functional, a consumer will simply go to another site that is (Sullivan, 2019).

Personalization. is the experience created to cater to every individual customer just as if they were being assisted by a sales associate in a store. Examples include the ability to create customer profiles and track purchase histories and/or personal preferences, as well as the ability to leave product reviews and ratings (Roesler, 2018).

Privacy. Consumers have a greater challenge assessing the ethical behavior of an online retailer with the lack of face-to-face evaluation. As a result, consumer's assessments are largely based upon their feeling of security before, in the process and after a transaction. Examples include account privacy, unsolicited, targeted marketing campaigns via phone/email/social media, and transactional security (Sergio, 2007) (Sullivan, 2018).

After-Sale Services

After-sale services include customer service, a return policy, a shipping policy and a rewards program. Modern consumers have high demands in each of these areas given Amazon's takeover of the market. Customer service should include a help center, FAQ page, and 24/7 chat and phone service, as well as the ability for a customer to request the assistance of an in-store associate for an online order inquiry. The return policy should include a simple, automated process of free return shipping or free returns to the store. The shipping policy should include Domestic free standard shipping, Domestic flat rate standard shipping, Domestic flat rate expedited shipping, and International table rate shipping (Overton, 2019). Lastly, the current rewards program for TJX credit card holders and non-credit card holders should extend to the new platform (Sullivan, 2019).

Company

The TJX Companies, Inc.'s mission is to, "to deliver great value to our customers every day." (Company, n. d., n. p.) To fulfill their mission, The TJX Family provides value to customers with a diverse inventory of high quality, brand name, designer merchandise at an off-price value between 20% to <https://assignbuster.com/justification-for-e-commerce-shopping-platform/>

60% lower than the manufacturer's suggested retail pricing (MSRP). In addition, the organization operates an extremely flexible business model that adapts with shifts in the unpredictable external economic and retail environments. Key operational features of The TJX Companies, Inc. include: an open layout concept and minimalistic store displays that focus on reduced overhead costs, extremely high inventory turnover to create the treasure hunt for shoppers, and global merchandise sourcing through an extensive list of reputable, trusted vendors (Company, n. d.) (Sullivan, 2018). While looking ahead, the TJX Family states in their 2018 Annual Report, " we expect the cost headwinds to persist. At the same time, we are laser focused on identifying opportunities to partially mitigate the expense pressures in ways that protect our successful, flexible business model and our shopping experience for customers." (The TJX Companies, Inc. 2018 Annual Report, 2019, p. 4)

The proposed all-inclusive e-commerce shopping experience aligns with the TJX Family mission to continually reach and extend beyond their market. A web-based platform has the opportunity to drastically expand the number of consumers worldwide, and provide them with the same shopping experience and great value found within the TJX Family stores. Just as the flexible business model has attributed to their success, it will also provide foundational structure for an e-commerce site that will in turn generate significantly fewer overhead costs than a traditional brick and mortar store. As the trends indicate, e-commerce and mobile shopping will continue to shape the ideal experience for fashion consumers worldwide. Aligning with

these trends will fulfill the TJX Family's mission and long-term organizational strategy.

Innovation

An all-inclusive e-commerce shopping experience is innovative because currently, there is no off-price retailer within the e-commerce industry. If the TJX Family were to successfully implement an e-commerce platform that hosts all of their family of stores, they would be the first to do so, living up to the status of being the leading off-price retailer. The creation of their flexible business model was once an innovation that has led to an overwhelming success. At a point in time, many would have believed the business to fail because of their non-traditional model, and the same is true for a potential e-commerce platform. The TJX Companies, Inc. has not only established themselves as a leading retailer, but also a leading innovator from the beginning. The TJX Family would be the best to pilot the first e-commerce platform for an off-price retailer.

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