

# Next plc essay sample

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



## Next plc core and ancillary business activities

Next plc is a United Kingdom based retailer offering products in clothing, footwear, accessories and home products. The Company distributes through three channels: Next Retail, a chain of more than 500 stores in the United Kingdom and Eire; Next Directory, a home shopping catalogue and Website with around three million customers and international Websites serving approximately 50 countries, and Next International, with approximately 200 stores globally. NEXT Sourcing has operations in mainland China, Hong Kong, Sri Lanka, India and the UK engaged in the design, sourcing, buying, merchandising and quality control of NEXT products (Next Corporation, 2012). Other group businesses include NEXT Sourcing, which designs, sources and buys NEXT branded products; Lipsy, which designs and sells its own branded younger women's fashion products through retail, Internet and wholesale channels. During the year ended January 31, 2012, the Company sold its customer services management business, Ventura, to The Capita Group plc (Financial Times Ltd, 2012). Mission

We plan to supply an complete lofty stage of repair to all our consumers to greeting them to Next, whether they are shopping in our elevated road, shopping centre or trade commons provisions, the Next Index, or online from side to side our website. Though our clientele prefer to supermarket with us, it should be secure, hospitable and simply reachable for all. We aspire to take action to consumers exacting desires from end to end the box up of actions we have in position, which we suppose chains all our consumers as well as individuals with further wants (Business Teacher, 2011). Business Strategy

The primary financial objective of the NEXT group remains the delivery of sustainable long term growth in earnings per share. NEXT believes this objective is best achieved by continuation of the following strategies in its operating businesses:

- \* Improving and developing NEXT product ranges, success in which is reflected in total sales and like for like sales performance.
- \* Profitably increasing NEXT Retail and Lipsy selling space. New store appraisals must meet demanding financial criteria before the investment is made and success is measured by monitoring achieved sales and profit contribution against appraised targets.
- \* Increasing the number of NEXT Directory customers and their average spend, both in the UK and by growing international online sales.
- \* Managing gross and net margins by better product sourcing, continuous cost control and efficient management of stock levels and working capital.
- \* Maintaining the Group's financial strength through an efficient balance sheet and secure financing structure.
- \* Purchasing and cancelling NEXT shares when it is earnings enhancing and in the interests of shareholders generally (Next Corporate, 2012).

If the Board adopts the wrong business strategy or does not implement its strategies effectively, the business may suffer. The Board reviews business strategy on a regular basis to determine how sales and profit budgets can be achieved or bettered and business operations made more efficient. This process involves the setting of annual budgets and longer term financial models to identify ways in which the Group can increase shareholder value. Critical to these processes are the consideration of wider economic and industry specific trends that affect the Group's businesses, the competitive

position of its product offer and the financial structure of the Group (Next Corporate, 2012).

Company's performance in comparison to its competitors in the sector

Their top competitors are Arcadia Group Ltd, Debenhams Plc and Marks and Spencer Plc. There are many tools for competitive analysis but the important ones are; Porter's five forces model, PEST Analysis, Group mapping, Pricing and quantity dynamics, SWOT analysis and etc... (Oxbridge Graduates, 2012). As word count is limited I will only concentrate on SWOT analysis. \* Marks and Spencer's 90% of sales are made in UK, whilst Next and Arcadia Group are more international company. \*

	Next Plc	Arcadia Group Ltd	Debenhams Plc	Marks and Spencers Plc
Revenue (2012)	£5400. 5 M	£2, 229. 8 M	£9, 934. 3	
Gross profit	3, 3%	£302. 3 M		
Operating profit	52, 569	£175, 0 M	£746. 5	
Profit before taxation	6. 00%	£ 158. 3 M	£658. 0	
Diluted EPS (expressed pence per share)	£36. 03	9. 8	32. 2	

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