

# Critical evaluation of current marketing

[Business](#), [Marketing](#)



Marks & Spencer (M&S) is one of the largest retailing stores in Britain dealing with production and supply of a wide variety of products such as clothing, house ware, foodstuff, footwear and financial services. M&S has been very successful in Britain where it started in a stall and currently has over 600 stores and has diversified to be an international business with almost 300 stores situated in other countries worldwide. M&S has been faced with many challenges in the market leading to a decline in its sales and many losses experienced in both local and international markets.

M&S has attempted several ways to transform its marketing strategies in order to stabilize its economy in both local and international markets such as in London, UK and Istanbul, Turkey.

### 3. 0 Organizational Background

#### 3. 1 Events

Marks & Spenser is the largest retail shop in Britain and has dealt with home upholstery, clothing and foodstuff both locally and internationally. In addition, Marks & Spencer has offered financial services in UK, Europe, America and far East that generated about 3% of their incomes in the year 1998 (Dow Jones Industrial 1999). Michael Marks started Marks & Spencer in the 1884 in a stall on a loan as a wholesaler.

The company aimed at quality and low cost productions as a means through which they can stabilize in the markets. With time, Marks & Spencer employed more people and based their production philosophy on certain missions including long-term relationships with the suppliers, quality productions at affordable prices, corporate social responsibility and using a single brand name locally and internationally (Alon 2000).

### 3. 2 Enquiries

The big question to be answered is: What are the current marketing strategies in M&S and how these strategies have been used during the market crises.

Marks & Spencer has currently been hit with a series of crisis in its markets particularly in the home market (Vitorovich 2009). Market capitalization and product prices have reduced leading to reduced sales revenues in the local and overseas markets. This study make and enquiry whether Marks & Spencer has come up with different initiatives such as formation of marketing departments in 1999 to be more proactive and focus on the markets where the department was headed with an experienced veteran officer who had headed one of the departments in the home market (Alon 2000).

3. 3 Other Services Marks & Spencer has encouraged the local textile manufacturers to produce more leading to improved quality and flexibility in production and supply as compared to importing raw materials (Tse 2004).

4. 0 Rationale of the Chosen Topic The rationale of the chosen topic is based on certain hypotheses. First hypothesis is M&S marketing strategies in London, UK and Istanbul, Turkey are the same and a null hypothesis is that M&S marketing strategies in London, UK and Istanbul, Turkey are not the same.

It has been established that the M&S marketing strategies in London, UK and Istanbul, Turkey are the not same. This is because London has many M&S stores are compared to Istanbul and the London is more interested in the clothing because of the weather changes in the area as compared to Istanbul. The trading currency used in London were weak in value forcing M&S to concentrate on overseas procurement of products and this is may be relatively expensive when it comes to production leading to higher prices of good to customer against M&S philosophy.

In London, it was fashion that made the day and so clothing business did well as compared to Istanbul where foods were more profitable (Bowser 2008). Second Hypothesis is M&S marketing strategies in London, UK and Istanbul, Turkey during crisis will be successful and the Null hypothesis is M&S marketing strategies in London, UK and Istanbul, Turkey during crisis will not be successful. The right answer is M&S marketing strategies in London, UK and Istanbul, Turkey during the crisis will be successful.

This is because in London M&S has been faced with the lower value of the Britain pound that has forced them to procure products from overseas and they made strong relationship with the suppliers to ensure a constant supply with the raw materials for production. Declination of sales in London was resolved by reduction or sliming of the company where some of the stores were closed down to reduce expenses. This is the best decision to make because the company then had enough time to concentrate on the most profitable products leading to stabilization of their economy (BBC News 2009).

Moreover, the top management was ready to for go their bonuses to increase the M&S investments or initiatives aimed at stabilizing their economy. 5. 0 Research Questions Hypothetical research questions were formulated and used for the study. These questions included; • How are Marks & Spencer marketing strategies? • How are Marks & Spencer marketing strategies during a crisis? • How can M&S marketing strategies during crisis in London, UK and Istanbul, Turkey be compared and contrasted? 6. 0 Aims and Objectives of the study

The aim of this research is to evaluate the critical current marketing activities in retail industry during crisis as a case study of the Marks & Spencer to be sustainable in the dynamically changing market or business environment. The following are the objectives of the study:

- To carry out a rapid literature review on Marks & Spencer marketing strategies during normal market situations.
- To study Marks & Spencer marketing strategies during crisis.
- To critically evaluate the marketing strategies in M&S in London, UK and Istanbul, Turkey during normal market conditions.

- To identify the similarities and differences in M&S marketing strategies during crisis in London, UK and Istanbul, Turkey.

## 7. 0 Literature Review 7. 1

What are Marks & Spencer marketing strategies? M&S has been prosperous in its markets and by 1994, it had acquired a market share of about 19% in the UK retail markets with around 34% on women undergarment and over 20% on men suit leading to a total of over 40% of the country's underwear and around 15% on the clothing markets. The figures translate to double digits making M&S more reputable in the UK's retail markets (Alon 2000).

The jubilant never lasted and in the 1998 M&S experienced losses amounting to about 34%, later another 50% loss registered in the following year in both local and international markets due to lack of awareness of M&S new brands in the markets. Profit declination in M&S from 1998-1999 was due to unexpected reduced sales, declination in overseas markets and increased importation of raw materials (Rachael 1999). There has been intensified competition locally and internationally from both mega merchandisers and specialty retailers.

M&S managers were blamed for poor management in terms of merchandising, inventory controls and poor response strategies to competitions in the markets. The competitors such as Oasis, Jigsaw and Kookai amongst others have criticized the quality and pleasance of M&S products in terms of color, shape and size depending with the climate, price and personal services (Chapman 2000). M&S has therefore been challenged on all business segments and has been caught unaware with the business spectators and investors.

The following four Ps marketing theories were used in Marks & Spencer (Kotler 2003). 7. 2 What are Marks & Spencer marketing strategies during crisis? M&S was faced with a major crisis when one of the top executives Mr. Wilson was leaving for another company and M&S chief executive carried out an emergency meeting to persuade him to stay. These were bad times in M&S especially when their financial manager was leaving at the time when they were faced with a lot of financial crisis such as reduction in sales volumes in all sectors except in foods.

An overall decline in sales for the seventh successive quarters was realized and M&S continuously lost the market shares. Shareholders got worried of the M&S financial status when its stocks reduced to below 400p (Daley 2005). M&S top executive convinced the public that, even though Mr. Wilson will leave them, they will still be able to make up for his responsibilities without replacement and in the long run they are capable of making the company even more successful. The top executives were shifted in offices to create a change leading to increased productivity.

M&S became a limited company by adopting revolutionary policies that led to directly procuring products from the manufacturers leading to reduced production costs because of the eliminated processes. In 2004, M&S attempted to sell some of its premises to the other investor in the market, expand on its Per Una clothing range, closing up some of its stores and focusing on sustainability of its food stores (Fawwaz 2007). In addition, M&S came up with a recovery strategy that called for selling off the financial services to HSBC Bank plc.

Some of the plans never succeeded because the targeted buyers of the premises or businesses failed to turn up accordingly due to disagreements between the shareholders on the issues. M&S has been reviving rapidly since June 2005 and has registered a doubled profit value of around 766p in May 2007 from about 319p. 7. 2. 1 M&S marketing strategies during crisis based on the 4Ps or marketing mix The 4Ps namely product, place, price and promotion is a strategic management tool used in organizations to control visible changes.

M&S have used the 4Ps in developing their marketing strategies so that they can be more productive and financially stable in a dynamically changing business environment leading to changes in marketing strategies because of market crisis as shown in the diagram 1 (Kotler 2003). Diagram 1: Changes in 4Ps as influenced by changes in marketing strategies 7. 2. 2 Product During the crisis, M&S started dealing with casual dresses in some of its stores in the local markets. M&S focused on “ Per Una” a clothing type that was designed by George Davies and then redesigned the business model to improve on their rates of return in 2001.

M&S later accepted offering its services to customers that had other credit cards other than theirs and worked even on weekends particularly on Sundays (Fawwaz 2007). Cafes and bars were introduced in most of the stores to provide for hygienic, nutritious and cheap catering for increased number of people. M&S benefited from this system more so during crisis in the countries such as war because it was the most convenient way to cater for people when resources are scarce.

Later on, Asian foods were introduced in to the stores and online shopping was initiated to promote sales of new and fashionable clothes that were then being sold. In 2006, M&S introduced a wide range of Christmas offers from foodstuff such as sandwiches to products for supporting charity housing as a shelter. M&S has redesigned changing its premises to have its new signature styles and has decided to use energy serving systems to reduce emissions with up to 50% and adopted a wide selection of technology goods in most of its major stores with home departments (Fawwaz 2007).

An M&S laptop has been installed and commissioned to provide technical services and a house to services can offered for example maintenance services to the laptops bought from M&S. 7. 2. 3 Price During the crisis, M&S refused to expand its markets with the Brook Brothers because the Brook Brother was selling its products at a relatively higher price and M&S was so conscious of their prices as their philosophy in business (Cope 2000). M&S always emphasized on quality to maintain its reputation of fair value for money. M&S reduced market prices further to retain its market share (Laurent 2009).



7. 2. 4 Place In the early years of economic crisis M&S felt it had over saturated the local markets and therefore decided to internationalize as a means through which it could have expanded its markets. M&S formed mergers and acquisitions with other companies by 1996 about 60% of the world's largest economies in UK, Canada and Europe (Alon 1999). M&S had left out some of their plans including diversifying their stores internationally such as Brooks Brothers and has aimed at improving its core competencies in the UK to stabilize the business.

In response to the crisis, M&S mainly focused on the UK businesses in existence because they believed the brands were still valuable and appealing in the international markets and expanding Brook Brothers would be of little or no impact to the business (Cope 2000). In the current economic crisis, M&S has gone online using the GNX system, which is web, based and has been successfully used to provide secure, highly reliable, and scalable to offer fault tolerant solutions to the company in more than 300 local and 400 external trading business partners (Francisco 2005).

GNX system has offered 90% efficiency in M&S leading to cross platform production processes using the system because the system suited its corporate IT standards leading to increased collaborations in management and production (Calif 2002). 7. 2. 5 Promotion When a new Chief Executive was hired, she changed the M&S brand name from St. Michael to a promotional one called Your M&S banner on the products as a way through which the company could be revived in the market. Promotions were then being done on ITV for example TV commercials for the M&S could be broadcasted.

In 2006, a corporate social responsibility called 'Look Behind the Label' was launched to enlighten the customers on ethical and environmental protection practices as offered by the M&S in their production methods (Chapman 2004). These included sustainable fishing, fair-trade products and use of environmentally friendly clothing dyes (Fawwaz 2007). The new brand name has been used for online advertisements and in store merchandising and the coloring and fonts used in the brand name are more appealing (Sean 2002).

The success of the new brand name has been seen in the prosperity of the new clothing model twiggy, that was launched and the other sub-models such as bohemian styles of the 2005 and 2006. M&S launched a TV advertisement for a wide range of food for Dervla Kirwan where they successfully used the brand name to emphasize it is M&S food and not just a food. Offered online services using the GlobalNetXchange (GNX), which is a web, based system where the customers can view their full range of products and services (Francisco 2005). 7.

3 What are the similarities and differences of Marks & Spencer crisis marketing strategies in London, UK and Istanbul, Turkey? The similarities in the M&S marketing crisis in London and Istanbul are internationalization to diversify and to attain flagships in the major cities worldwide through enhanced relationship with the partners (OT Roger Hextall of NMC 2004). In addition, both Istanbul and London markets were set to deal in a wide variety of products other than those that were initially provided by the M&S as new product offers including cafes in the stores (PR Newswire 2009).

Both London and Istanbul practiced electronic trading through the internet to enhance market reachability and reliability. This has implications the M&S  
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sought to attain economies of scale. 7. 3. 1 Product In product similarities in UK and Turkey, M&S had three main categories of products in its business line including foodstuff, financial services and general merchandise such as undergarments, handbags, clothing, footwear, cosmetic, books, toys and upholstery. A wide range of foodstuff was offered including perishable, cultural, meat, both soft and alcoholic beverages.

There were special products sold such as chicken tikka sandwiches, mushroom risotto, salmon en croute and chocolate-covered ginger biscuits (Alon 2000). M&S is currently transforming its meals styles by introducing juice and coffee inn in certain stores and the financial services included personal loans and equity plans, life insurance and unit trusts. This has implications that M&S has is attracted to the new products development for wider customer satisfaction. 7. 3. 2 Price

The founder of M&S Michael Marks started with a product price of a penny that was written on the products to inform all intended buyers and the company targeted middle class customers. M&S formed a strong business relationship with the local suppliers to help regulate their prices that are highly affected by the prices of raw materials (Farndon 2008). In price similarities at UK and Turkey, M&S has developed larger economies of scale and this is a convincing power to the suppliers to reduce their prices and improve quality of their productions leading to lower prices and quality goods offered to the customers.

Even though there has been a substantial decline profit margin in the markets, M&S has relatively moderated their prices with a casual pant going at about \$50 and it has operated with both local currencies and Euros in its

stores (Alon 2000). This has implications that M&S is pursuing cost leadership in its marketing strategies. 7. 3. 3 Place In place similarities at UK and Turkey, M&S stores are of two formats for example ones dealing with foods only while the other with general merchandise with a basement dedicated to foods.

The average sizes of the stores ranges from over 35, 000 to 40, 000 square feet and an additional remote location area of over 9290square meters. Recently, M&S has expanded its stores by some square footage; the stores were located main streets of the major cities to capture large masses of people in the towns and in metropolitan areas. (Alon 2000). M&S has acquired market share in Turkey as one of the largest markets in Europe and has a valuable global property portfolio mainly targeting prime cities and districts globally.

This has implications that M&S has progressively and successfully networked its suppliers in Turkey with it's headquarter remaining at UK. 7. 3. 4 Promotion In promotion similarity at UK and Turkey, M&S has not really advertised its products since it relied on verbal advertisements as a very powerful and cost effective tool together with a powerful brand name for marketing a product. Even though the brand name benefited M&S initially, it later lost its value from the new and popular brands in the market.

M&S only advertised for their new products, retail formats in the market that led to low brand name recognition, and this had been experienced when a new store was launched in Paris (Alon 2000). This has implications that M&S promotion strategies are failing and other competitor are gaining more advantage. M&S spent very little in their promotion strategies with less than

£5 million as compared to the major competitors that spent almost £20 million leading to reduced sales revenue (McColl-Kennedy & Kiel 2000).

M&S therefore decided to invest more on sales and marketing of their products and increased their advertisement budgetary to around £20 million inviting advertisement agencies for assistance where necessary. M&S planned for a television campaign for a second time to advertise its products (Alon 1999). The differences in marketing strategies in London and Istanbul during the crisis including closing down of stores that was done in London and in Istanbul increased number of stores were opened to gain a competitive advantage.

In Istanbul, the foodstuff was doing well as compared to London where clothing was the best as favored by the climate changes during summer and this attracted so many traders to London (Alacra 2009). In London M&S, so many people lost their jobs when most of the stores were closed down because of reduced sales leading declined profit margins as compared to Istanbul where many people found job opportunities in M&S that was one of the largest stores in the world (Davey & Potter 2009).

In London the sales declination crisis was because of weaker pound value in Britain forcing M&S to start purchasing overseas leading to increased production costs as compared to Istanbul where raw materials were readily available (Rowedder 2009) Another difference is in payment options. The UK home stores can only transact with the M&S credit card holders since other cards such as American Express, Visa, MasterCard and Discover have been rejected in the M&S local markets.

Customers can deposit money in their M&S credit cards to improve their purchasing power with up to 20 times for example a \$100 will earn them \$2000 and enhanced group pensions and life assurance contracts (Alon 1999). In Turkey all major credit cards are accepted. In UK, even though just 3%, financial services is the fastest growing product in M&S with a profit increment of about 24% from 1998's to £111 million and credit card holders increased in number to 5.2 million. M&S brand name is St.

Michael that targets people across all age groups and sub brands to target specific market niches leading to increased productivity. This difference in payment options has implications that M&S in UK is locking out potential customers. 8.0 Methodology A case study method will be used to carry out the M&S study on the current marketing strategies used in retail industries during crisis. Case study is a research method used to allow easy understanding of complex issues in a study by extending ones experience by adding strength to the existing knowledge.

The current marketing activities in M&S during crisis can be easily studied due to its internationalization making it more complex through this appropriate way. Case study as a research method is an empirical enquiry that evaluates a contemporary occurrence in its real life situation where multiple sources of evidence are possible but without a clear distinction between the situation and its occurrence (Soy 1997). Case study questions will act as a point of reference through which the researcher should look at to determine the aim or purpose and situation of the study (Soy 1997).

The case study samples are London, UK and Istanbul, Turkey as the places where M&S are situated in order to identify the different marketing activities

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that can be used depending with the geographical differences leading to different market trends. 9. 0 Case study / Data collection techniques There are different ways through which case study information collection can be done such as through interviews, questionnaires, and documentary review or just through observation. In this study, a review of the documented sources will be done. Case study collection is based on observations and documented sources (Soy 1997).

Secondary sources of information were used which involved reviewing previously done researches on the area of study such as online materials, books and journals found within the company. 10. Case study analysis Case study analysis involves examining the collected information in the study to come up with the required objects. In this study, the case study analysis was based on hypotheses questions formulated. This is mainly done after a substantial amount of information has been gathered in the study topic to prove them right or wrong and at this level; the research questions can be refined further.

The hypotheses questions include: Hypothesis 1: Marks & Spencer marketing strategies in London, UK and Istanbul, Turkey are the same. Null Hypothesis: Marks & Spencer marketing strategies in London, UK and Istanbul, Turkey are not the same. Hypothesis 2: Marks & Spencer marketing strategies during crisis will be successful. Null Hypothesis: Marks & Spencer marketing strategies during crisis will not be successful. 11. Research Requirements The following are the research requirements: Literature for M&S marketing in U. K and Turkey Operational Case for M&S in U. K.

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