

# The it strategy of marks and spencer business essay



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Marks & Spencer is one of the largest retailers in the UK with over 21 million customers visiting the stores each week. They sell high quality clothing and affordable products and excellent food quality. Also, M&S supply their products responsibly to 2, 000 suppliers worldwide. Approximately 76, 000 people work for M&S in the UK and in 41 territories overseas, where M&S have a growing international company. Their core values of quality, price, service, innovation and trust on them, as they were just as important as today, was founded as M&S over 125 years ago.

Last year, they took decisive action to give them the strength and flexibility they need to navigate the recession. Therefore, they are in a stronger position, and provide better performance, with an adjusted 52-week pre-tax profit of £ 632. 5m up 4. 6% from EUR 604. 4m in 2008/09.

This year, their consolidated sales up 3. 2% to EUR 9. 3. A combination of improved market conditions and their own efforts helped them to achieve increased sales in the United Kingdom 2. 9%, with a good performance in all areas of our business. Despite the strong economic conditions, particularly in the Republic of Ireland and Greece, their international business delivered a solid performance with sales growth of 5. 7%.

GM posted a growth of market share by value and volume, with a sales increase of 4. 0%. Continued investment in their margins, return to positive sales of food like-for-like +0. 3% helped. M&S Direct has delivered another good performance, while sales increased by 413 million and remains on track for 500 million pounds in 2010/11.(web1)

In this report, we analyse the organisation's PEST, value chain that are the techniques to examine the activity of the M&S in order to reveal and discuss what was the basis of their competitive advantage and were the resistance to IT strategy in Marketing sector, and influences policies and decision making. Finally, this paper identifies and evaluates the IT strategic choices available to M&S.

## **PEST Analysis**

An auspicious environment is the essential part of all kind of business. It is more important if it is a multinational. A multinational company needs to consider the business environment as a whole as it operates the business internationally. The local environment of a business and the international environment are different. So the company entrepreneurs need to compare and consider its environment different point of views. The elements of the environment that the company consider are mainly known Political, Economic, Social, Technological environment. These elements of environment are briefly known as PEST. Now the company analyse the environment more elaborately known as PESTLE. The two more elements are Legislative environment and Environment itself.

The analysing of PEST is most important for the retail company. Here as per the question requirement the author choose Marks and Spencer as his company.

The Marks and Spencer is one of the fastest growing retail chains in the UK. So the company like Marks and Spencer has to analyse the environment as it has a variety of competitor in the market like Tesco, Sainsbury, Asda, and

much more. The company like Marks and Spencer has to consider the environment like any other company to gain competitive advantage and to be unique in the market.

PEST analysis of M&S: The retail icon M&S has great importance on analysing PEST to gain strategic the competitive advantage in the from other company and its competitors. Here the Author is going to analyse the different elements of PEST of M&S.

Political Environment: The political environment is the first element of PEST. It varies country to country. In political environment the company need to obey all the rules and regulation imposed by the political ruler. The legislative environment of any company is involved with political environment. To operate this kind of business the company must obey the rules and regulation of the state imposed by the government. The rules and regulation of any country are imposed by the ruling political party. The government of the UK are sometimes generous towards the business. They encourage more and more business in their country to operate business. This type of government mentality is really auspicious for company like M&S. It is conventional that all any type of business in this region are not contrary to any public policy, public order or any kind of public law existing in this country.

“ In case of M&S one of the most worrying political fundamental components that they have to deal with is the issue of labour regime and preservation of industrial relationship. Few years ago the development attempts of the company have been limited by the encroachments by employee rights which

essentially are against labour laws not only the operation of domestic but also internationally. This is particularly accurate in their French operation whereas the company were charged grave abuse and breaking known labour laws." (web-2).

So the company like M&S needs to analyse all kind of political environment both domestically and internationally.

Economical environment: The economical environment of M& S is the most important task to be considered. The economic environment of the company includes system, policies, nature of an economy, trade cycles, economic resources, level of income, distribution of income and wealth etc. The economic environment is the most dynamic and complex sector of PEST. In economic environment the company need to consider the economic system, economic policies, economic conditions, international economy and economic rules and regulations of the country.

The analysing of economic environment is important because the company need to set the price of the product in comparison with the economic condition. The buying power of the consumers, the attitude of their spending is depends on the economic condition. As M&S has a variety of competitors in the market so, economic environment is a crucial element for them.

Setting up a affordable price of the product to gain competitive advantage from the competitors. By analysing the economic condition the company decide what is going to be their policy.

Changing of economic environment has a dramatic impact on company like

M&S. During the time of recession M&S had to face to the most critical  
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condition that they have ever faced. In the year of 2008 the company's pre tax profit fell down by 44% in comparison with the year 2007. This is because of the economic condition and the price of the product of the company as well. In that time any other company like Primark (As M&S operate apparel business as well ) made an increasing profit. Because, the price of the products of Primark was tolerable in that time economic condition. In the year of 2008 the company clothing were 6. 4% down then the year of 2007. The chairman of M&S said: " The economic environment has changed dramatically and we are now facing the most difficult economic conditions since the early Nineties."(www. thiseslondon. co. uk).

Socio-cultural environment: The third part of PEST is socio-cultural environment. Society is the source of consumers. So every company are liable to the society for their activity of what they are doing and how they are doing etc. The liability to the society now a day is the biggest strategy of the business. As a part of the social the liability the many company get involved in different social activities. In third world countries many companies set up schools, colleges, hospital etc as a part of their social responsibility. But in developed its different. The M&S involved in an activity known as " Your green idea". In this activity the company encourage the customer to give their ideas for environmental change and offers a £100000 for the winner.

This type of activity is very much helpful for the company and it is now a day is the biggest advertisement as well.

Technological environment: In the technological era the technological environment is most important part of environment. The accomplishment of

technology gives a company more competitive advantages. E- Commerce has brought a revolutionary change in business pattern. It inspires both the consumers and the sellers to perform their activity through internet. Like any other of its competitor marks and Spencer operate e business.

As a business chain M&S always put importance on technology. As a part of their technological advancement M&S integrated a new technological system called BizTalk. There were three reason of using Biz talk. Firstly, the principle behind the BizTalk is Framework, industry standard xml, the opportunity to avoid writing custom interfaces between each of their applications. Secondly BizTalk server product architecture and its use of core product, such as MSMQ, SQL server and MTS. Thirdly, it seamless integration into our strategic architecture based on Microsoft windows and IBM 360.(web 3)

## **Value Chain Analysis**

“ To better understand of activities through which a firms develops a competitive advantage and create shareholder value , it is important to separate the business system into a series of value generating activities known as value chain analysis”.(www. netmba. com). According to Michael porter the Value chain analysis is like as the diagram given below.

Inbound Logistics → Operations → Outbound Logistics → Marketing and sales → Service → Margin

Today business is highly competitive and dynamic where product is sourced from all over the world. It is important of having the ability of control of what, how and when stock is being moved is essential for maintaining of supply

chain and ensuring that right product is reaching right time to the right customers.

Marks and Spencer has achieved it by implementing ediTRACK System. This process involved through their international supply chain system. “ In the year of 2005 the ediTRACK managed the stock of £800 millions”.(www.editrack.com).

EdiTRACK is the basis of supply chain all the it can. Sea, road, air all three ways they supply their stock all over the world.

Maintaining the value chain is the most important system of company like Marks & Spencer. To gain a competitive advantage over the competitors its important to keep a proper value chain. To maintain a good value chain the company like M&S should be aware about affordability of both their internal and external (customer). A good value chain is mostly depends on from the logistics operation to service.

## **Competitive Advantage**

Information technology is impacting business, no matter what the product or service is. If one waits to see how technology affects the business, their competitors may be way ahead of them. This could leave their scrambling to bring organization up to speed and potentially losing customers in the process. Only they can decide if they are controlling the technology or if they are going to let it control them. Take charge of the changes that are affecting your business. Get the information and skills needed to stay competitive.( Fredrik 2004)



- An important reason for the reputation of Marks and Spencer products and the perceived value of money is that the company did not buy their products “ off the shelf” from the supplier.
- Marks and Spencer has a simple philosophy when it is sold, for example, fill quickly and avoid storage: if they do not sell, they quickly descended on the shelves and replace it with something that will be sold.
- There is an automatic control system of stocks is called assisted Stock Replenishment used, it is used more routine decisions of inventory management. Once an item has been made to the customer through the point, it automatically generates a purchase order must be replaced in the product for this item.
- This is an advantage to sell things on the web and can manage, because it has its own strong brand.
- It has an important type of quality product, it sells goods that are of high quality than any other retail stores in the United Kingdom.
- On the sales floor, stock control in the tasks they ensure that all clothes rods are mounted fully reflect the stock of tickets selling information on the screen and everything is arranged carefully and appropriately .
- M&S has no specific budget for research and development, but encourages its suppliers to invest in the common interest of both companies.

Competitive advantage is gained in the supply chain as a whole, through the exchange of Marks and Spencer who knows their customers and knowledge

of their suppliers in the production, distribution, logistics and information technology.

- It has a considerable stock in which it uses its products and the study is the case of Marble Arch.

- This policy does not bring out of stocks is on the floor during business hours, but when it comes to fast moving objects, but of course it may sometimes be unavoidable, but they try to control and prevent, as much as possible.

- Marks and Spencer has often been considered an example of how to manage an effective collaboration with suppliers, employees and customers instead. For many years, the company has been “ the darling of the action” which is an important reason for the reputation of Marks and Spencer products and the perceived value of money is that now the company not their products “ off the shelf” suppliers’ market, regular information and increased profitability.

- With food, M&S has innovated to improve availability. For example, the company decided in 1989 to find ways to extend the growing season to explore the strawberry. M&S technologists in collaboration with suppliers and now British farmers, the company may provide for seven months a year instead of two with the best scientific methods applied

## **Ways to Optimize the Information Systems**

- Decision making: Information systems(IS) are central to providing “ real time” information. In today’s competitive environment, managers must

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make quick decisions and do it effectively. Correct design of the custom is one's needs so they can get there. Get quick action when a situation can be quickly assessed.

- Improved job: The reaction is more efficient to move jobs, without M&S employees on other important tasks. No more M&S employees valuable time is sorting through statistics, data and other information relevant to pass because the system has the ability to collect for them. IS provides an affordable way to conduct transactions, significantly reducing the time spent processing.

- Differentiation: IS allows one to define their strategic planning in a way that makes their company competitive and to integrate so that they can offer their customers something, but nobody else. It also allows with a unique design that permits the company attractive to businesses, they can easily increase their clientele.

- Coordination of supply and distribution: IS provides an excellent way to monitor and manage inventory. Typically, managers use the information system for tracking goods, and manage their supply / chain management. If there is a problem, they can easily identify and adopt a solution to a costly problem.

- Customers: Integrating the IS with the Web is a great way to maximize the technology. They can generate efficiency, effectiveness and enhancement all at the same time. Employee burden is relieved and the customers' shopping experience can be augmented at the same time.(web 3)

## **Influences in Policies and Decision Making**

Figure 1: Marketing decisions and communications

The senior management consists of officials in the topmost hierarchy in an organisation who are responsible for making long-range decisions and policy making. Their decisions are primarily to match factors of the external-business's environment which affects their organizational capability (Figure 1).

This level of management uses an information system called Executive Support System (ESS) to make decisions. Executive Support System creates a generalised computing and technological communications environment which is not fixed but flexible in applications with different capabilities, which serves the senior managers well as they deal with non-routine situations requiring judgement, evaluation and insight as there is no agreed procedure of fixed decisions on challenges. This information system is designed to incorporate data about factors outside the organization such as new tax laws or competitors (Figure 1). Using the last two examples of tax laws and competitors, the system can also help answer the questions asked by the senior management like, for competitors, “ what are our competitors doing in this five years? Which units should we sell to compensate for tax in next six years?”

Executives are very busy people with little time to read stories, this information systems filter, compress and track critical data from two other information systems known as Management Information System and Decision Support Systems. This is to give managers information which is

brief, clear and straight forward for quicker strategic decisions. Lastly, Executive Support Systems are designed to have easy-to-use graphic interfaces which makes it easy for executives to access the workstations containing menus, interactive graphics, and communications capabilities that access historical and competitive data from internal corporate systems and external databases like Dow Jones News or The Gallup Poll (Figure 1).

## **Areas for Improvement**

This part helps to solve real business problems of M&S by utilizing the latest information technology available on the market. Information technology will help to reduce cost, improve customer service, enhance the focus of products and services, and differentiate one from the rest of the competitors.

## **The Solution**

Age of M&S digital, survival depends on the use of information technology in general and electronic commerce in particular. Electronic Commerce (EC, e-commerce) is a process of purchase, sale, transfer or exchange of goods, services and information through electronic networks and computers. M&S has launched various EU initiatives, including the following.

- Selling Online: Buyers can get their goods in a basket to pay online and received the item the next day (in Britain). Online shoppers are urged to wear a UPC code for the same product they see on a physical memory to get, often at a lower price.

- Security: A security system tracks transaction data in real time and in search of fraudulent events. If a fraudulent events is detected, the system

alerts the security personnel in stores in the affected save by giving them a short text message via cell phone.

- Storage management: A system of mainframe software house management such as multi-warehouse system users (MUWS) is known, was first installed in

Centre M&S distribution Hardwick near Birmingham, United Kingdom. Working with Microsoft and network infrastructure, are sales of stores in a data warehouse (a data collection company), reported in near real time. The data is then available for decision making on the replenishment of stocks (when and how many of each ship store). Data are available on the Company on third party logistics providers who manage warehouse operations and delivery.

- Receipt of Goods: It customizes purchase orders and invoices automatically, making it faster and errorless. Details of incoming goods is automatically passed to both stock operations and business. In this MUWS, thus, a real-time monitoring of incoming stock is available. In addition, the system of M&S pays suppliers more quickly, making them happier and more cooperative.

- Warehouse Management: Warehouse management system and product reception, in addition to reporting data in real time, improves customer relations.

- Accelerating the delivery of the fashion district: With the special access software Merchandiser and allocation plans to change any computer (PC,

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laptop, Pocket PC) anywhere at any time in response to change in demand. This is especially important for clothing fashion when responding to changing demand is essential for competitiveness.

- Collaborative Commerce: M&S can now occur more accurate prediction of requirements to its suppliers for prompt delivery of goods, often directly to the trade of M&S. The new information system will allow M&S, working with suppliers to divert goods to various locations and assignments change, where they are needed.

## Conclusion

This report critically evaluates the M&S PEST analysis, Value chain analysis, competitive advantages, and the information system of the marketing sector. M&S is one of the leading and oldest organization in the world however they need to change through the market change, for the information system and technological change and the improvement. Most importantly, M&S needs to go along with the new Information system in their every sector.