

# Examining marks and spencer group plc business essay



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This report examines the Marks and Spencer Group Plc. It begins with the main objectives and purpose of the organisation and follows with the key features of the organisations Business Environment. It then goes on to analyse the impact of European economic and political integration in terms of trade.

Marks and Spencer Group Plc was founded in 1884 by Michael Marks with the opening of a Penny Bazaar stall at Leeds Kirkgate Market. Today it is one of the UK's leading retailers with over 600 stores nationwide. In addition to its successful UK business it holds an expanding international business which comprises of over 295 stores throughout 41 territories.

Marks and Spencer's core business is general merchandising (clothing and home) and food. Its main competitors are Waitrose, Tesco, Asda and Primark.

## **2. Define, list and explain the main objectives and purpose of the organisation**

Marks and Spencer has five key principals which define how it runs its business these are:

Quality

Value

Service

Innovation

Trust

These five principals are fundamental to the success of the business and they remain as important today as they have done over the past 125 years.

Marks and Spencer's core objective is to ensure their brand will continue to offer Quality, Value, Service, Innovation and Trust.

One of the aims of the business is to improve value, without compromising on quality.

Mark and Spencer's uppermost priority is to lead the business through the recession whilst continuing to invest for the long term. Six objectives were put in place in November 2008 In order to achieve this and are as follow:

Retain their market leading position in GM

Improve their performance in food

Drive their international business

Optimise margins and tightly control cost

Maintain a strong balance sheet

Uphold high ethical standards

Marks and Spencer intend to be the world's most sustainable business by 2015. This target is to be achieved through their Plan A commitments.

(187)

### **3. Identify and explain the key features of the Business Environment**

The Business Environment is a combination of internal and external factors that affect an organisations ability to operate, grow and continue to exist.

The Business Environment can be divided into the micro-environment which consists of; customers, employees, suppliers, shareholders, media and competitors and the macro-environment which includes regulations, government activities, the economy, demographics, social and cultural factors, innovations, and technological developments.

In order to ascertain the Business Environment of an organisation a number of strategic tools can be used. A SWOT analysis can be effective in identifying an organisations strengths, weaknesses, opportunities and threats, whilst a PESTLE analysis can be valuable in analysing an organisations macro-environment.

(106)

### **SWOT analysis of Marks and Spencer Group Plc**

#### **Strengths**

#### **Weaknesses**

Unrivalled reputation for Quality, Value, Service, Innovation and Trust

UK's biggest clothing retailer

Top UK retail website

Diverse range of products - clothing , food and wine, home and furniture, technology, flowers and gifts and financial products

Leading premium quality food retailer

Brand awareness

Consumers perception of M&S is that their products are highly priced

Consumers perception of M&S is that they are not always in touch with the latest fashion trends

Reduction in money back guarantee - whilst competitors are increasing theirs

Leading shareholders furious over Rose and Bolland salary packages

## **Opportunities**

### **Threats**

Growth of international markets - in particular India

The world has an ageing population - M &S's core target market is already the older generation

Product diversification into Home Energy Services, Telecoms and M&S-branded cosmetics

Ability to reach new target market through new advertising campaigns - aimed at younger generation

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Economic conditions remain uncertain

Decline of the high street - due to consumers doing more of their shopping online

Competitor product ranges which directly compete with M & S food such as Tesco finest

Competitor Asda to offer 100 day money back guarantee on it's George clothing

Takeover bids

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## **PESTEL analysis of Marks and Spencer Group Plc**

### **Political**

Key political factors that are of relevance to Marks and Spencer are as follow:

#### **Government type and stability**

The imminent general elections are to some extent going to leave many businesses feeling a high degree of uncertainty. Trading will get tougher this year as taxes rise and public spending falls to bring down government debt.

(51)

### **Economic**

Key economic factors that are relevant to Marks and Spencer are as follow:

Economic conditions affect how easy or how difficult it is to be successful and profitable at any time because they affect both capital availability and cost, and demand.

(28)

## **Social**

Key social factors that are relevant to Marks and Spencer are as follow:

### **Aging population**

Marks and Spencer's has always been seen as an organisation whose target market is the older generation. The population of the UK and the world in general is continuing to age. Figure 1 below shows the increase in which the UK population will age by 2033.

(46)

## **Figure 1**

### **Ageing**

#### **Fastest increase in the 'oldest old'**

Population by age, UK, 1983, 2008 and 2033

Office for National Statistics (2009)

## **Technological**

Key technological factors that are relevant in assessing Marks and Spencer are as follow:

Marks and Spencer were the first company in the world to use revolutionary teardrop trucks. The trailers are capable of carrying up to 16% more load and the aerodynamic shape offers a 10% reduction in fuel consumption.

Xerox solid ink technology helps Marks and Spencer with Plan A commitments.

(49)

## **Environmental**

Key environmental factors that are relevant to Marks and Spencer are as follow:

Weather

Adverse weather conditions in the UK have had a devastating effect on businesses up and down the country.

(18)

## **Legal**

Key legal factors that are relevant to Marks and Spencer are as follow:

EU legislation has recently been introduced to protect the

Marks and Spencer has become the first high-profile retailer to be hit by new Prosecco regulations after 14, 400 bottles of its Rosecco brand were seized.

The market structure of Marks and Spencer can be considered as perfect competition. (13)



## **PORTERS 5 FORCES analysis of Marks and Spencer Group Plc**

### **Competitive rivalry within the industry**

#### **Threat of new entrants**

Cortefiel: launching standalone stores in competitive UK market

(8)

#### **Bargaining power of suppliers**

#### **Bargaining power of customers**

#### **Threat of substitutes**

### **4. Analyse the impact of European economic and political integration in terms of trade**

### **5. Conclusions**