

# Good refund policy essay



**ASSIGN  
BUSTER**

They are known for having good customer relations as they have a good refund policy. As a lot of jobs have had to be cut Marks and Spencer's employees do not feel secure in their jobs, and so they may not be motivated to work hard. As Maslow's hierarchy (appendix 3) shows, employees need security needs to get to the next step in the hierarchy, which is affiliation needs. These security needs can be gained by long-term contracts, or even by being told that their jobs are safe and a small pay rise could be given. The company have said that they are a loyal Britain as they have always used British suppliers, but to reduce costs they have ended their contracts with suppliers to move to overseas suppliers who are much cheaper.

This has angered the GMB union which has lead to an investigation by the office of fair trading. This does not give Marks and Spencer's a good reputation and may have lost them some customers and shareholders. The dividends to shareholders have been cut in half, from 10p to 5. 3p. This would lead to a decrease in shares as shareholders would have sold their shares as they were not getting much back from their investment. Marks and Spencer's is a market orientated business, but it has not kept up with fashion and so they need to do some market research to see what customers want.

To change to what customers want Marks and Spencer's have tried to aim its clothing at younger more demanding women shoppers by trying to keep up with fashion trends. They have changed their suppliers in favour of more modern labels, including designer labels. They have been selling a cheaper ranger of goods to gain competitive advantage by cost leadership. This may not be good for their image as the cheaper prices may make customers think

that the quality of the goods have decreased. To change the company effectively a new chief executive, Peter Salsbury, was needed. He helped to bring the company into the 21st century by helping to launch the internet website, introducing credit cards and employing new management to find out the current trends, and bringing them to the stores.

The internet website is a good idea as it reduces the overhead costs of stores. The company has been doing well in its food and financial services part of the business, but it has been doing poorly in its clothing range. To try and do better in its clothing range Marks and Spencer's have teamed up with David Beckham to launch a new range of casual clothing for boys. Marks and Spencer's hope that this will attract the market for young boys aged within 6 and 14 years. The company are trying to change their image to young and fashionable. The balance sheet shows where money is obtained and how it is spent.

The liquidity ratio for year for 1996 and 1997 shows that the business is holding too much cash in an unproductive and unprofitable form, and it may be better for it to be used else where. The liquidity ratios for 1998 are lower. This is because the company has invested their money in expansions. In 1999 the liquidity ratio has increased which may have been a result of the money invested in the previous year.

This is a good sign as it shows that their investments have paid off. The group financial records (appendix 4) shows that that there is not much off a difference in turnover between 1997 and 1999, but there is a very large difference in profits between 1998 and 1999 to such an extent that Marks

and Spencer's profits have nearly halved. This would suggest that the costs have radically increased. The increase in costs will mainly be due to the development of new store. These costs of expansions are shown on the balance sheet under creditors due after more than one year.

These have increased from 187.2 million to 772.6 million. The net profit margin has halved from the year 1996 to 1999, but the dividend has steadily increased.

The main reason for Marks and Spencer's losing so much profit was length of time that they took to realise that they were not keeping up with fashion and trends. This is what made it very easy for competitor to steal their market share, but they are taking effective steps to regain it consumer confidence and profits.