

Next market share and market competitors

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The above graph shows the profit before tax of each of the five divisions of NEXT Plc from 1996 to 2000. The graph shows that NEXT Retails has a clear steady growth in its profit generation. Other divisions of the NEXT Plc have fluctuation in the rate of profit generation; some years may experience a growth over preceding years and the next year would witness lower profit maximization. Next market share and market competitors The clothing and fashion industry in Britain with a labour force of about 220, 000 workers is one of the largest industries with the most employer of labour in UK.

The sector's majority of workers are women (prospect. ac. uk, 2006). However, in recent times the industry is experiencing low ebbs. This has culminated in the lay off in number of staffers, especially women workers. The clothing and textile sector of the industry in UK with employment force of 150, 000 workers sheds jobs, with declines at a rate of 11% per annum, with 84% of those who lost their jobs in the industry constituting women (eu-employment-observatory, 2004).

At the same time, clothing production output halved from 1995-2002. The strength of the clothing industry lies in its diversity of companies, products and the abundant skills and good support structure and high investment. Moreover, its weakness lies in the heavily reliance of the industry on high street multiples, and coupled with the growth of low cost retailers, they tend to compete with these retail outlets on price setting.

The major actors in the industry include Alexon Group PLC, Arcadia Group Ltd, Austin Reed Group PLC, Bhs Ltd, British Apparel and Textiles Confederation, British Menswear Guild Ltd, Debenhams Ltd, House of Fraser PLC, Marks and Spencer PLC, Matalan PLC etc. The entry mode into the <https://assignbuster.com/next-market-share-and-market-competitors/>

industry is without much restriction as the UK parliament is in support for the growth of the domestic clothing and textile industry; no much restriction is place for new entrants. NEXT is a major player in the industry with over 2 million active customers, and 480 shops in UK and over 140 overseas.

The market share of the company is high. Hence, with the BGC matrix analysis NEXT can be considered to be a 'STAR' with a high market share and high level of industrial growth. In assessing the competitive environment in which NEXT plc operates, it is seen that the industry has high cost for new entrants. Thus, there is insignificant threat emanating from the little new entrants into the industry. The real threat facing the NEXT Plc is from the big and well-established organizations, supermarkets, and chain stores. You may also read Next PLC SWOT Analysis

According to Giffels (2001), the threat comes more from the big labels, department stores, or chain companies outside the UK. Companies such as Calvin Klein and Donna Karan, for example, have money, knowledge, and the power to enter the clothing market in a short period. Both which opened their 8, 000 to 10, 000 square feet stores on New Bond Street or Ralph Lauren which opened his 45, 000 square feet store in central London demonstrate how to infiltrate a rather conservative domestic market.

The threat facing the NEXT organization is further intensified through the venturing into the UK clothing market by American clothing organizations. The power of buyers is a force that needs to be acknowledged as a firm intends to gain competitive advantage. For NEXT Plc the industry have buyers with high bargaining power. They have choice to make from resulting from the competitive industry environment. The buyers tend to make their

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demand based on deriving the best services from one seller or they may be tempted to proceed in patronizing from another.

The supplier in the industry are many in number, thus they have little influence on a firm like NEXT, this is because the organization can switch to another supplier when the terms of contract is unfavourable. The power of product substitution is of little significant to NEXT Plc as different cloths can be a substitute for any other. A jean can be a substitute to a plain trouser, a pullover as substitute for a shirt etc. NEXT is a producer of all these clothing that would constitute a substitute to each other.