

# Strategic planning

[Business](#), [Strategic Management](#)



This report is based on Marks and Spencer as the researcher is employed by the company as a stand attendant who deals with customers. The researcher has worked there and gave a tremendous understanding of how the organization works. Marks and Spencer was one of the largest retailers in the United Kingdom and now operates all across the U. K.

### Background on Marks and Spencer

Marks and Spencer started as a stall by Michael Marks in Leeds Market in 1884. His philosophy is to sell durable merchandise at a moderate price. Thomas Spencer joined the business in 1894 and became a joint partner of the company. The company was involve in selling cloth, luxury and food production. M&S business become public limited company in 1926. They focused on by 1998; the business had almost 500 Marks & Spencer stores around the world.

### PEST analysis:

Political factors: In modern organizations such as: Tesco, and Marks & Spencer, there has the significant affects of the global politics. The activities of global politics for example: the incident of 9/11, Soviet Union collapse, Germany's reunification, WTO policies, have significant effect on the Tesco, and Marks & Spencer's business operation and the results of which may impede the development of the organization.

Economic factor: Tesco, and Marks & Spencer, these three organizations handle the scarce resource allocation which is related with the economic system. The economic progress of the country is done by leaps and bounds as the phase of progress. In the flourishing stage of economy rising level of

people's standard of living may result to grow the business of Tesco, and Marks & Spencer.

Social factor: Inspiration, outlook and activity are considered as the foundation of the progress of the society in relation to the human affairs. Therefore, customer actions which are related with the approach and activities of them keep contribution on affecting the business of Tesco, and Marks & Spencer. There are some factors for example: level of maturity, vocation type and along with activities of sparing time and these factors are considered as the basis of bringing changes on the attitude and approach of the customer which results the changes of growing the business of Tesco, and Marks & Spencer.

Technological factors: Tremendous effect is brought by the technological factors in order to the operation of the business development of Tesco, and Marks & Spencer and their status and as well as their program of marketing. These incidences are directed towards the rapid movement of the new trends generation and if the organizations don't know about these rapid movements of new trends then the growth and development of the business operation of the organization may impede. In Tesco, and Marks & Spencer, world class bid of these organizations, management with cutting edge in order to the program of ethical auditing, a deal is signed by these organizations with the management system of BSI in relation to the entropy software provision.

SWOT Analysis

STRENGTHS \* Leadership in clothing has made M&S market leader in department stores \* Strong brand equity \* Highly effective Cooperate Social Responsibility Strategy \* Global expansion to foreign markets has reduced susceptibility to already mature UK market and strengthened international market \* 125 years in service and rich History.

\* Strong Brand Name and good reputation. \* Quality manufacturing and Innovation its unique selling point. \* Awarded Carbon Trust Standards \* International Online Shopping and delivery Infrastructure \* State of art Technology and excellent production team. \* First Retailer to offer exclusive Online personalized Greeting Cards. \* Partnership With companies International Companies.

WEAKNESS \* Declining sales in food offering and do not have the scale to compete with leading competitors in the UK \* Weak return on invested capital coupled with high pension and dept deficits \* M&S legacy stores and systems are a competitive disadvantage \* High Cost.

\* Lack of fashion trends and style for the 21st Century \* Lacks price competition \* Lacks attraction to younger crowds. \* Longer time taken to bring changes in business operations. \* Need to work on modern women taste but making it cost effective.

OPPORTUNITIES \* Online shopping continues to flourish in the UK and will enable M&S to increase revenues \* Making China and India a centre of attention can lead to expansion in two of the fastest growing markets \* M&S strong brand equity and high quality perception they enjoy will help place

premium pricing in the dining at home market \* Target International Market further.

\* Further Innovation and creativity for Online \* shopping \* Merger with International Companies would provide a faster global growth. \* Increasing trend for online greeting cards \* Need to identify its target age group. Changes to overcome the myth among youngsters that Mark & Spencer has more attraction to older generation.

THREATS \* Pension funds deficits will lead to constraint in the availability of money for other operations and expansions \* Price increase in clothing and VAT increases will lead to less spending by customers` \* Economic downturn \* Changing need of Customers (Cheap & Best) \* Cheaper rivals \* Competitive retail Market. \* Rising unemployment \* Increase Taxation \* Strong competitors

The short comings experienced in the last 18 months due to recession has provided M&S the insight to analyse its market position and implement the necessary changes to win the hearts of the customers back on the basis of their ethical and sustainability objectives. In order to put forth their objectives M&S and Tesco has launched a programme under the banner ' 2020-Doing the Right Thing'.

Further understanding the downturn of economy and its effect on their customer M&S introduced marketing campaigns and promotional offers like ' Wise Buys' , ' Dine in for Two for £10' campaign, ' Dress for Less' and Quality Worth Every Penny.. M&S and Tesco has introduced new trends for their merchandise, implemented their expansion plans, made changes to their

property portfolio and with Plan A into action, has gained trust of their customers and stake holders. In order to stabilize the company due to the economic scenario and deteriorating sales performance certain measures are implemented to reduce cost like Staff Cost, Distribution and Marketing. The Retail industry is a fast changing, competitive and sophisticated sector.

There's an immediate need for companies to identify their market environment and monitor the changes in it from time to time. Globalisation has led to cross culture environment. There is an exchange of ideas, fashion and latest trends. The needs of customers are changing, their taste tends to vary. Now they have more freedom of choices and substitutes. They are less likely to be loyal to a particular brand or shop. Hence retailers have to be more innovative and creative. There is a need to offer customers more interesting features or trends depending on the line of business. Changes in the environment affect organizations. How well the undertaking plans and organizes to meet changes, determines whether it will survive and prosper or fail and disappear.

Over time many organizations have transformed themselves to deal with change; some have sought new activities and abandoned the old. Internal changes that determine how the organization reacts and adapts to the external changes at great speed. The focus of organizations exhibit a view on the idea of an organization as a system attracting subsystems and elements establish under broader system and organizational environments which supply raw materials to the system and which take its output.

Porters Five Forces

Michael Porter's five forces framework is undertaken from the perspective of an incumbent organisation, e. g. an organisation already operating an industry. The analysis is best used at the level of an organization's strategic business unit (SBU) (Henry, 2008). By examining all five forces an organization is able to assess its ability to compete effectively in an industry (Henry, 2008). Porter argues the stronger each of these forces is, the more limited is the ability of established companies to raise prices and earn greater profits (Hill & Jones, 2010).

Porters' five key areas are explained below and applied to the Marks and Spencer.

Rivalry: The extreme competition is faced by the retail market in comparison to the market which is very crowded. Today, the success on the sector of non food is trying to get by the majority of the companies in relation to the competition as further intensified. The percentage of the share of market is 14.9 percent which is contained by Tesco, and Marks & Spencer at the year of 2007, as started increasing since from the year of 2004 as related with the program of restructuring (Annual Report 2007). It is considered as the trend of positivity but still it remains at the behind of market leader and also runway towards them such as: Tesco where covering of considerable distance is shown.

At UK there are three chains of big super market and these chains are Tesco, ASDA and Morrison in the sector of retailing. Different competitive advantages are contained by them in comparison with their competitors. The reach towards the large customers can be achieved by the making the stores convenience by Tesco, and Marks & Spencer. The bank of Tesco, and Marks

& Spencer faces competition with the societies of bank and buildings where it is not considered as core business of Tesco, and Marks & Spencer.

Barriers for entry: There are remaining higher barriers of entry in the retail market of food because of the reasons of the numbers of factors. At first: in UK, most sophisticated sector is retail sector as organized where lots of investments are needed and the significant development of brand where some years might be passing for establishment (Doyle 2002). Second: an advanced stage is achieved by retail sector at UK and majority of the western world, through which it is meant that new entrants get little scope to operate their businesses in UK market for Tesco, and Marks & Spencer.

Threat of substitutes: The retail industry of food such as: Tesco, and Marks & Spencer has contained the low threat of substitute because from the perspective of consumer it is considered as significant thing at developed world and as increasing towards the emerging market. New innovation of converging and assimilation are tried by the retail market in relation to the products of food or the business as alternatives where the customer gets experienced with shopping as extremely pleasurable. It seems to be more difficult to choose substitute by making this. The internal threat of industry is considered as the major substitute threat where one supermarket business led the other supermarket business.

Buyer power: This industry is contained the high buyer power because of the reason of so many competitors presence through which same products are selling. The main differentiation is existed among the price and the loyalty of consumer and green credentials increasing. In addition, low switching cost is remaining for consumers. As the economy goes further towards recession



(O'Doherty 2008) consumers' needs are likely to be given more weight, increasing their power considerably.

Supplier power: More complicated power is contained by the supplier which seems to be difficult for categorizing. Huge companies such as: P&G, Unilever, Cadbury etc. which contained appeal of huge brand are maintained the relationship with supplier as mutually dependent which is considered as safe to call. There is the argument that if products are not selling by the super markets loyalties can be shifted by the consumers through which more power can be achieved by the supplier. Therefore, if super markets are not getting the products from the big companies then bad effect can be impacted to the sales volume of them. The situation of the suppliers with big branded faces changes in order to make relationship such as: by achieving the success on the campaign of Gorilla ad, Cadbury dairy milk increases its sales (Wiggins and Urry 2007).