

TJX: How Fast Should the Next Store Wave Move?

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Decision scope: Pace and sequence of store growth, existing-store renewal, and distribution/IT capacity

The assignment

The TJX Companies had 5,214 stores at the end of fiscal 2026. Management estimated that the company could eventually operate about 7,000 stores across its current and planned markets, including Spain. That figure was a long-run estimate, not an approved opening schedule. Spain was a planned market: TJX expected to open its first TK Maxx stores there in 2026, but no Spanish operating results were available by the cutoff. [S1, pp. 3, 15-16]

Assume the senior team is reviewing how quickly to pursue the next phase of growth. Should it accelerate openings in markets where its banners already operate, establish the planned Spanish beachhead, or put more emphasis on renewing existing stores and expanding distribution and IT capacity before adding stores at a faster rate? Recommend a sequence, the evidence needed to manage it, and conditions that would change your recommendation.

This is a classroom decision exercise based on public information. TJX has not disclosed a fixed capital ceiling or a binding choice among these uses. Treat management's 7,000-store estimate as context for the opportunity, not a schedule. Do not assume that a specific store project must displace a renovation, distribution investment, dividend, or repurchase.

A store-led model with several operating demands

TJX's off-price model depends on buying merchandise opportunistically and making a changing assortment available through physical stores. Its banners include Marmaxx (T.J. Maxx and Marshalls), HomeGoods, Sierra, TJX Canada and TJX International, including TK Maxx and Homesense. Store growth can extend customer reach and add selling space; it also adds locations that need merchandise, employees, logistics, systems and ongoing investment. The company does not disclose the stand-alone return profile or ramp-up curve for a new store by banner or market. [S1, Item 1, "Store Growth" and business descriptions]

At January 31, 2026, the company operated 5,214 stores, up from 5,085 a year earlier. Its long-run estimate of 7,000 stores comprised 3,000 Marmaxx, 1,800 HomeGoods, 325 Sierra, 650 TJX Canada and 1,225 TJX International stores. These estimates assume the stated current geographies and selected Homesense growth; TJX said the potential included planned Spain entry. The arithmetic difference between 7,000 and 5,214 is 1,786, but it is not a project pipeline or a committed number of openings. [S1, shareholder letter p. 3; Item 1, pp. 15-16]

Management described continued store openings, renovations, and office, distribution-center and information-technology investment as parts of its growth plan. These activities support different parts of the operating system. More stores can add customer access but increase merchandise-flow requirements. Renovations may refresh established locations. Distribution and IT investment can support the network, although the public filings do not disclose utilization, throughput constraints or the incremental benefit from specific projects. [S1, Item 7, “Investing Activities”; S2, Item 2, “Investing Activities”]

Strong first-quarter results, with more than one explanation

In the 13 weeks ended May 2, 2026, TJX reported sales of \$14.323 billion, up 9% from the prior-year quarter. Comparable sales increased 6%; by division, Marmaxx comps rose 6%, HomeGoods 9%, Canada 7% and International 4%. Reported International sales grew 13%, while constant-currency sales rose 7%. The difference matters when comparing the division's headline growth with underlying local-currency performance. [S3, “Comparable Sales by Division” and “Net Sales”; S2, Item 2, pp. 25-30]

The pretax profit margin was 12.0%, compared with 10.3% a year earlier, and diluted earnings per share were \$1.19 versus \$0.92. Management said the margin improvement primarily reflected above-plan sales leverage, favorable fuel hedges and stronger merchandise margin. Those drivers describe one quarter; the results do not estimate the return on a new store, renovation or distribution-center project. [S3, “Margins” and “Outlook”]

Total inventories were \$7.675 billion at May 2, compared with \$7.127 billion a year earlier. TJX also reported that per-store inventory, including distribution centers but excluding in-transit and e-commerce inventory, was up 7% reported and 6% at constant currency. Management characterized the quality and availability of merchandise as outstanding. Total inventory and the per-store measure have different scopes; neither by itself shows excess stock, a shortage, or a binding capacity constraint. [S3, “Inventory”; S2, balance sheet and Item 2, pp. 25, 30]

Exhibit 1. FY2026 actual and FY2027 planned capital spending

Capital spending category	FY2026 actual	FY2027 guidance
New stores	\$185 million	\$222 million
Store renovations and improvements	\$921 million	Approximately \$1.0 billion
Offices and distribution centers, including IT where specified	\$851 million	\$992 million
Total	\$1.957 billion	\$2.2-\$2.3 billion

Sources: TJX FY2026 Form 10-K, Item 7, “Investing Activities,” p. 37; Q1 FY2027 Form 10-Q, Item 2, “Investing Activities,” p. 30. FY2027 categories are approximate company guidance and sum to about \$2.214 billion; rounding explains the difference from total guidance. The \$2.2-\$2.3 billion range is companywide, not a store-growth budget or a pool allocated among competing projects.

Growth, renewal and capacity

In FY2026, TJX spent substantially more on renovations and improvements and on offices/distribution centers than on new stores. For FY2027, its guidance again included about \$1.0 billion for renovations, \$992 million for offices and distribution centers, and \$222 million for new stores. These categories show management's announced investment mix; they do not show which projects are discretionary, how much capacity remains, or the relative returns. The company said it expected to fund the plan with cash and internally generated funds. [S1, Item 7, p. 37; S2, Item 2, p. 30]

The planned Spanish entry creates a distinct sequencing question. A first store can provide a foothold and learning about local customers, merchandise and operations. But no launch economics, mature-store productivity or country-specific infrastructure requirements were publicly available by August 4. The 100-store estimate for Spain was part of the long-run potential, not evidence that 100 openings were approved or that a specific pace was optimal. [S1, shareholder letter p. 3 and Item 1, p. 15; S3, store-growth outlook]

The opportunity also varies by banner and market. Q1 comparable sales were higher at HomeGoods than at International, for example, but aggregate division results do not identify new-store economics or prove that one market offers the better marginal opportunity. International reported growth also included currency effects. A useful recommendation must explain how it would distinguish demand, currency, store maturity, merchandise availability and local execution rather than treating one quarter's sales growth as a project return. [S2, Item 2, pp. 25-30; S3, "Comparable Sales by Division"]

What can retail research contribute?

One formal model of treasure-hunt shopping treats search enjoyment as a possible source of consumer utility, alongside the chance of finding a suitable item, product value and the time or fatigue involved. In an illustrative survey of 59 marketing undergraduates at one California university, 88% agreed to some degree that shopping was truly a joy and 51% said they went to thrift shops because they enjoyed hunting around. The model and small survey suggest a possible mechanism for off-price discovery; they do not estimate TJX customers' behavior or show that harder-to-shop stores perform better. The accessible full manuscript was a prepublication version; the final journal abstract was checked separately. [A1, manuscript §§3-5 and Appendix B, pp. 53-57; publisher record]

A study of an unnamed U.S. high-end multichannel retailer examined ten off-price store openings. It found reduced spending at the retailer's full-line stores, increased online spending and an overall increase in customer spending in its setting. The analysis included 13,500 sampled customers and a separate market-level new-customer analysis. It offers a reason to test for both demand shifts and demand creation, but its retailer, customer mix, channels and return-to-store mechanism differ from TJX. Its estimated effects are not TJX sales forecasts or store returns. [A2, accepted manuscript pp. 13-26, 37, 47; Web Appendix p. 58]

The decision

TJX's disclosed plan combines continued openings with substantial renewal and infrastructure investment, while its reported first-quarter demand was strong. Yet public information does not show new-store returns by banner, renovation lift, store-cohort ramp-up, distribution-center utilization, merchandise-flow service levels, or launch economics for Spain. Nor does it establish that capital is scarce or that one of the announced uses must be cut.

Recommend a pace and sequence for the next phase of store growth. Address existing-market openings and the planned Spanish entry, the role of renovations and distribution/IT capacity, and the limits of the 7,000-store estimate. State what evidence management should track at each stage, how it should compare markets and banners, and what findings would lead you to accelerate, hold, or redirect the sequence. You may propose review gates or decision criteria, but label them as your recommendations rather than company plans. Do not invent project returns or an undisclosed capital conflict.

Sources

S1. The TJX Companies, Inc., [FY2026 Form 10-K](#), filed March 2026. Store potential: shareholder letter pp. 2-3 and Item 1, pp. 15-16; capex: Item 7, p. 37.

S2. The TJX Companies, Inc., [Q1 FY2027 Form 10-Q](#), quarter ended May 2, 2026; filed May 29, 2026. MD&A and investing activities, printed pp. 25-31.

S3. The TJX Companies, Inc., [Q1 FY2027 results release](#), May 20, 2026. Comparable sales, net sales, margins, inventory, distributions and outlook.

A1. Gu, Zheyin (Jane), Cristina Nistor, and Matthew Selove, “The Joy of Shopping: Thrill of the Treasure Hunt,” *Management Science*, published online May 21, 2026, [publisher record and final abstract](#); [accessible author manuscript](#). Detailed propositions and survey figures above refer to the prepublication manuscript.

A2. Ramkumar Janakiraman, Harsha Kamatham, Rishika Rishika, and Subodha Kumar, “The Effects of Off-Price Store Opening on the Incumbent Channels of a Multichannel Retailer: Full-Line Stores Versus Online Store,” *Journal of Marketing Research* 62, no. 6 (2025): 1081-1100, [publisher record](#); [full author-accepted manuscript](#).

Only information publicly available by August 4, 2026 is included. TJX's Q2 FY2027 results, released after the cutoff, are excluded.