

Declining sales

Business



Marks and Spencer have recently suffered from declining sales and profits in the clothing sector: last year overall sales fell by 0.5% and market share fell to 11%. If this decline continues, it will have a major effect on the long-term success of the 'worlds largest' store in Manchester. Clothing sales are important to the business, as a whole, as it accounts for 50.1% of UK sales. This means that pre-Christmas sales are essential to boost the short-term profits of the Manchester firm, in an increasingly competitive market.

Objectives. Marks and Spencer have only three weeks to improve sales, therefore it would be unrealistic to aim for a huge increase in profits in the Manchester store or to aim for a dramatic increase in market share. A more practical objective would be simply to stop sales declining: to sell enough stock to maintain sales at their current level. Alternatively, they could aim to obtain the sale figures of pre-Christmas sales last year.

If this figure were met, it would show shareholders that although the largest Marks and Spencer store has not greatly improved sales, they have not greatly declined either and it isn't impossible to further improve sales next year. Targets. In order to maintain profits, the store will have to aim for a small increase in sales over the Christmas period. Currently, womens wear range 'Per Una' is selling well: in the Manchester store, space allocated to Per Una is receiving more sales revenue than any other clothing area.

There were even plans to extend this range and introduce a chain of 'Per Una' shops that would specifically sell these products. Marks and Spencer do not have long enough to revive clothing ranges which aren't doing well in time for Christmas, eg: knitwear and formalwear which have both suffered a

decline in sales. Therefore, they should aim to increase sales in the sections that are currently successful- eg: increase sales in the 'Per Una' and 'Casual Collections' ranges by 5%.

These lines are already selling well and have a good reputation which Marks and Spencer can build on to increase sales: from my observation of the Manchester store, 'Per Una' seemed to be the busiest section. Increasing sales in more successful areas would be much easier than trying to get customers to buy currently unpopular ranges, which may need re-designing and advertising to boost status. Lingerie has also traditionally been a well-selling product and in the past year, sales of womens lingerie have increased: only slips and camisoles declined falling by 4%.

The Manchester store offers an advanced measuring service that involves staff fitting women by sight, rather than using a tape measure. This seems to be a popular service and sales are currently high so marks and Spencer should concentrate on increasing lingerie sales as well, particularly during the party season, when women are buying new underwear to wear with party dresses. Lingerie is strong business for M&S and as all lines of lingerie are currently successful and appeal to women of all ages.

The Manchester store dedicates a large amount of floor space to lingerie, as this is obviously a successful product: Marks and Spencer should aim to increase underwear sales by 10%. It has been calculated that in the Manchester store, women buy 55% of menswear so if an increasing number of women are attracted into the store, hopefully, sales of menswear will increase. Successful lines in menswear include the 'Italian' range that offers

formal wear. As formal wear should sell well as Christmas time, Marks and Spencer should aim to increase sales of this brand by 5%.

Internal Environment. The shop floor in Manchester is divided into a number of different product ranges and amongst other services, such as a coffee shop and a financial services centre, three floors stock clothes. The front of the store offers the 'Limited Collection', which promises 'The latest styles and fashionable trends for sassy, modern women'. This range seems to comprise of basic 'essential' women's clothes: black trousers, flattering dresses, V-neck jumpers etc. The slogan suggests that this line is aimed at younger women but I saw mostly 40+ women shopping in this area.

The store also stocks the 'Per Una' line, which appeals to the 30-50 age range. At the moment, this brand seems to be concentrating on party wear for the Christmas season: 'A stylish collection of elegant and sophisticated evening dresses'. There is also the 'Per Una Due' range which aims at the teenage market. My observation of the Manchester store suggests that this range is not selling well. This clothing line is placed near the 'Limited collection' line, which is unappealing to the younger market.

Teenagers do not want to shop in a place which sells seemingly frumpy 'middle age' clothes. Menswear is not placed near the front of the store because men are not the target market: M; S seem to be appealing to women and rely on women coming into the store to buy clothes their partners. There seemed to be too many different clothing ranges on offer and the shop floor was over-crowded with products. This gave the shop a

chaotic feel, which would appeal to teenagers but not to the more sophisticated middle-aged women who make up the core target market.

Lingerie dominates a large section of the second floor. Here M; S seem to be successfully appealing to women of all ages with a large number of product lines. 'Ceriso' targets the younger, teenage market, 'Truly you' offers basic, everyday underwear and more sophisticated styles are also offered, with brands such as 'Salon Rose', 'Wild hearts' and 'Dolce Vita. ' There seemed to be more teenagers in the underwear department than in the clothing section 'Per Una Due', which should appeal directly to them.

I think this because M; S have a long-standing reputation for producing good-quality underwear: in contrast, M; S' clothing reputation declined after production was moved to the Far East. One reason why the 'Per Una Due' range doesn't seem to be doing well is because the store in Manchester is surrounded by competition: H; M, Miss Selfridge, Zara and TopShop are all within 5 minutes walking distance of the store. There are also an increasing number of shops appearing in Manchester, which appeals to M; S' target market of middle-aged women with stores such as BHS and Debenhams placed nearby.

In terms of competition, M&S is in an extremely competitive location- there is a large amount of rival stores, which compete with M&S on price, quality, product lines and services. External Environment. In recent years, the M&S store in Manchester has faced an increasing amount of competition.

Debenhams ('Britain's favourite department store') has experienced an

increase in sales and reputation after introducing the successful 'Designers at Debenhams' ranges, which offers designer clothes at 'everyday' prices.

Although M; S stock 'Autograph', which is designed by Amanda Wakely, this line is extremely limited and is placed near to the back of the store. They do not stock a wide range of well-known up-market brands such as Matthew Williamson and Julian Macdonald. Debenhams can therefore compete with M; S in terms of product ranges: consumers may be more likely to shop at Debenhams because they offer clothes which have a good reputation and will give them more status. Furthermore, Debenhams, designer clothes are of a similar price to M; S' non-designer ranges.

In a competitive market, price is very important as generally, clothes are price elastic and demand will greatly change depending on the price. I think this is the major reason why M&S' 'Per Una Due' range has not been successful: the prices are too high for teenagers who are not earning a high, regular wage and are extremely price-sensitive. Shops such as H; M and TopShop, which offer similar products to M; S but at a lower price are more likely to appeal to them. This is something that M; S need to address if they are going to try to appeal to the teen market.