

Major issues
challenges facing the
mark spencers
marketing essay



**ASSIGN
BUSTER**

M&S is also known as Mark and Spencer, is a well-known British company in a retail sector. It was established in the UK for over 125 years. And in 1884 it began as a small stall known as “ penny bazaar” in a market by Michael Marks and Thomas Spencer, has now more than 700 stores in the UK and over 300 stores in more than 40 countries. Its headquarter is located in the City of Westminster, London. Mark and Spencer offer wide variety of clothing, luxury food products, footwear and gifts. They have more than 2000 suppliers.

Moreover, they have more than 76, 250 employees working with them and over 21million customers visiting their store.

Their mission is to provide their customer inspirational quality products which are easily accessible.

AIM OF M&S

Quality

Value

Innovation

Trust

Service

2. CORE BUSINESS

General Merchandise £4. 1bn sales (+4. 0%)

Food £4. 3bn sales (+1. 8%)

Financial performance these financial performance indicators are based on the statutory 53-week period ended 3 April 2010

Group Revenue £9. 5 bn +5. 2%

Adjusting Group Operating Profit £843. 9m +9. 8%^[i]

([http://corporate.marksandspencer.](http://corporate.marksandspencer.com/documents/publications/2010/annual_report_2010)

[com/documents/publications/2010/annual_report_2010](http://corporate.marksandspencer.com/documents/publications/2010/annual_report_2010))

3. IDENTIFICATION OF THE MAJOR ISSUES CHALLENGES FACING M&S.

Being a giant British retailer, M&S developed a strong future strategy, which is an environment friendly, and customer focused plan. It is called PLAN “ A”, which came into power in January 2007 and it has been made keeping in mind their basic aims:

Reduce waste

Climate change

Reserve natural material

Fair trade

Build a healthier nation

Nevertheless, in achieving their goals they had to face many challenges, that we will be discussing with the help of Michael Porter five forces and others challenges

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3. 1M&S FIVE FORCES

Michael E. Porter in 1980 constructed this model, which can be used as a very effective measure to identify sources of competition in the retailing market. (Anon, 2004a; anon, 2004b)

3. A Supplier's power

M&S has a special collection of cloths, which is prepared by some special and limited suppliers, so in such a case M&S does not have alternative supplier. That means suppliers are more powerful.

3. B Competition Rivalries

Especially M&S has a lot of competitor, which are more customer focussed (that means they made their cloths and other fashion things keeping in mind the demands of their customers like John Lewis, Top shop, Selfridges and many more whereas M&S is not.

3. C Substitutes

This means that the products which serves the same needs as the original product (here M&S product). For example; formal suits which are very expensive for some customers in M&S can buy from anywhere else (say from Zara).

3. D Buyer power

As the market is vast, so buyers have more choices and more power. For instance, customer has more reasons to choose things other than M&S because they are less expensive like John Lewis, Top shop and for food, they can go to Tosco or Sainsbury.

3. E Threat from entry of new rivals

As we know that British retail, market is full of both small and big companies, which has always provided customers with enough liberty to buy their favourite things from various stores at very reasonable prices. Consequently, M&S has very limited influence on their customers.

(<http://www.docshare.com/doc/103365/Exploring-Corporate-Strategy-in-Marks-and-Spencer>)

4. 0 Other challenges faced by M&S:

4. A Self-inflicted internal problems:

This challenge arises from within the M&S as Sir Stuart Rose was criticized by one of the shareholder. Consequently, Sales were reduced by 4.3%, with some improvement on a third-quarter decline of 7.1%. M&S shares closed up nearly 31p, or 12%.

4. B Imitation of various offer by other stores

As M&S started an offer known as “dine in for £10” is being copied by Sainsbury and Waitrose.

4. C Contemporary style of clothing and aging customers

If you will see M&S clothing they are classical and old, grey or navy colours which has attracted just some portion of customer that too between the age of 30-35 where as other stores like Zara, Topshop and many more offer wide collection of latest trendy and classical style of clothing. (Anon, 2001).

Datamonitor's research say in food they have more customer from age over 45.

4. D Lack of clear marketing strategy

They doesn't have clear or successful strategy (like they should to focus more on customer based strategies) for example they should offer more sales and should try to attract youngsters and women(Barnes, 2004).

4. E Expensive products

Moreover, stores like Waitrose and Tesco have very good quality food at very genuine prices as compare to M&S food (whether it is a ready meals or other deals). It is the case with clothing as well.

4. C Unsuccessful international growth

Rose decision for international expansion also seems quit questionable because there are now 315 stores in 41 territories outside the UK. In the beginning, sales were up by 12% and profits up by 21%. They account for 10% of collective sales but later they faced heavy losses.

4. D Issues related with distribution:

In order to update the M&S' systems and distribution network Finance director Dyson worked on an internal project called 20: 20. It shows that many stores were located in the wrong place that is why they have very low sales. Therefore, they should to convince at least more of M&S's 32m customers to shop online, because presently just 2. 5m consumers are doing so.

(<http://www.guardian.co.uk/business/2009/nov/22/bolland-marks-spencer-problems>)

5 What should the organisation do to achieve or maintain competitive advantages in its industry?

In this again we will consider Porter again, who has give three basic strategies used by organisation to maintain competition. (http://en.wikipedia.org/wiki/Porter_generic_strategies)

5. 1 Cost Leadership

It means that winning customers by offering them low prices as compare to what they are getting from other rival stores like Next has collection of shirts that is less expensive as compare to others.

5. 2 Product differentiation

In this case, consumer is not price sensitive rather they have some special requirements, which can be satisfied by a unique product (which is made keeping in mind the special requirements of buyers)like M&S have a collection of tights which are very hi-Tec in the sense that they are made in a such a way that they give you a cool and comfortable feeling.

5. 2 Focus or strategic scope

That not different from what has been mention above. Rather in this a company has to decide that it should be more cost reduction focused or differentiation.

So only one strategy should be adopted by a firm otherwise there is fear of “struck in between”

(Porter 1980 cited by Allen et al. 2006, Torgovicky et al. 2005)

6. Conclusion

After weighing the pros and cons of the performance of M&S, we can say that it is giant British retailer but it need to focus on some thing like more customer focussed strategy, stable management and plans regarding international expansion.